PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 28, 2023

NEW ISSUE **TAX ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the District, under existing statues, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "Tax Matters" herein).

The District will designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

$5,000,000* TAX ANTICIPATION NOTES FOR 2023-2024 TAXES
(the "Notes")

Date of Issue: October 25 , 2023 **Maturity Date: June 26, 2024**

The Notes are general obligations of the East Quogue Union Free School District, in Suffolk County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations. (See "*The Tax Levy Limit Law*" herein.)

The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See *"Book-Entry-Only System"* herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on October 11, 2023 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about October 25, 2023.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE DISTRICT FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE NOTICE OF EVENTS FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "*DISCLOSURE UNDERTAKING*" HEREIN.

October , 2023

---

*Preliminary, subject to change.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

6 Central Avenue
East Quogue, NY 11942
Telephone: (631) 653-5210
Fax: (631) 653-8644

BOARD OF EDUCATION

Christopher Hudson, President
Jessica Stalters, Vice President

Briana Gladding
Kristin Jankowski
Kristi LoRusso

Michael Miller, Superintendent of Schools
Kelly Freeborn, Director of Student Services/Assistant Principal
Lenore Rezza, District Clerk
Robert Doyle, Business Official/Treasurer
Ingerman Smith, LLP, School District Attorney

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

Municipal Finance Advisory Service

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: https://www.munistat.com

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

TABLE OF CONTENTS

TABLE OF CONTENTS - CONTINUED

OFFICIAL STATEMENT

EAST QUOGUE UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

Relating To

$5,000,000* TAX ANTICIPATION NOTES FOR 2023-2024 TAXES
(the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the East Quogue Union Free School District in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of $5,000,000* Tax Anticipation Notes for 2023-2024 Taxes (the "Notes").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Robert Doyle, Business Official/Treasurer, East Quogue Union Free School District, 6 Central Avenue, East Quogue, NY 11942, Phone (631) 653-5210 and email: rdoyle@eastquogue.k12.ny.us.

Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Description of Book-entry-only System

In the event that the Notes are issued in book-entry form, DTC will act as securities depository for the Notes and the Notes will be issued as fully-registered notes registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

*Preliminary, subject to change.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

Authorization for and Purpose of Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2023-2024 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2023-2024 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax anticipation or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2023-2024 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

Security and Source of Payment

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, subject to certain statutory limitations imposed by the Chapter 97 of the New York Laws of 2011, as amended. (See "*The Tax Levy Limit Law*" herein).

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law, (herein referred to as the "Tax Levy Limit Law" or "Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such year-to-year increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes, and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law,*" herein.)

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owner of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank* v. *Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank* v. *Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk* v. *Municipal Assistance Corp*., 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

SECTION 99-B OF THE STATE FINANCE LAW APPLICABLE TO SCHOOL DISTRICTS

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

NO PAST DUE DEBT

No principal or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness.

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

THE DISTRICT

Description

The District provides elementary educational facilities (grades K-6) to residents of the District. Secondary educational facilities are provided to residents of the District by the Westhampton Beach Union Free School District on a tuition basis.

The District is located on the south shore of Long Island within the Town of Southampton (the "Town"). The District has a land area of approximately 8 square miles and a population currently estimated at 5,228.

The character of the District is a suburban residential. The majority of the homes within the District are single-family residences. The District is located in the world-famous resort area of "The Hamptons". There are numerous bathing beaches and other water-related recreational activities available to residents and tourists alike.

The District is served by Sunrise Highway as well as other County and Town roads. Rail passenger service is provided by the Lond Island Railroad with a station located just outside the District.

The PESG and National Grid (formerly KeySpan Corporation) provided natural gas and electricity to the District, and water services are provided by Suffolk County Water Authority.

Utilities and Services

Water service is provided by Town special water districts and Suffolk County Water Authority; gas and electric by the Public Service and Gas Company and KeySpan Corporation. Police protection is furnished by the Suffolk County Police Department, while fire protection is available from local volunteer fire departments.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the "Board"). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Board members are generally elected for a term of three years. In early July of each year, the Board meets for the purpose of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Clerk and District Treasurer.

The major administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by the Board, include the following: Superintendent of Schools, Deputy Superintendent, and District Treasurer.

Enrollment History

The following table presents the past school enrollment for the District.

School Year	School Enrollment
2018-19	420
2019-20	390
2020-21	389
2021-22	359
2022-23	365

Source: District Officials.

Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

School Year	School Enrollment
2023-24	361
2024-25	346
2025-26	339

Source: District Officials.

District Facilities

The District currently operates one building which serves grades K-6. The building was originally built in 1956, with additions made in 1968 and 1999. The present capacity of the building is 602 students.

Employees

The District provides services through approximately 95 employees, who are represented by the following units of organized labor.

Name of Union	Expiration Date of Contract [a]	Approx. No. of Members [b]
East Quogue Teachers Association	06/30/2027	49
United Public Service Employees Union (Custodial)	06/30/2022	5
United Public Service Employees Union (Clerical, Teachers' Aides & Nurses)	06/30/2023	16
Part Time/Non-Affiliated	N/A	25

a. All expired contracts are currently in negotiations.
b. Includes both full-time and part-time employees.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the Town and the County.

Year	District	Town of Southampton	Suffolk County	New York State
1980	N/A	43,146	1,284,231	17,557,288
1990	N/A	45,066	1,321,864	17,990,455
2000	N/A	54,712	1,419,369	18,976,457
2010	N/A	56,790	1,493,350	19,378,102
2020	4,594	59,852	1,493,350	19,378,102
2021	5,228	69,328	1,526,344	19,835,912

Source: U.S. Bureau of the Census.

Income Data

The information set forth below with respect to such Town, County and State is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the District is necessarily representative of the Town, County or State or vice versa.

	Per Capita Money Income				
	1990	2000	2010	2020	2021[a]
Town of Southampton	$16,726	$31,320	$47,111	$59,189	$68,304
Suffolk County	18,481	26,577	35,755	46,466	51,222
State of New York	16,501	23,389	30,948	40,898	43,078

	Median Household Income				
	1990	2000	2010	2020	2021[a]
Town of Southampton	43,929	65,144	89,560	100,722	126,938
Suffolk County	53,244	72,112	96,220	105,362	113,683
New York State	39,741	51,691	67,405	71,117	74,314

Source: United States Bureau of the Census
a. Based on American Community Survey 5-Year Estimates (2017-2021)

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the Town of North Hempstead. The information set forth below with respect to such Town and the County of Nassau is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town or the County, or vice versa.

Annual Averages:	Town of Southampton	Suffolk County	New York State
2018	4.4	3.9	4.1
2019	4.1	3.7	4.0
2020	7.4	8.5	10.0
2021	5.1	5.1	7.2
2022	3.4	3.1	4.4
2023 (7 Months)	3.6	3.0	4.1

Source: Department of Labor, State of New York.

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and the Notes:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes (such as the Notes) or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. (See *"The Tax Levy Limit Law"* herein).

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principle amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the computation of the debt limit of the District and its debt contracting margin:

Computation of Debt Limit and Debt Contracting Margin
(As of September 28, 2023)

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Southampton (2022-2023) [a]	$2,170,337,534	0.79%	$274,726,270,127
Total			$274,726,270,127
Debt Limit - 10% of Full Valuation			$27,472,627,013
Inclusions: [b]			
Outstanding Bonds			$7,205,000
Bond Anticipation Notes			0
Total Indebtedness Before Issuing the Notes			7,205,000
Exclusions (Estimated Building Aid) [c]			720,500
Total Net Indebtedness Before Issuing the Notes			6,484,500
The Notes			30,460,000
Less: BANs Being Redeemed by the Notes			0
Net Effect of Issuing the Notes			30,460,000
Total Net Indebtedness After Issuing the Notes			36,944,500
Net Debt Contracting Margin			$27,435,682,513
Per Cent of Debt Contracting Margin Exhausted			0.13%

a. The latest completed assessment roll for which a State Equalization Rate has been established.
b. Tax Anticipation Notes, Energy Performance Lease and Revenue Anticipation Notes are not included in computation of the debt contracting margin of the District.
c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when notes are to be issued.

Trend of Outstanding Indebtedness
As of June 30:

	2019	2020	2021	2022	2023
Bonds	$8,105,000	$8,105,000	$7,820,000	$7,520,000	$7,205,000
BANs	-	-	-	-	-
Other	-	-	-	-	-
Totals:	$8,105,000	$8,105,000	$7,820,000	$7,520,000	$7,205,000

Source: 2019-2022 Audited Financial Statements and 2023 Unaudited Financial Statements.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has no short-term Indebtedness outstanding.

Debt Service Requirements - Outstanding Bonds [a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2024	$ 330,000	$ 247,219	$ 577,219
2025	345,000	230,719	575,719
2026	365,000	213,469	578,469
2027	385,000	195,219	580,219
2028	400,000	175,969	575,969
2029	420,000	159,969	579,969
2030	435,000	143,169	578,169
2031	450,000	125,769	575,769
2032	465,000	115,644	580,644
2033	475,000	104,600	579,600
2034	485,000	92,725	577,725
2035	500,000	78,175	578,175
2036	515,000	63,175	578,175
2037	530,000	47,725	577,725
2038	545,000	33,150	578,150
2039	560,000	16,800	576,800
Totals:	$7,205,000	$2,043,496	$9,248,496

a. Does not reflect payments made to date.

Tax Anticipation Notes

The District has generally found it necessary to borrow from time to time in anticipation of taxes, which borrowing is necessitated by the schedule of real property tax receipts.

The following is a history of such tax anticipation note borrowings for the five most recent fiscal years:

Fiscal Year Ending June 30:	Amount	Issue	Maturity
2019	$5,000,000	10/25/2018	06/21/2019
2020	$3,000,000	10/31/2019	06/25/2020
2021	$5,000,000	11/10/2020	06/25/2021
2022	$5,000,000	09/09/2021	06/24/2022
2023	$5,000,000	09/30/2022	06/23/2023

Authorized and Unissued Debt

As of the date of this Official Statement, the District has no authorized but unissued debt.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	04/30/2023	0.63	$8,948,032	$7,508,468
Town of Southampton	08/15/2023	2.86	2,413,430	2,413,430
East Quogue Fire District	12/31/2022	100	0	0
Totals			$11,361,462	$9,921,898

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Debt Ratios
(As of September 28, 2023)

	Amount	Per Capita [a]	Percentage of Full Value (%) [b]
Total Direct Debt	$ 7,205,000	$1,378	0.003
Net Direct Debt	6,484,500	1,240	0.002
Total Direct & Applicable Total Overlapping Debt	18,566,462	3,551	0.007
Net Direct & Applicable Net Overlapping Debt	16,406,398	3,138	0.006

a. The current estimated population of the District is 5,228.
b. The full valuation of taxable real property in the District for 2022-2023 is $274,726,270,127.

FINANCES OF THE DISTRICT

Impact of COVID-19

In December of 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was enacted as the second act of federal relief in response to COVID-19. The CRRSA Act provides approximately $4.3 billion to support schools in the State, with the funds available to be spent through September 2023. This is in addition to the $1.2 billion in Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding, which can be spent through September 2022. The CRRSA Act provides the State with $4.0 billion through the Elementary and Secondary School Emergency Relief (ESSER) Fund and $323 million through the Governor's Emergency Education Relief (GEER) Fund. Districts may generally use these funds for broad purposes, including general operating and pandemic-related costs such as purchasing personal protective equipment. Additionally, the State has been allocated approximately $12.75 billion under the American Rescue Plan (ARP) Act's Elementary and Secondary School Emergency Relief Fund (ESSER).

The District has received $63,981 in CARES Act funding. The District is expected to receive a total of $623,069 through CRRSA and ARP funding. The District has received $338,182 as of June 30, 2023 (See also "*State Aid*" herein.)

Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2022. A copy of such report is included herein as Appendix B. The audit for fiscal year ending June 30, 2023 is expected to be completed by the end of October.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the GML, the District is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Board of Education of the District has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund, school lunch fund and special purpose fund. In addition, a capital projects fund is used to record capital facility projects, while an agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

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

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

Source: Audited Financials of the District.

Budget Process

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See *"The Levy Limit Law"* herein).

On May 16, 2023, a majority of the voters of the District approved the District's budget for the 2023-2024 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2022-2023 and 2023-2024 may be found in Appendix A, herein.

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See *"Tax Information"* herein.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the school districts can be paid only if the State has such monies available for such payment.

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2018 through 2022, and the amount budgeted for 2023 and 2024.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2018	$23,751,113	$1,249,119	5.26
2019	24,803,617	1,405,525	5.67
2020	25,331,185	1,561,657	6.16
2021	25,661,600	1,460,999	5.69
2022	26,086,853	1,622,117	6.22
2023 (Unaudited)	26,917,143	1,725,388	6.41
2024 (Budgeted)	28,362,339	1,692,312	5.97

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

a. Budgeted revenues include the application of reserves and fund balance.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "*STAR – School Tax Exemption*" herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19 including closing schools and non-essential businesses for an extended period. The use of federal stimulus funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measurements in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2023-24 Enacted Budget provides $34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represents a year-to-year funding increase of $3.1 billion or 10.0% and includes $24.1 billion of Foundation Aid which increased 12.8% from 2022-23. The 2023-24 school year increase in Foundation Aid is to complete the three-year phase-in of full funding of the current Foundation Aid formula.

The State's 2023-24 Enacted Budget also increases the State's annual investment in prekindergarten to $1.2 billion, an increase of $125 million, or 9.09%. The Budget also includes a total of $20 million in grant funding to support the establishment of new early college high school programs.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2023-24 Executive Budget was adopted on May 2, 2023. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revisions. Reductions in federal funding levels could have a materially adverse impact on the State budget.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of state aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance law to provide operating funds by borrowing in anticipation of the receipt of uncollected State Aid.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment", and other aid adjustments. The final phase-in of foundation aid has been fully implemented.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2021, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of Foundation Aid funding is set forth below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

Events Affecting State Aid to New York School Districts

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with substantial increases established in more recent years.

School district fiscal year (2018-2019): The State's 2018-2019 Budget provided for school aid of approximately $26.7 billion, an increase of approximately $1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018¬2019 Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

School district fiscal year (2019-2020): The State's 2019-2020 school year, the State's Enacted Budget included a total of $27.9 billion for School Aid, a year-to-year funding increase of approximately $1.2 billion. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019¬2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflect current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provided $29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represented an increase of 11.3% ($3.0 billion) compared to the 2020-2021 school year, including a $1.4 billion (7.6%) Foundation Aid increase. The Enacted budget allocated $13 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The Budget allocated $629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget used $105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

School district fiscal year (2022-2023): For the 2022-2023 Enacted Budget provided $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represented an increase of $2.1 billion or 7.2% compared to the 2021-2022 school year and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-2023 Enacted Budget also programed $14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by $125 million to expand access to full-day prekindergarten programs for four-year old children in school districts statewide in the 2022-23 school year.

School district fiscal year (2023-2024): For the 2023-2024 school year, the Enacted Budget provides $34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represents a year-to-year funding increase of $3.1 billion or 10.00% and include $24.1 billion of Foundation Aid which increased12.8% from 2022-23. The 2022-23 school year increase in Foundation Aid is to complete the three-year phase-in of full funding of the current Foundation aid formula. The Executive Budget also increases the State's annual investment in prekindergarten to $1.2 billion, an increase of $125 million, or 9.09% The budget also includes a total of $20 million in grant funding to support the establishment of new early college high school programs.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Risk Factors*").

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school districts and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 0.0%; Environmental Score: 15.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local school district officials manage school district resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local school district statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released March 2023. The purpose of the audit was to determine whether the District appropriately tracked, inventoried and safe guarded information technology (IT) assets acquired or in use during the period July 1, 2019 to Marh 31, 2022. The complete report, together with the District's response, may be found on the OSC's official website. Reference to this website implies no warranty of accuracy of information therein.

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Employee Pension System

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. All members of the respective systems hired on or after July 1, 1976 contribute a portion of their gross annual salary toward the cost of retirement programs. In the case of Tier 5 and Tier 6 employees, there is no provision for these employee contributions to cease after a certain period of service.

Pursuant to current law, employee contribution rates are progressive and require employee contributions of between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits. The retirement age was also increased to 63 and includes provisions allowing early retirement with penalties. The pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; vesting occurs after 5 years; the time period for calculation of final average salary is five years; and the amount of overtime to be used to determine an employee's pension. A voluntary, portable, defined contribution plan option for new non-union employees with salaries of $75,000 or more, is now available.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Legislation has been enacted from time to time that authorizes school districts to amortize or defer a portion of its annual employer pension payments. The District has not amortized any of its employer pension payments pursuant to such legislation and expects to continue to pay all payments in full when due.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the District has not yet determined whether it will establish such a fund.

The following chart represents the ERS and TRS required contributions for each of the last five completed fiscal years and the amount budgeted for the 2024 fiscal year.

Fiscal Year Ending June 30:	TRS	ERS
2018	$439,559	$128,819
2019	515,771	135,960
2020	468,527	42,824
2021	503,102	52,555
2022	514,628	169,348
2023 (Unaudited)	562,157	136,173
2024 (Budgeted)	594,800	200,200

Source: District Officials.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended June 30, 2018, the District adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

The District's total OPEB liability at June 30, 2022 is as follows:

Total OPEB Liability at June 30, 2021	$22,002,221
Charges for the Year:	
Service Cost	1,626,899
Interest	505,790
Differences Between Expected and Actual Experience	10,802,471
Change in Assumptions or other Inputs	(7,418,377)
Benefit Payments	(428,114)
Net Changes	5,088,669
Total OPEB Liability at June 30, 2022	$27,090,890

The OSC has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The District cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the Town of Southampton. Assessment valuations are determined by the Town assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations; however, see "*The Tax Levy Limit Law*" herein for a discussion of certain statutory limitation that have been imposed.

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2018 through 2022, and the amounts budgeted for 2023 and 2024 fiscal years.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2018	$23,751,113	$19,922,148	83.88
2019	24,803,617	20,700,478	83.46
2020	25,331,185	21,473,659	84.77
2021	25,661,600	21,994,718	85.71
2022	26,086,853	22,368,755	85.75
2023 (Unaudited)	26,917,143	22,942,422	85.52
2024 (Budgeted)	28,362,339	25,223,360	88.93

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

a. Budgeted estimates for real property taxes include STAR. Budgeted estimates for total revenues include appropriations of fund balance.

Tax Collection Procedure

Property taxes for the District, together with County, Town and Fire District taxes, are collected by the Town Tax Receivers. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and 10% after May 31.

The Town Tax Receivers distribute the collected tax money to the Town, fire and school districts prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receivers and any deficiency in tax collection is the County's liability. The District thereby is assured of full tax collection.

The Tax Levy Limit Law

Chapter 97 of the New York Laws of 2011, as amended, (herein referred to as the "Tax Levy Limit Law" or "Law") modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $86,000 or less, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first $66,800 for the 2018-19 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $500,000 are eligible for a $30,000 "full value" exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget included changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year's amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year's STAR credit check or taxpayers also may account for those changes in their State income taxes.

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

The State's 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to $250,000, compared with a $500,000 limit for the credit.

Approximately 3.0% of the District's 2022-2023 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 3.0% of the District's 2023-2024 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2024. (See *"State Aid"* herein).

Assessed and Full Valuations

The following table sets forth District's assessed and full valuations, tax rates and levies for each of the years 2019 through 2023.

	2019	2020	2021	2022	2023
Assessed Valuation:	$1,844,963,021	$2,099,738,449	$2,175,510,353	$2,126,226,190	$2,170,337,534
Equalization Rates:	100.00%	100.00%	100.00%	100.00%	0.79%
Full Valuation :	$1,844,963,021	$2,099,738,449	$2,175,510,353	$2,126,226,190	$274,726,270,127

Real Property Taxes

Total Tax Levy	$20,700,478	$21,473,659	$21,994,718	$22,368,755	$22,942,422
Tax Rate per $1,000 Assessed Valuation	$ 11.22	$ 10.23	$ 10.11	$ 10.52	$ 10.57

Source: From the Town.

Selected Listing of Large Taxable Properties in the District
2022-2023 Assessment Roll

Name	Type	Assessed Valuation
Atlantic Ocean View LLC	Private Residence	$14,990,600
Craig Koenigsberg	Private Residence	13,750,000
DLV Quogue Owner, LLC	Private Residence	13,738,200
James Brown	Private Residence	12,324,400
The Stacia L. McKnight Rev. Trust	Private Residence	11,871,600
John Paterno	Private Residence	11,111,700
Stehpen Katz	Private Residence	9,246,100
Mitchell Rechler	Private Residence	9,077,300
Whitehall Capital Investors PE, LLC	Private Residence	8,821,400
HF Dune Rd 107, LLC	Private Residence	8,632,100
	Total [a]	$113,563,400

a. Represents 5.23% of the Assessed Valuation of the District for 2022-2023.
Source: Town Assessment Roll.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial. The District has implemented Multi-Faceted Authorization (MFA) to access all software on the programs residing on the District's network as recommended by the District's cybersecurity insurance company.

RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*TAX MATTERS*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the District, may affect the market price and/or marketability for the Notes. (See "*Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District, to pay debt service on their respective obligations.

A public health threat such as the COVID-19 pandemic may also affect the operations and/or finances of the District. (See "*Impact of COVID-19*," herein.)

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of the Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a "Discount Note"), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner's adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) or such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix D hereto.

DISCLOSURE UNDERTAKING

In order to assist the purchasers of the Notes in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will execute an "Undertaking to Provide Notice of Events", substantially in the form of which is attached hereto as Appendix E.

RATING

The Notes are not rated. Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a rating of "Aa1" to the outstanding long-term bonds of the District. Such rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the District.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the business office of the District: Robert Doyle, Business Official/Treasurer, East Quogue Union Free School District, 6 Central Avenue, East Quogue, NY 11942, Phone (631) 653-5210 and email: rdoyle@eastquogue.k12.ny.us. or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District's management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the District also assume no liability or responsibility for any errors or omissions or unauthorized editing or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or owners of any of the Notes.

By: s/s CHRISTOPHER HUDSON
President of the Board of Education
East Quogue Union Free School District
East Quogue, New York

October , 2023

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General Fund

	Fiscal Year Ending June 30: 2020	2021	2022
Assets:			
Cash - Unrestricted	$ 6,508,284	$ 4,692,185	$ 5,896,562
Cash - Restricted	3,831,275	3,981,240	3,914,337
Accounts Receivable	23,950		
Due from Other Funds	1,361,851	3,498,799	3,628,034
State and Federal Aid	57,743	128,580	120,413
Due from Other Governments	278,230	163,683	128,773
Total Assets	$ 12,061,333	$ 12,464,487	$ 13,688,119
Liabilities:			
Accounts Payable	$ 1,727,755	$ 230,288	$ 1,020,561
Accrued Liabilities	169,643	173,625	51,845
Due to Other Funds	106,263	149,384	123,203
Due to Other Governments	2,020	970,550	207,117
Due to Teacher's Retirement System	468,527	503,102	536,112
Due to Employee's Retirement System	42,824	52,555	38,093
Student Depposits		28,562	24,044
Total Liabilities	2,517,032	2,108,066	2,000,975
Deferred Outflows of Resources:			
Unavailable Revenues	37,207		
Fund Balances:			
Restricted	$ 3,831,275	$ 3,981,240	$ 3,914,337
Assigned	1,234,900	996,583	902,585
Unassigned	4,440,919	5,378,598	6,870,222
Total Fund Balances	9,507,094	10,356,421	11,687,144
Total Liabilities, Deferred Inflows of Resources & Fund Balances	$ 12,061,333	$ 12,464,487	$ 13,688,119

Source: Audited Annual Financial Reports of the School District (2020-2022)
NOTE: This schedule NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balamces
General Fund

	Fiscal Year Ending June 30:				
	2018	2019	2020	2021	2022
Revenues:					
Real Property Taxes	$ 19,922,148	$ 20,700,478	$ 21,473,659	$ 21,994,718	$ 22,368,755
Other Tax Items	2,312,590	2,189,111	1,937,378	1,842,661	1,901,034
Charges for Services	47,988	35,054	72,244	52,654	42,054
Use of Money and Property	65,260	141,773	107,340	29,172	14,909
Miscellaneous	154,008	331,676	178,907	500	525
State Sources	1,249,119	1,405,525	1,561,657	216,806	128,823
Federal Sources				1,460,999	1,622,117
School Lunch Sales				64,090	8,636
Total Revenues	23,751,113	24,803,617	25,331,185	25,661,600	26,086,853
Expenditures:					
General Support	1,979,200	2,345,900	2,549,018	2,448,276	2,506,522
Instruction	15,471,848	16,833,177	16,652,687	17,258,430	16,909,624
Pupil Transportation	1,068,432	1,206,195	1,185,271	1,227,976	1,282,109
Employee Benefits	2,464,542	2,642,604	2,906,999	3,176,310	2,980,427
Debt Service	618,595	611,224	327,160	616,281	627,448
Total Expenditures	21,602,617	23,639,100	23,621,135	24,727,273	24,306,130
Excess (Deficiency) of Revenue Over Expenditures	2,148,496	1,164,517	1,710,050	934,327	1,780,723
Other Financing Sources & Uses:					
Operating Transfers In		316,277			
Operating Transfers (Out)	(150,000)	(50,000)	(250,000)	(85,000)	(450,000)
Total Other Financing Sources (Uses)	(150,000)	266,277	(250,000)	(85,000)	(450,000)
Net Change in Fund Balances	1,998,496	1,430,794	1,460,050	849,327	1,330,723
Fund Equity - Beginning of Year	4,617,754	6,616,250	8,047,044	9,507,094	10,356,421
Prior Period Adjustment					
Fund Equity - End of Year	$ 6,616,250	8,047,044	9,507,094	10,356,421	11,687,144

Source: Audited Annual Financial Reports of the School District (2018-2022)

Note: This schedule NOT audited

Budget Summaries
General Fund

		Fiscal Year Ending June 30:		
		2022-2023 [a]		2023-2024 [b]
Revenues:				
Real Property Taxes	$	24,731,209	$	25,223,360
Stare Aid		1,646,112		1,692,312
Appropriated Fund Balance		743,901		1,269,167
Other Revenue		100,000		177,500
Before- and After- School Program		30,000		
Total Revenues		27,251,222		28,362,339
Expenditures:				
General Support	$	2,567,210	$	2,793,073
Instruction		18,988,043		19,765,707
Pupil Transportation		1,400,000		1,400,000
Employee Benefits		3,218,000		3,511,341
Debt Service		652,969		692,218
Interfund Transfers		425,000		200,000
Total Expenditures	$	27,251,222	$	28,362,339

a. The 2022-2023 budget was approved by the voters of the District on May 17, 2022.
b. The 2023-2024 budget was approved by the voters of the District on May 16, 2023.

APPENDIX B

CASH FLOWS

EAST QUOGUE UNION FREE SCHOOL DISTRICT

CASH FLOW ACTUAL 2022-23

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTALS
Balance	5,341,419	4,781,168	4,064,692	7,276,629	4,121,916	2,618,180	165,981	10,981,734	8,862,116	7,622,515	9,031,914	9,080,895	5,341,419 [(a)]
Receipts													
Property Taxes						890,166	11,657,044	839,692	504,734	504,733	2,337,833	6,208,219	22,942,421
STAR Aid							480,000						480,000
Pilot												71,000	71,000
CPF												1,234,350	1,234,350
State Aid	71,412	55,097	122,041	234,615	97,325	114,543	237,523	58,193	584,521	20,393	675	128,676	1,725,014
Interest Inome	412	437	748	12,805	14,617	10,196	8,582	23,909	28,105	43,556	46,463	46,864	236,694
Other Receipts	1,821		14,159	18,466	8,218	27,179	17,826	19,200	11,482	15,726	31,120	58,900	224,097
Transfers from Other District Funds										3,456,750			3,456,750
TAN Proceeds			5,038,600										5,038,600
Total Receipts	73,645	55,534	5,175,548	265,886	120,160	1,042,084	12,400,975	940,994	1,128,842	4,041,158	2,416,091	7,748,009	35,408,926
Disbursements													
Salaries & Benefits	167,338	463,374	691,392	737,049	875,414	883,110	748,566	752,168	1,212,842	738,572	915,612	1,902,694	10,088,131
Operating Expenses	466,558	308,636	1,272,219	2,683,550	748,482	2,479,689	836,656	2,308,444	1,155,601	1,893,187	1,451,498	1,206,834	16,811,354
TAN Principal												5,000,000	5,000,000
TAN Interest												164,375	164,375
Debt Service						131,484						446,484	577,968
Total Disbursements	633,896	772,010	1,963,611	3,420,599	1,623,896	3,494,283	1,585,222	3,060,612	2,368,443	2,631,759	2,367,110	8,720,387	32,641,828
Balance	4,781,168	4,064,692	7,276,629	4,121,916	2,618,180	165,981	10,981,734	8,862,116	7,622,515	9,031,914	9,080,895	8,108,517	8,108,517
Note Payment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Balance as of June 30, 2022

EAST QUOGUE UNION FREE SCHOOL DISTRICT

CASH FLOW PROJECTION 2023-24

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTALS
Balance	8,108,517	7,547,148	6,793,190	8,635,839	5,491,144	2,320,557	348,302	11,361,747	9,826,023	8,475,398	6,917,646	6,960,905	8,108,517 [a]
Receipts													
Property Taxes						912,015	11,947,670	860,824	516,494	516,494	2,394,719	6,360,794	23,509,010
STAR Aid							480,000						480,000
Pilot												70,000	70,000
CPF												1,164,350	1,164,350
State Aid	74,300	57,325	126,976	244,104	101,261	119,175	198,987	8,524	555,857	21,218	703	133,882	1,642,312
Interest Inome	407	432	739	12,659	14,451	10,080	8,485	23,638	27,786	43,062	46,925	46,336	235,000
Other Receipts	1,821		14,159	18,466	8,218	22,602	17,826	14,623	11,482	15,726	21,976	40,601	187,500
TAN Proceeds			5,000,000										5,000,000
Total Receipts	76,528	57,757	5,141,874	275,229	123,930	1,063,872	12,652,968	907,609	1,111,619	596,500	2,464,323	7,815,963	32,288,172
Disbursements													
Salaries & Benefits	184,922	512,064	764,042	814,497	967,400	975,905	827,224	831,204	1,340,285	816,179	1,011,822	2,102,628	11,148,172
Operating Expenses	452,975	299,651	2,535,183	2,605,427	2,327,117	1,936,613	812,299	1,612,129	1,121,959	1,338,073	1,409,242	1,171,705	17,622,373
TAN Principal												5,000,000	5,000,000
TAN Interest												115,000	115,000
Debt Service						123,609						453,609	577,218
Total Disbursements	637,897	811,715	3,299,225	3,419,924	3,294,517	3,036,127	1,639,523	2,443,333	2,462,244	2,154,252	2,421,064	8,842,942	34,462,763
Balance	7,547,148	6,793,190	8,635,839	5,491,144	2,320,557	348,302	11,361,747	9,826,023	8,475,398	6,917,646	6,960,905	5,933,926	5,933,926
Note Payment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	5,000,000	5,000,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Balance as of June 30, 2023

EAST QUOGUE UNION FREE SCHOOL DISTRICT

APPENDIX C

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND /OR UPDATED BY THE DISTRICT'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.

EAST QUOGUE UNION FREE SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2022

EAST QUOGUE UNION FREE SCHOOL DISTRICT

Table of Contents

Table of Contents, Continued

*   *   *   *   *

EFPR GROUP, CPAs PLLC

6390 Main Street, Suite 200
Williamsville, NY 14221

P 716.634.0700
TF 800.546.7556
F 716.634.0764
W EFPRgroup.com

INDEPENDENT AUDITORS' REPORT

The Board of Education
East Quogue Union Free School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Quogue Union Free School District (the District), as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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 auditors' 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and additional information on pages 55 through 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 13, 2022

EAST QUOGUE UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2022

The East Quogue Union Free School District's (the District) management's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022 in comparison with the year ended June 30, 2021, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

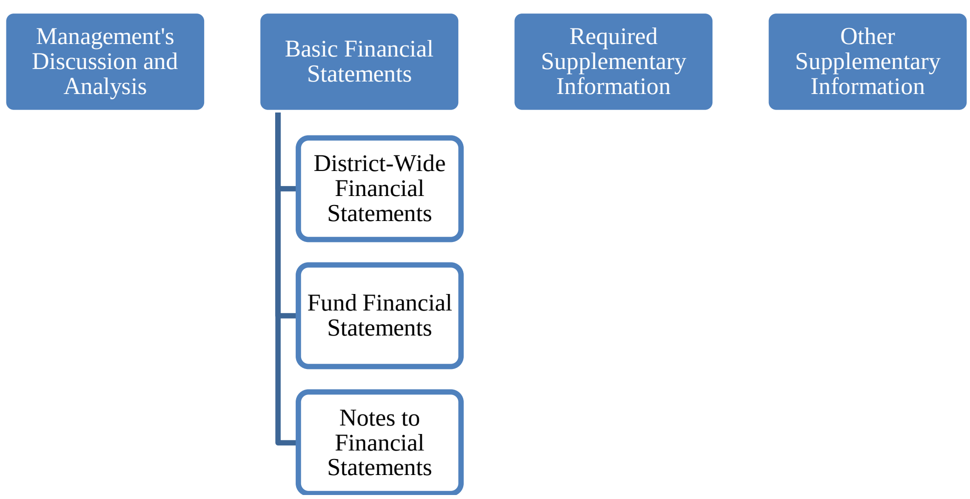
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2022 are as follows:

- The District's total net position, as reflected in the District-Wide financial statements increased by $1,486,401 or 21.77%.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by $1,330,723 or 12.85%.
- The District's 2022 property tax levy was $24,198,923, a 1.81% increase, inclusive of a capital local levy of $690,725, over the 2021 tax levy. The District's property tax cap was 2.00%, and the District complied with the tax cap.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (MD&A), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements consist of District-Wide financial statements, fund financial statements and notes to financial statements. A graphic display of the relationship of these statements follows:



A. District-Wide Financial Statements

The District-Wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-Wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Funds Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. 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 District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

Governmental Funds

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period in which the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, other postemployment benefits and pension costs, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-Wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

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

The District maintains six individual governmental funds: general, special aid, school lunch, capital projects funds, miscellaneous fund and debt service; each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as custodian and utilize the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the District's District-Wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by $1,486,401 between fiscal year 2022 and 2021. A summary of the District's Statements of Net Position is as follows:

	2022	2021	Increase (decrease)	Percentage change
Current and other assets	$ 15,335,672	13,978,322	1,357,350	9.71%
Capital assets, net	13,824,235	13,539,422	284,813	2.10%
Net pension asset - proportionate share - ERS	321,986	-	321,986	100.00%
Net pension asset - proportionate share - TRS	5,192,731	-	5,192,731	100.00%
Total assets	34,674,624	27,517,744	7,156,880	26.01%
Deferred outflows of resources	16,555,322	7,589,149	8,966,173	118.14%
Current liabilities	2,097,198	2,110,654	(13,456)	-0.64%
Long-term liabilities	8,882,954	8,956,570	(73,616)	-0.82%
Total OPEB liability	27,090,890	22,002,221	5,088,669	23.13%
Net pension liability - proportionate share - ERS	-	3,235	(3,235)	-100.00%
Net pension liability - proportionate share - TRS	-	823,177	(823,177)	100.00%
Total liabilities	38,071,042	33,895,857	4,175,185	12.32%
Deferred inflows of resources	18,500,977	8,039,510	10,461,467	130.13%
Net position:				
Net investment in capital assets	6,578,943	5,916,190	662,753	11.20%
Restricted	4,463,228	4,530,106	(66,878)	-1.48%
Unrestricted (deficit)	(16,384,244)	(17,274,770)	890,526	5.16%
Total net position	$ (5,342,073)	(6,828,474)	1,486,401	21.77%

Current and other assets increased by $1,357,350. The increase is evidenced by an increase in the District's cash balance.

Capital assets, net increased by $284,813, as compared to the prior year. This increase is due to capital asset additions in excess of depreciation expense. See accompanying notes to financial statements, note 9 "Capital Assets" for additional information.

Net pension asset - proportionate share - ERS increased by $321,986 in the current year. This asset represents the District's share of the New York State and Local Employees' Retirement System's at the measurement date of the respective year.

Net pension asset - proportionate share - TRS increased by $5,192,731, as compared to the prior year, as the New York State Teachers' Retirement System's collective net pension liability at the measurement date of the respective year was changed to a asset due largely to changes in actuarial assumptions.

Deferred outflows of resources represents contributions to the retirement and other postemployment benefit plans subsequent to the measurement dates and actuarial adjustments at the plan level that will be amortized in future years.

Current and other liabilities decreased by $13,456, as compared to the prior year. This decrease is primarily due to a decrease in accounts payable due to timing differences.

Long-term liabilities decreased by $73,616, as compared to the prior year. This decrease is the result of principal payments on bonds.

Total OPEB liability (OPEB) increased by $5,088,669 as compared to the prior year. This increase was largely the result of changes in assumptions.

Deferred inflows of resources represents actuarial adjustments at the pension and other postemployment benefit plan level that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost such as - land; buildings and improvements; site improvements; and, furniture and equipment, net of depreciation and related outstanding debt. This number increased over the prior year as follows:

	Increase (decrease)
Capital asset additions	$ 541,641
Changes in unspent bond proceeds	50,535
Payment of bonds	327,405
Depreciation expense	(256,828)
	$ 662,753

The restricted amount of $4,463,228 relates to the District's restricted reserves. This number decreased over the prior year's restated fund balance by $66,878, which is due to appropriations of $300,000 and offset by the District funding reserves in the amount of $226,722, interest earned on reserves of $6,375 and net change in fund balance of the miscellaneous fund of $25.

The unrestricted (deficit) net position amount of $(16,384,244) relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the total OPEB liability. This deficit decreased over the prior year by $890,526.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items lines. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (decrease)	Percentage change
Revenue:				
Program revenue:				
Charges for services	$ 51,442	54,618	(3,176)	-5.81%
Operating grants	692,235	446,738	245,497	54.95%
Capital grants	-	113,364	(113,364)	100.00%
General revenue:				
Property taxes and STAR	24,269,789	23,837,379	432,410	1.81%
State sources	1,622,117	1,423,792	198,325	13.93%
Other sources	145,033	246,846	(101,813)	-41.25%
Total revenue	26,780,616	26,122,737	657,879	2.52%
Expenses:				
General support	2,903,952	2,770,739	133,213	4.81%
Instruction	20,614,159	20,790,510	(176,351)	-0.85%
Pupil transportation	1,332,745	1,262,832	69,913	5.54%
Debt service - interest	299,390	304,627	(5,237)	-1.72%
Food service program	143,969	104,748	39,221	37.44%
Total expenses	25,294,215	25,233,456	60,759	0.24%
Increase in net position	$ 1,486,401	889,281	597,120	67.15%

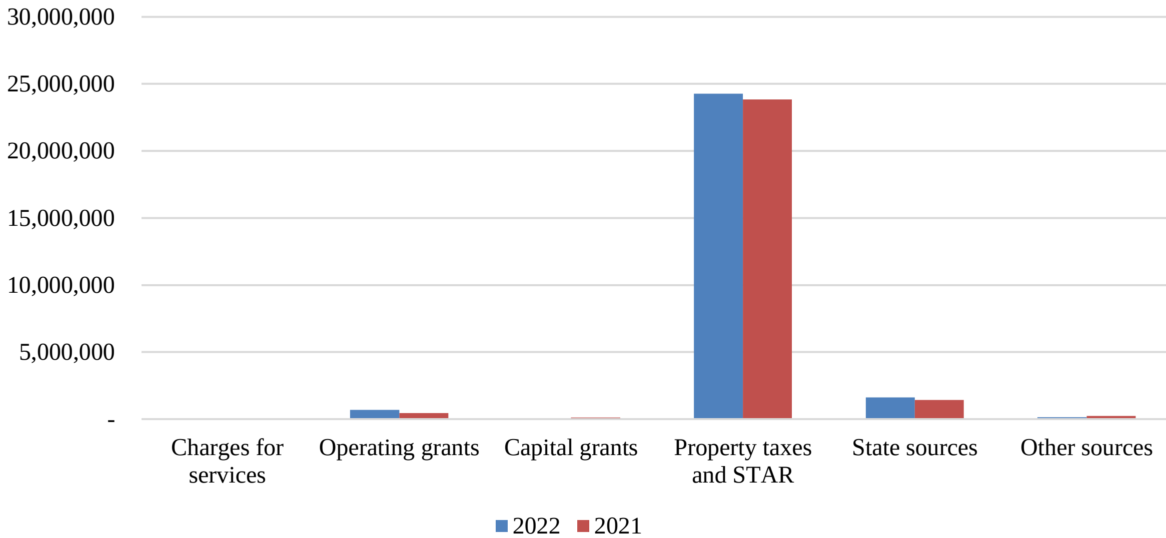
The District's net position increased by $1,486,851 and $889,281, for the years ended June 30, 2022 and 2021, respectively.

The District's revenues increased by $657,879 or 2.52%. Most of this increase is attributable to property taxes and STAR. In total, property taxes and STAR and PILOT revenues increased over 2021 amounts by $432,410.

The District's expenses for the year increased by $60,309 or 0.24% compared to fiscal 2021 totals. This increase is due to increases in general government support and pupil transportation.

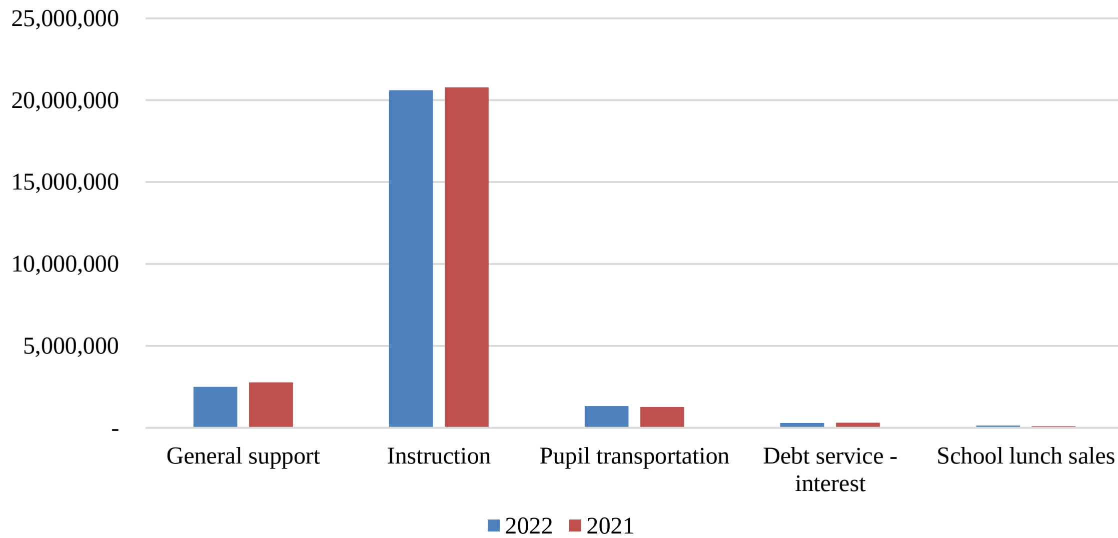
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 90.62% and 91.25% of the total for the years June 30, 2022 and 2021, respectively). Instruction expense is the largest category of expenses incurred (i.e., 81.50% and 82.39% of the total for the years June 30, 2022 and 2021, respectively). The graphs demonstrate that the components of expenses are relatively consistent for both years.

A graphic display of the distribution of revenues for the two years follows:



	Capital grants	Charges for services	Operating grants	Property taxes and STAR	State sources	Other sources
2021	0.43%	0.21%	1.71%	91.25%	5.45%	0.95%
2022	0.00%	0.19%	2.59%	90.62%	6.06%	0.54%

A graphic display of the distribution of expenses for the two years follows:



	General support	Instruction	Pupil transportation	Debt service - interest	Food service program
2021	10.98%	82.39%	5.00%	1.21%	0.42%
2022	11.48%	81.50%	5.27%	1.18%	0.57%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of $13,248,864, which is an increase of $1,363,878 from the prior year. This increase is due primarily to the operations of the geneal fund. A summary of the change in fund balance by fund is as follows:

	2022	2021	Increase (decrease)
General Fund:			
Restricted:			
Workers' compensation	$ 665,909	664,844	1,065
Retirement contribution	960,092	856,996	103,096
Insurance	751,745	750,543	1,202
Employee benefit accrued liability	575,998	575,080	918
Capital	614,584	788,321	(173,737)
Debt service	242,232	241,845	387
Unemployment	103,777	103,611	166
Total restricted	3,914,337	3,981,240	(66,903)

	2022	2021	Increase (decrease)
General Fund Continued:			
Assigned:			
Appropriated fund balance	$ 743,901	960,000	(216,099)
Unappropriated fund balance	158,684	36,583	122,101
Total assigned	902,585	996,583	(93,998)
Unassigned - fund balance	6,870,222	5,378,598	1,491,624
Total general fund	11,687,144	10,356,421	1,330,723
School Lunch Fund:			
Nonspendable - inventory	1,361	-	1,361
Assigned - unappropriated fund balance	49,795	8,755	41,040
Total school lunch fund	51,156	8,755	42,401
Capital Project Fund:			
Assigned - unappropriated fund balance	961,673	970,944	(9,271)
Miscellaneous Fund:			
Reserve for scholarships	442,628	442,603	25
Debt Service Fund:			
Debt service reserve	106,263	106,263	-
Total fund balance	$ 13,248,864	11,884,986	1,363,878

A. General Fund

The net change in the general fund fund balance is an increase of $1,330,723, as revenue and other sources of $26,086,853 exceeded expenditures and other uses of $24,756,130, compared to an increase of $849,327 for fiscal year ended 2021. Revenue and other sources increased by $425,253 (1.66%) over fiscal year ended 2021 totals primarily due to an increase in real property taxes and STAR, and increases in state aid. A $432,410 combined increase in property taxes, STAR and other tax items is due to the District increasing the levy to fund increases in appropriation in the 2021-22 budget.

Expenditures and other uses decreased by $56,143 (0.23%) from fiscal 2021 totals. These decreases were primarily in programs for teaching regular school.

During the 2021-22 school year, the District appropriated debt reserves of $78,934 and capital reserves of $300,000. At the end of the fiscal year, the District transferred $125,000 into the capital reserve and $101,722 into the retirement contribution reserve. In addition the reserves earned interest in the amount of $6,375.

B. School Lunch Fund

The net change in the school lunch fund - fund balance reflects an increase of $42,401, which was the operating gain of the food service program.

C. Capital Projects Fund

The net change in the capital projects fund - fund balance is a decrease of $9,271 as a result of capital outlay expenditures of $409,271 in the current year, offset by transfers in of $400,000.

D. Miscellaneous Fund

The net change in the miscellaneous fund - fund balance is an increase of $25 as a result of scholarship program receipts and disbursements.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-22 Budget

The District's general fund voter-approved budget for the year ended June 30, 2022 was $26,913,297. This amount was increased by encumbrances carried forward from the prior year in the amount of $36,583 and appropriated capital reserves of $300,000, for a total final budget of $27,249,880.

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $24,269,789 in property taxes, PILOTS and STAR.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, unassigned fund balance	$ 5,378,598
Revenues over budget	212,490
Expenditures and encumbrances under budget	2,335,066
Allocation to reserves	(226,722)
Prior appropriations from reserves	(78,934)
Interest earned on restricted reserves	(6,375)
Appropriated to fund the June 30, 2023 budget	(743,901)
Closing, unassigned fund balance	$ 6,870,222

Opening, Unassigned Fund Balance

The $5,378,598 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned. This was 19.98% of the District's 2021-22 approved operating budget of $26,913,297.

Revenue Over Budget

The 2021-22 final budget for revenue was $25,874,363. Actual revenue and other sources received for the year were $26,086,853. Revenue received was over budget by $212,490 primarily in the areas of real property taxes, miscellaneous revenue, and state aid.

Expenditures and Encumbrances Under Budget

The 2021-22 final budget for expenditures was $27,249,880. Actual expenditures as of June 30, 2022 were $24,756,130 and outstanding encumbrances were $158,684. Combined, the expenditures plus encumbrances for 2021-22 were $24,914,814. The final budget was under expended by $2,335,066. This under expenditure is principally within the general support, instruction, pupil transportation and employee benefits areas of the budget.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers.

The District transferred $125,000 to the capital reserve and $101,722 to the retirement contribution reserve.

Interest Earned in Restricted Reserves

Revenues such as interest earned on a general fund reserve increase the reserve and, therefore, decrease the unassigned portion of the general fund-fund balance.

The $6,375 shown in the previous table represents interest earned on restricted reserves. The reserves earned interest as follows:

Workers' compensation	$ 1,065
Retirement contribution	1,374
Insurance reserve	1,202
Employee benefit accrued liability	918
Capital	1,263
Debt service	387
Unemployment insurance	166
	$ 6,375

Prior Appropriated Fund Balance

The District had chosen to use $78,934 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-22 approved operating budget but did not use the appropriation. As such, the unassigned fund balance portion of the June 30, 2022 fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2022 was $6,870,222. This amount equals 25.21% of the 2022-23 budget which exceeds the 4% statutory limit.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2022, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions exceeding depreciation recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of depreciation at June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (decrease)
Land	$ 696,020	696,020	-
Construction in progress	7,785,064	7,692,081	92,983
Buildings and improvements	4,394,374	4,467,000	(72,626)
Site improvements	739,217	432,346	306,871
Furniture and equipment	209,560	251,975	(42,415)
Capital assets, net	$ 13,824,235	13,539,422	284,813

B. Debt Administration

At June 30, 2022, the District had total bonds payable of $7,520,000. A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

Issue Date	Interest Rate	2022	2021	Increase (decrease)
6/20/2019	2.25% - 5.00%	$ 7,520,000	7,820,000	(300,000)

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa3. The District's outstanding serial bonds at June 30, 2022 are approximately 0.44% of the District's debt limit.

Included, in the District's long-term liabilities are the estimated amounts due for compensated absences, workers' compensation liability, and total OPEB liability. The compensated absences liability of $425,399 is based on employment contracts. The workers' compensation liability, in the amount of $250,590, is based on an actuary study in accordance with GASB Statement No. 10. The total OPEB liability is based on an actuarially determined amount in accordance with GASB Statement No. 75 in the amount of $27,090,890.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters of the District on May 17, 2022, for the year ending June 30, 2023, is $27,251,222. This is an increase of $337,925 or 1.26% over the previous year's budget.

The District budgeted revenue other than property taxes at $24,731,209, an increase of $533,286 from the prior year's estimate. The assigned, appropriated fund balance applied to the June 30, 2023 budget was $743,901. A property tax increase of 2.20% (levy to levy) was needed to balance total revenues to total expenditures.

B. Future Budgets

Significant increases in costs of health insurance, the property tax cap, and uncertainty in state aid and federal funds will greatly impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation to June 15, 2022. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2022-23 is 2.0%. The District's 2022-23 property tax increase of 2.20%, including a capital local levy of $585,892, complied with the tax cap and was approved by 82.6% of the voters.

D. COVID-19

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Ms. Kelly Fallon
Superintendent
East Quogue Union Free School District
6 Central Avenue
East Quogue, New York 11942

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Statement of Net Position
Governmental Activities
June 30, 2022

Assets:	
Cash:	
Unrestricted	$ 10,267,626
Restricted	4,394,824
Receivables:	
Due from state and federal aid	542,045
Due from other governments	128,773
Other assets	1,043
Inventory	1,361
Capital assets not being depreciated	8,481,084
Capital assets being depreciated, net of accumulated depreciation	5,343,151
Net pension asset - proportionate share - TRS	5,192,731
Net pension asset - proportionate share - ERS	321,986
Total assets	34,674,624
Deferred outflows of resources:	
Pensions	3,635,362
OPEB	12,919,960
Total deferred outflows of resources	16,555,322
Liabilities:	
Payables:	
Accounts payable	1,072,025
Accrued liabilities	63,278
Due to fiduciary funds	3,980
Due to other governments	207,752
Due to teachers' retirement system	536,112
Due to employees' retirement system	38,093
Student deposits	24,044
Unearned credits - collections in advance	151,914
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	343,776
Due and payable after one year:	
Bonds payable	7,863,189
Compensated absences payable	425,399
Workers compensation liabilities	250,590
Total OPEB liability	27,090,890
Total liabilities	38,071,042
Deferred inflows of resources:	
Pensions	6,978,246
OPEB	11,522,731
Total deferred inflows of resources	18,500,977
Net position:	
Net investment in capital assets	6,578,943
Restricted:	
Workers' compensation	665,909
Retirement contribution	960,092
Insurance reserve	751,745
Employee benefit accrued liability	575,998
Capital	614,584
Debt service	348,495
Unemployment	103,777
Scholarships	442,628
Unrestricted (deficit)	(16,384,244)
Total net position	$ (5,342,073)

See accompanying notes to financial statements.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Statement of Activities
Governmental Activities
Year ended June 30, 2022

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Functions and programs:				
General support	$ 2,903,952	-	-	(2,903,952)
Instruction	20,614,159	42,054	515,261	(20,056,844)
Pupil transportation	1,332,745	-	-	(1,332,745)
Debt service - interest	299,390	-	-	(299,390)
Food service program	143,969	9,388	176,974	42,393
Total functions and programs	$ 25,294,215	51,442	692,235	(24,550,538)
General revenue:				
Real property taxes				22,368,755
Other items				1,901,034
Use of money and property				15,685
Sale of property and compensation for loss				525
Miscellaneous				128,823
State sources				1,622,117
Total general revenue				26,036,939
Change in net position				1,486,401
Net position at beginning of year				(6,828,474)
Net position at end of year				$ (5,342,073)

See accompanying notes to financial statements.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022

	General	Special Aid	School Lunch	Capital Projects	Miscellaneous	Debt Service	Total Governmental Funds
Assets							
Cash:							
Unrestricted	$ 5,896,562	-	15,760	4,355,304	-	-	10,267,626
Restricted	3,914,337	-	-	-	480,487	-	4,394,824
Receivables:							
Due from other funds	3,628,034	-	13,261	-	-	106,263	3,747,558
State and Federal aid	120,413	385,142	36,490	-	-	-	542,045
Due from other governments	128,773	-		-	-	-	128,773
Inventory	-	-	1,361	-	-	-	1,361
Total assets	$ 13,688,119	385,142	66,872	4,355,304	480,487	106,263	19,082,187
Liabilities and Fund Balance							
Liabilities:							
Payables:							
Accounts payable	1,020,561	3,134	12,863	35,467	-	-	1,072,025
Accrued liabilities	51,845	-	-	-	-	-	51,845
Due to other funds	123,203	232,312	-	3,358,164	37,859	-	3,751,538
Due to other governments	207,117	630	5	-	-	-	207,752
Due to teachers' retirement system	536,112	-	-	-	-	-	536,112
Due to employees' retirement system	38,093	-	-	-	-	-	38,093
Student deposits	24,044	-	-	-	-	-	24,044
Unearned credits - collections in advance	-	149,066	2,848	-	-	-	151,914
Total liabilities	2,000,975	385,142	15,716	3,393,631	37,859	-	5,833,323
Fund balance:							
Nonspendable	-	-	1,361	-	-	-	1,361
Restricted:							
Workers' compensation	665,909	-	-	-	-	-	665,909
Retirement contribution	960,092	-	-	-	-	-	960,092
Insurance reserve	751,745	-	-	-	-	-	751,745
Employee benefit accrued liability	575,998	-	-	-	-	-	575,998
Capital	614,584	-	-	-	-	-	614,584
Debt service	242,232	-	-	-	-	106,263	348,495
Unemployment	103,777	-	-	-	-	-	103,777
Scholarships	-	-	-	-	442,628	-	442,628
Assigned:							
Appropriated fund balance	743,901	-	-	-	-	-	743,901
Unappropriated fund balance	158,684	-	49,795	961,673	-	-	1,170,152
Unassigned - fund balance	6,870,222	-	-	-	-	-	6,870,222
Total fund balance	11,687,144	-	51,156	961,673	442,628	106,263	13,248,864
Total liabilities and fund balance	$ 13,688,119	385,142	66,872	4,355,304	480,487	106,263	19,082,187

See accompanying notes to financial statements.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total governmental fund balance		$ 13,248,864
Amounts reported for governmental activities in the statement of net position are different because:		
Amounts owed to third-party administrator is treated as a liability and included in net position.		1,043
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the statement of net position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 19,269,806	
Accumulated depreciation	(5,445,571)	13,824,235
Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.		
Net pension asset - teachers' retirement system	5,192,731	
Net pension asset - employees' retirement system	321,986	
Deferred outflows of resources - pensions	3,635,362	
Deferred inflows of resources - pensions	(6,978,246)	2,171,833
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Accrued interest on bonds payable	(11,433)	
Bonds payable	(7,520,000)	
Premiums on bonds	(686,965)	
Compensated absences payable	(425,399)	
Workers' compensation liabilities	(250,590)	
Deferred outflows of resources - OPEB	12,919,960	
Deferred inflows of resources - OPEB	(11,522,731)	
Total OPEB liability	(27,090,890)	(34,588,048)
Total net position - end of year		$ (5,342,073)

See accompanying notes to financial statements.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended June 30, 2022

	General	Special Aid	School Lunch	Capital Projects	Miscellaneous	Debt Service	Total Governmental Funds
Revenue:							
Real property taxes	$ 22,368,755	-	-	-	-	-	22,368,755
Other tax items	1,901,034	-	-	-	-	-	1,901,034
Charges for services	42,054	-	-	-	-	-	42,054
Use of money and property	14,909	-	8	-	768	-	15,685
Sale of property and compensation for loss	525	-	-	-	-	-	525
Miscellaneous	128,823	22,141	-	-	-	-	150,964
State sources	1,622,117	49,739	2,136	-	-	-	1,673,992
Federal sources	8,636	434,745	174,838	-	-	-	618,219
School lunch sales	-	-	9,388	-	-	-	9,388
Total revenue	26,086,853	506,625	186,370	-	768	-	26,780,616
Expenditures:							
General support	2,506,522	-	-	-	-	-	2,506,522
Instruction	16,909,624	505,989	-	-	743	-	17,416,356
Pupil transportation	1,282,109	50,636	-	-	-	-	1,332,745
Employee benefits	2,980,427	-	-	-	-	-	2,980,427
Debt service:							
Principle	300,000	-	-	-	-	-	300,000
Interest	327,448	-	-	-	-	-	327,448
Cost of sales	-	-	143,969	-	-	-	143,969
Capital outlay	-	-	-	409,271	-	-	409,271
Total expenditures	24,306,130	556,625	143,969	409,271	743	-	25,416,738
Excess (deficiency) of revenue over expenditures	1,780,723	(50,000)	42,401	(409,271)	25	-	1,363,878
Other financing sources and uses:							
Operating transfers in	-	50,000	-	400,000	-	-	450,000
Operating transfers (out)	(450,000)	-	-	-	-	-	(450,000)
Total other financing sources (uses)	(450,000)	50,000	-	400,000	-	-	-
Net change in fund balances	1,330,723	-	42,401	(9,271)	25	-	1,363,878
Fund balance at beginning of year	10,356,421	-	8,755	970,944	442,603	106,263	11,884,986
Fund balance at end of year	$ 11,687,144	-	51,156	961,673	442,628	106,263	13,248,864

See accompanying notes to financial statements.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Reconciliation of the Statement of Revenue, Expenditures and
Changes in Fund Balance - Governmental Funds to the Statement of Activities
Year ended June 30, 2022

Net change in fund balance		$ 1,363,878
Amounts reported for governmental activities in the statement of activities are different because:		
Long-Term Revenue and Expense Differences		
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) are being held by a third-party administrator. This is the amount by which other assets - cash held by third-party administrator decreased and payable to administrator increased in the period.	$ 6,275	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Increase in compensated absences payable	(49,397)	
Decrease in workers' compensation liabilities	(204,392)	
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the statement of activities.		
Increase in net other postemployment benefits obligation	(1,160,464)	(1,407,978)
Capital and Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the statement of net position and allocated over their useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Capital outlays	541,641	
Depreciation expense	(256,828)	284,813
Long-term Debt Transaction Differences		
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest changed.	653	
Principle payments on long-term debt are an expense on the statement of revenue, expenses and changes in fund balance, but reduces a liability on the statement of net position.	300,000	
Premium on long-term debt is recognized as a liability and amortized on the statement of net position, where it is recognized as revenue in the statement of revenue, expenses and changes in fund balance in the year of issuance.	27,405	328,058
Pension Differences		
The decrease in the proportionate share of the collective pension expense of the state retirement plans reported in the statement of activities did not affect current financial resources and, therefore, is not reported in the governmental funds.		
Teachers' retirement system	798,459	
Employees' retirement system	119,171	917,630
Change in net position of governmental activities		$ 1,486,401

See accompanying notes to financial statements.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Fund
Assets:	
Due from other funds	$ 3,980
Total assets	3,980
Liabilities:	
Due to other governments	3,980
Total liabilities	$ 3,980

See accompanying notes to financial statements.

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2022

	Custodial Fund
Additions - taxes collected for library	$ 690,894
Deductions - taxes remitted to library	(690,894)
Change in net position	-
Net position at beginning of the year	-
Net position at end of year	$ -

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

The financial statements of the East Quogue Union Free School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

(a) Reporting Entity

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

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

(b) Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under Section §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture, Continued

resident public school district enrollment as defined in Education Law, Section §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

(c) Basis of Presentation

(i) District-Wide Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

(ii) Fund Financial Statements

During the year ended June 30, 2022, the District adopted provisions of GASB Statement No 87 - "Leases." The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The District has performed an evaluation of its leasing transactions, and determine that the implementation of this Statement will have no material impact on the financial statements of the District. The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements reflect the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

Governmental Funds, Continued

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

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

School Lunch Fund - is used to account for the activities of the food service program.

Capital Projects Fund - is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets, such as equipment.

Miscellaneous Fund - is used to account for scholarships and deposits in which the District has administrative control over.

Debt Service Fund - is used to account for the repayment of the District's outstanding serial bonds.

Fiduciary Funds - are used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide financial statements, because their resources do not belong to the District, and are not available to be used. The following is the District's fiduciary fund:

Custodial Fund - is used to collect and permit taxes to the public library.

(d) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting, Continued

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, other postemployment benefits and pension costs, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

(e) Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than November 1st and become a lien on December 1st. Taxes are collected by the Town of Southampton, New York and remitted to the District from December to June.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County, New York in June.

(f) Restricted Resources

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

(g) Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the District-Wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities 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.

(1) Summary of Significant Accounting Policies, Continued

(g) Interfund Transactions, Continued

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 District'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, transfers in and transfers out activity is provided subsequently in these notes to financial statements.

(h) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, total OPEB liability, workers' compensation liabilities, potential contingent liabilities and useful lives of long-lived assets.

(i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

(j) Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

(k) Cash Held by Third-Party Administrator

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

(l) Inventories

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the government's assigned value, which approximates market. These inventories are accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/ expenditure is reported in the year the goods are consumed.

Purchases of inventoriable items in other funds are recorded as expenditures at the time of receipt and/or purchase, and are considered immaterial in amount.

A portion of fund balance has been classified as nonspendable to indicate that inventories and prepaids do not constitute available spendable resources.

(1) Summary of Significant Accounting Policies, Continued

(m) Capital Assets

Capital assets are reflected in the District-Wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	Capitalization threshold	Estimated useful life
Buildings and improvements	$ 5,000	50 years
Site improvements	5,000	20 years
Furniture and equipment	5,000	5-20 years

(n) Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be reciprocated as an outflow of resources (expense/expenditures) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item are certain total OPEB liability expenses that are amortized over a closed period and will increase the related expense when recognized.

(o) Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. The first item is related to pensions reported in the District-Wide statement of net position and represents the effect of the net change in the District's proportion of the collective net position liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item certain total OPEB liability expenses that are amortized over a closed period and will decrease the related expense when recognized.

(1) Summary of Significant Accounting Policies, Continued

(p) Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch amounts. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

(q) Compensated Absences

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

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

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the District-Wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

(r) Other Benefits

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. The plan's description and funding policy is explained in note 14. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

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

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

The District provides health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

(1) Summary of Significant Accounting Policies, Continued

(s) Short-Term Debt

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

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

(t) Equity Classifications

District-Wide Statements

In the District-Wide statements there are three classes of net position:

Net investment in capital assets - Consists of net capital assets (original cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

Unrestricted - Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable - Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventories.

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, 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. The District has established the following restricted fund balances:

Workers' Compensation Reserve

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

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.

Insurance Reserve

Insurance Reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

Fund Statements, Continued

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Retirement System and New York State Teachers' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Debt Service Reserve

The debt service reserve (GML §6-l) must be used only for the purpose of retiring outstanding obligations. The reserve is mandatory for placement of proceeds from the sale of debt funded capital assets or for Federal or State Aid received on account of debt funded capital improvement. The reserve is accounted for in the general fund and the debt service fund.

Capital Reserve

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

Restricted for Scholarships

Amounts restricted from scholarships are used to account for monies donated for scholarship purposes, including earnings and payments of awards. These restricted funds are accounted for in the miscellaneous fund.

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

Fund Statements, Continued

Assigned - Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. 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 includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned - Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. NYS Real Property Tax Law §1318 restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Education if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

(2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements

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

(2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements, Continued

(a) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities, including pensions.

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenue, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences and other postemployment benefits.

Capital Related Differences

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

Long-term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability not included in the collective pension expense and District contributions to the pension systems subsequent to the measurement date.

(3) Stewardship, Compliance and Accountability

(a) Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget.

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. 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 supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

(b) Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as 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.

(4) Deposits With Financial Institutions and Investments

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. 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 and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

(a) Uncollateralized,

(b) Collateralized by securities held by the pledging financial institution, or

(c) Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year end.

Investment pool:

The District participates in the Cooperative Liquid Assets Securities System - New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

Total investments of the cooperative at June 30, 2022 are $4,233,847,036, which consisted of $1,151,932,927 in repurchase agreements, $2,228,081,678 in U.S. Treasury Securities, and $843,464,076 in collateralized bank deposits, with various interest rates and due dates and $20,207,882 of other investments, offset by related liabilities of $9,839,527.

The following amounts on deposit at NYCLASS are included as cash:

Fund	Amount
General fund	$ 18,597
Capital projects fund	4,355,304
Miscellaneous fund	480,487
	$ 4,854,388

(4) Deposits With Financial Institutions and Investments, Continued

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The Lead Participant of NYCLASS is the Village of Potsdam, New York. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

(5) Participation in BOCES

During the year ended June 30, 2022, the District was billed $1,395,281 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $256,576. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

(6) Due From State and Federal Aid

Due from state and federal aid at June 30, 2022 consisted of the following:

General Fund	
New York State - excess cost aid	$ 57,724
Federal grants	62,689
Special Aid Fund	
Federal and state grants	385,142
School Lunch Fund	
Federal and state grants	36,490
	$ 542,045

(7) Due From Other Governments

Due from other governments at June 30, 2022 consisted of the following:

General Fund	
BOCES aid	$ 115,460
Other	13,313
	$ 128,773

(8) Interfund Transactions

Interfund balances and activities at June 30, 2022, are as follows:

	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 3,628,034	123,203	-	450,000
Special Aid Fund	-	232,312	50,000	-
School Lunch Fund	13,261	-	-	-
Capital Projects Fund	-	3,358,164	400,000	-
Miscellaneous Fund	-	37,859	-	-
Debt Service Fund	106,263	-	-	-
Total Governmental Funds	3,747,558	3,751,538	450,000	450,000
Fiduciary Funds	3,980	-	-	-
Total	$ 3,751,538	3,751,538	450,000	450,000

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities. The $50,000 transfer from the General Fund to the Special Aid Fund was to cover bad debt expense.

(9) Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Balance June 30, 2021	Additions	Adjustments/ Reclassifications	Balance June 30, 2022
Capital assets not being depreciated:				
Land	$ 696,020	-	-	696,020
Construction in progress	7,692,081	260,270	(167,287)	7,785,064
Total capital assets not being depreciated	8,388,101	260,270	(167,287)	8,481,084
Capital assets being depreciated:				
Buildings and improvements	9,040,591	-	107,156	9,147,747
Site improvements	893,381	281,371	60,131	1,234,883
Furniture and equipment	406,092	-	-	406,092
Total capital assets being depreciated	10,340,064	281,371	167,287	10,788,722
Less accumulated depreciation for:				
Buildings and improvements	4,573,591	179,782	-	4,753,373
Site improvements	461,035	34,631	-	495,666
Furniture and equipment	154,117	42,415	-	196,532
Total accumulated depreciation	5,188,743	256,828	-	5,445,571
Total capital assets, being depreciated, net	5,151,321	24,543	167,287	5,343,151
Capital assets, net	$ 13,539,422	284,813	-	13,824,235

(9) Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

General support	$ 10,225
Instruction	246,603
Total depreciation expense	$ 256,828

(10) Short-Term Debt

Transactions in short-term debt for the year are summarized below:

	Maturity	Stated Interest Rate	Balance June 30, 2021	Issued	Redeemed	Balance June 30, 2022
TAN	6/24/2022	1.25%	$ -	5,000,000	5,000,000	-

Interest on short-term debt for the year was $49,479. The District received a premium of $41,055, which is included in miscellaneous revenue in the general fund.

(11) Long-Term Liabilities

(a) Changes

Long-term liability balances and activity, excluding pensions and total OPEB liability, for the year ended June 30, 2022 are summarized below:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Long-term debt -					
bonds payable	$ 7,820,000	-	300,000	7,520,000	315,000
Premiums	714,370	-	27,405	686,965	28,776
Other long-term debt:					
Compensated absences	376,002	49,397	-	425,399	-
Workers’ compensation	46,198	204,392	-	250,590	-
Total long-term liabilities	$ 8,956,570	253,789	327,405	8,882,954	343,776

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

(b) Bonds Payable

Bonds payable is comprised of the following:

Serial Bonds	Issue Date	Final Maturity	Interest Rate (%)	Outstanding at 6/30/22
Serial Bonds - 2019	6/20/19	6/15/39	2.25%-5.00%	$ 7,520,000

(11) Long-Term Liabilities, Continued

(b) Bonds Payable, Continued

The following is a summary of debt service requirements for bonds payable:

Year ending	Principal	Interest	Total
2023	$ 315,000	262,968	577,968
2024	330,000	247,219	577,219
2025	345,000	230,719	575,719
2026	365,000	213,469	578,469
2027	385,000	195,219	580,219
2028-2032	2,170,000	720,520	2,890,520
2033-2037	2,505,000	390,400	2,895,400
2038-2039	1,105,000	49,950	1,154,950
Total	$ 7,520,000	2,310,464	9,830,464

(c) Interest Expense

Interest on long-term debt for the year ended June 30, 2022 was composed of:

Interest paid	$ 327,448
Less:	
Interest accrued in the prior year	(12,086)
Amortization of bond premium	(27,405)
Plus interest accrued in the current year	11,433
Total interest expense on long-term debt	$ 299,390

(d) Additional Disclosure

Upon default of the payment of principal or interest on the serial bonds of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the serial bonds. The above bonds are direct obligations of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

(12) Pension Plans - New York State

(a) General Information

The District participates in the New York State Teachers’ Retirement System (TRS) and the New York State and Local Retirement System (ERS). These are cost-sharing multiple employer, public employee retirement systems. The systems provide retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

(12) Pension Plans - New York State, Continued

(b) Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of its funds. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

(c) Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to the ERS or 3.5% of their salary to the TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers'

(12) Pension Plans - New York State, Continued

(c) Funding Policies, Continued

Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

(d) Pension Assets, Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported the following asset for its proportionate share of the net pension asset for each of the Systems. The net pension asset was measured as of June 30, 2021, for TRS and March 31, 2022 for ERS. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	ERS	TRS
Valuation date	April 1, 2021	June 30, 2020
Measurement date	March 31, 2022	June 30, 2021
District's proportionate share of the net pension asset	$ 321,986	5,192,731
District's portion of the Plan's total net pension asset	0.0039389%	0.029965%
Change in proportionate share	0.0006907	0.000175

For the year ended June 30, 2022, the District recognized pension expense of $50,177 for ERS and a reduction in expense of $313,484 for TRS. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(12) Pension Plans - New York State, Continued

(d) Pension Assets, Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 24,384	715,763	31,628	26,978
Changes of assumptions	537,359	1,707,998	9,067	302,461
Net difference between projected and actual earnings on pension plan investments	-	-	1,054,370	5,434,730
Changes in proportion and differences between the District's contributions and proportionate share of contributions	111,666	15,393	9,093	109,919
District's contributions subsequent to the measurement date	38,093	484,706	-	-
Total	$ 711,502	2,923,860	1,104,158	5,874,088

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

Year ending	ERS	TRS
2023	$ (48,258)	(686,106)
2024	(91,390)	(809,863)
2025	(247,973)	(1,016,976)
2026	(43,128)	(1,331,677)
2027	-	238,013
Thereafter	-	171,674
	$ (430,749)	(3,434,935)

Actuarial Assumptions

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

(12) Pension Plans - New York State, Continued

(d) Pension Assets, Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Investment rate of return (net of investment expense, including inflation)	5.9%	6.95%
Salary scale	4.4%	1.95 - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.7%	2.4%
Cost-of-living adjustment	1.4%	1.3%

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

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

The long term rate of return on ERS 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 weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27 - "Selection of Economic Assumptions for Measuring Pension Obligations." ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

(12) Pension Plans - New York State, Continued

(d) Pension Assets, Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	ERS		TRS	
Measurement date	March 31, 2021		June 30, 2020	
	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation
Asset type:				
Domestic equity	3.30%	32.00%	6.80%	
International equity	5.85%	15.00%	7.60%	16.00%
Real estate equity	5.30%	9.00%	6.50%	11.00%
Global equity	-	-	7.10%	4.00%
Domestic fixed income	-	-	1.30%	16.00%
Global bonds	-	-	0.80%	2.00%
High-yield bonds	-	-	3.80%	1.00%
Real estate debt	-	-	3.30%	7.00%
Private equity	6.58%	10.00%	10.00%	8.00%
Private debt	-	-	5.90%	1.00%
Real assets	2.80%	3.00%	-	-
Opportunistic/ARS portfolio	4.10%	3.00%	-	-
Fixed income	-	23.00%	-	-
Credit	3.78%	4.00%	-	-
Cash	(1.00%)	4.00%	(0.20%)	1.00%

* Fixed rates of return are net of a long-term inflation assumption of 2.50% for ERS and 2.40% for TRS.

(e) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS (the discount rate used by the ERS and TRS at the prior year's measurement dates were 6.8% and 6.95%, respectively). 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 determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments for 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.

(12) Pension Plans - New York State, Continued

(f) Sensitivity of the Proportion ate Share of the Net Pension Asset/(Liability) to the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.95% for TRS and 5.9% for ERS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (5.95% for TRS and 4.9% for ERS) or 1-percentage point higher (7.95% for TRS and 6.9% for ERS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension asset (liability)	$ (828,789)	321,986	1,284,555

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset	$ 544,901	5,192,731	9,098,894

(g) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions) ERS	TRS
Measurement date	3/31/22	6/30/21
Employers' total pension liability	$ (223,875)	(130,819)
Plan net position	232,050	148,148
Employers' net pension asset	$ 8,175	17,329
Ratio of plan net position to the Employers' total pension asset	103.65%	113.2%

(h) Payables to the Pension Plans

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2022, represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $52,555 of employer contributions. Employee contributions are remitted monthly.

(12) Pension Plans - New York State, Continued

(h) Payables to the Pension Plans, Continued

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to $514,310 of employer contributions and $21,802 of employee contributions totaling $536,112.

(13) Pension Plans - Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the employees for the year ended June 30, 2022, totaled $377,470. The District made contributions of $35,800 during the year ended June 30, 2022.

(14) Postemployment Healthcare Benefits

(a) Plan Description

The District effectively provides medical, Medicare part B reimbursement, and dental and vision coverage (the healthcare plan) to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through United Health Care. The plan does not issue a stand-alone financial report.

(b) Funding Policy

The District assumes the full cost of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as the liabilities for premiums mature (come due for payment). For the year ended June 30, 2022, the District recognized a general fund expenditure of $428,114 for insurance premiums for currently enrolled retirees. Currently, there is no provision in the law to permit the District to fund other postemployment benefits by any means other than the "pay as you go" method.

(14) Postemployment Healthcare Benefits, Continued

(c) Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Current retirees	20
Active employees	56
	76

(d) Total OPEB Liability

The District's total OPEB liability of $27,090,890 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

(e) Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases including inflation	2.6%
Discount rate	3.54%
Healthcare cost trend rates	5.1% decreasing to an ultimate rate of 4.1%

(f) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2021	$ 22,002,221
Changes for the year:	
Service cost	1,626,899
Interest	505,790
Differences between expected and actual experience	10,802,471
Changes of assumptions or other inputs	(7,418,377)
Benefit payments	(428,114)
Total changes	5,088,669
Total OPEB liability as of June 30, 2022	$ 27,090,890

(14) Postemployment Healthcare Benefits, Continued

(g) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 32,218,297	27,090,890	23,015,858

(h) Sensitivity of the Total OPEB Liability to Changes in the Health Care Costs Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current trend rate.

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	$ 22,164,111	27,090,890	33,571,055

(i) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $1,643,504. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 9,523,489	124,740
Change of assumptions	2,968,357	11,397,991
District's contributions subsequent to the measurement date	428,114	-
	$ 12,919,960	11,522,731

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(14) Postemployment Healthcare Benefits, Continued

(i) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

Year ending	
2023	$ (489,185)
2024	(489,185)
2025	(238,468)
2026	480,530
2027	738,537
Thereafter	966,886
	$ 969,115

(15) Risk Management

(a) General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters and other risks. These risks are covered by a combination of self-insurance reserves, public entity risk pools, and commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

(b) Public Entity Risk Pool - Risk Retained

The District participates in a risk pool, the East End Workers' Compensation Consortium (EEWCC), to insure workers' compensation claims. This public entity risk pool was created under Article 5 of Workers' Compensation Law, to evaluate, process, administer, and pay workers' compensation claims. The District retains the risk of loss.

The District pays an annual assessment to the pool for its workers' compensation claims coverage and related expenses. The EEWCC has obtained an excess compensation insurance policy to buffer the effect that a single large claim may have on the District's loss experience. The EEWCC established a non-discounted liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

(15) Risk Management, Continued

(b) Public Entity Risk Pool - Risk Retained, Continued

The District's liability for incurred but unpaid claims and incurred but not reported claims at June 30, 2022, as processed by the EEWCC, is $250,590. Claims activity is summarized as follows:

Claims at beginning of year	$	46,198
Incurred claims and claim adjustment expenses		221,849
Claim payments and expenses		(17,457)
Claim liabilities at end of year	$	250,590

The EEWCC is holding $1,043 in assets from the District to satisfy these liabilities at June 30, 2022. In addition, the District has reserved $655,909 of the fund balance in the general fund for potential supplemental assessments due to catastrophic losses and future claims.

The EEWCC has issued financial statements for the year ended June 30, 2022. Copies of these statements can be obtained from the District's Administrative Office.

(c) Public Entity Risk Pool - Risk Sharing

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

In addition, the District participates in a public entity risk-sharing pool that provides a health benefit program for its employees through the East End Health Plan (Plan), a consortium of school districts from the east end of Long Island. The benefit program's administrator is responsible for the approval processing and payment of claims. This is billed to the District at an established rate based on the number of participants. The District is responsible for contribution amounts to cover its share of the benefits and administrative costs. In the event the Plan experiences a shortfall or the District withdraws from the Plan, a supplemental assessment against the District may be imposed. The Plan, which operates on a fiscal year end, reported a net deficit as of June 30, 2022. Management of the Plan has indicated that it has a multi-year deficit reduction plan in place. The District has not been notified of any additional or supplemental assessments as of the date of this financial statement.

(16) Assigned Appropriated Fund Balance

The amount of $743,901 has been appropriated to reduce taxes for the year ending June 30, 2023.

(17) Commitments and Contingencies

(a) Encumbrances

All encumbrances are classified as assigned - unappropriated fund balance. At June 30, 2022, the District encumbered the following amounts:

General fund:	
General support	$ 132,518
Instruction	26,166
	$ 158,684

(b) Grants

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

(c) Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. Management believes that the outcome of any matters will not have a material effect on these financial statements.

(d) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

(18) Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available for issuance, and have determined the following subsequent event that requires disclosure under generally accepted accounting principles.

The District issued $5,000,000 in a TAN on September 21, 2022 with an interest rate of 4.5% and maturing on June 23, 2023. The District also received a premium of $38,600 upon issuance.

(19) Future Implementation of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Schedule 1

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year ended June 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenue:				
Local sources:				
Real property taxes	$ 22,343,375	22,343,375	22,368,755	25,380
Other tax items	1,855,548	1,855,548	1,901,034	45,486
Charges for services	35,000	35,000	42,054	7,054
Use of money and property	35,000	35,000	14,909	(20,091)
Sale of property and compensation for loss	-	-	525	525
Miscellaneous	91,785	91,785	128,823	37,038
Total local sources	24,360,708	24,360,708	24,456,100	95,392
State sources	1,513,655	1,513,655	1,622,117	108,462
Federal sources	-	-	8,636	8,636
Total revenue	25,874,363	25,874,363	26,086,853	212,490
Other financing sources - transfers in	-	-	-	-
Total revenue and other sources	25,874,363	25,874,363	26,086,853	212,490
Appropriated fund balance:				
Prior years surplus	960,000	960,000		
Debt service reserve	78,934	78,934		
Capital reserve	-	300,000		
Prior year's encumbrances	-	36,583		
Total appropriated fund balance	1,038,934	1,375,517		
Total revenue and appropriated fund balance	$ 26,913,297	27,249,880		

(Continued)

Budget Basis of Accounting

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

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund, Continued

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	$ 63,960	67,660	54,611	-	13,049
Central administration	236,423	244,023	237,638	-	6,385
Finance	366,599	415,799	350,918	29,370	35,511
Staff	71,536	71,536	62,039	-	9,497
Central services	1,766,095	1,984,462	1,659,647	103,148	221,667
Special items	160,313	160,313	141,669	-	18,644
Total general support	2,664,926	2,943,793	2,506,522	132,518	304,753
Instruction					
Instruction and administration	325,171	344,871	313,992	-	30,879
Teaching - regular school	12,976,899	12,879,549	12,389,295	14,063	476,191
Programs for children with disabilities	4,649,957	4,510,157	3,581,641	5,397	923,119
Occupational education	300,000	365,500	289,331	-	76,169
Teaching - special schools	25,000	25,000	13,345	-	11,655
Instructional media	344,099	359,765	150,226	6,706	202,833
Pupil services	233,276	233,276	171,794	-	61,482
Total instruction	18,854,402	18,718,118	16,909,624	26,166	1,782,328
Pupil transportation	1,400,000	1,400,000	1,282,109	-	117,891
Employee benefits	3,216,000	3,110,000	2,980,427	-	129,573
Debt service:					
Debt service - principal	300,000	300,000	300,000	-	-
Debt service - interest	327,969	327,969	327,448	-	521
Total debt service	627,969	627,969	627,448	-	521
Total expenditures	26,763,297	26,799,880	24,306,130	158,684	2,335,066
Other financing uses - transfers out	150,000	450,000	450,000	-	-
Total expenditures and other uses	$ 26,913,297	27,249,880	24,756,130	158,684	2,335,066
Net change in fund balances			1,330,723		
Fund balance at beginning of year			10,356,421		
Fund balance at end of year			$ 11,687,144		

Budget Basis of Accounting

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

Schedule 2

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
Year ended June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 1,626,899	635,761	785,095	927,374	1,056,326
Interest	505,790	605,507	864,526	782,929	662,123
Differences between expected and actual experience	10,802,471	-	(231,354)	-	22,161
Changes of assumptions or other inputs	(7,418,377)	4,284,701	(6,704,290)	(850,144)	(2,721,060)
Benefit payments	(428,114)	(373,188)	(407,425)	(370,355)	(394,951)
Net change in total OPEB liability	5,088,669	5,152,781	(5,693,448)	489,804	(1,375,401)
Total OPEB liability - beginning	22,002,221	16,849,440	22,542,888	22,053,084	23,428,485
Total OPEB liability - ending	$ 27,090,890	22,002,221	16,849,440	22,542,888	22,053,084
Covered payroll	$ 5,437,530	6,060,617	5,873,538	5,616,583	5,143,854
Total OPEB liability as a percentage of covered payroll	498.22%	363.04%	286.87%	401.36%	428.73%

Notes to schedule:

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

Schedule 3

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of District's Proportionate Share of the Net Position Asset/Liability
Year ended June 30, 2022

TRS System - Asset (Liability)	2022	2021	2020	2019	2018	2017	2016	2015
The District's proportion of the net pension asset (liability)	0.029965%	0.029790%	0.029096%	0.027536%	0.027459%	0.027712%	0.0258508%	0.0275860%
The District's proportionate share of the net pension asset (liability)	$ 5,192,731	(823,177)	755,916	497,922	208,719	(296,803)	2,961,109	3,072,949
The District's covered payroll	$ 5,248,061	5,086,107	5,056,300	4,856,601	4,485,296	4,351,425	4,359,081	4,171,586
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	98.95%	-16.18%	14.95%	10.25%	4.65%	-6.82%	67.93%	73.66%
Plan fiduciary net position as a percentage of the total pension asset (liability)	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

ERS System - Asset (Liability)	2022	2021	2020	2019	2018	2017	2016	2015
The District's proportion of the net pension asset (liability)	0.0039389%	0.0034820%	0.0028609%	0.0032274%	0.0028930%	0.0029766%	0.0028536%	0.0030347%
The District's proportionate share of the net pension asset (liability)	$ 321,986	(3,235)	(757,584)	(228,670)	(93,370)	(279,690)	(458,012)	(102,520)
The District's covered payroll	$ 1,218,743	1,079,995	1,065,791	943,707	897,980	873,418	773,075	780,784
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	26.42%	-0.30%	-71.08%	-24.23%	-10.40%	-32.02%	-59.25%	-13.13%
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

Schedule 4

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of District's Pension Contributions
Year ended June 30, 2022

TRS System	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 514,310	484,706	447,988	515,771	439,559	509,987	567,021	747,403	665,395	495,206
Contribution in relation to the contractually required contribution	514,310	484,706	447,988	515,771	439,559	509,987	567,021	747,403	665,395	495,206
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 5,248,061	5,086,107	5,056,300	4,856,601	4,485,296	4,351,425	4,291,221	4,359,081	4,171,586	4,360,120
Contribution as a percentage of covered payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.21%	17.15%	15.95%	11.36%

ERS System	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 136,939	160,901	151,170	135,960	128,819	128,793	135,629	138,883	161,781	147,557
Contribution in relation to the contractually required contribution	136,939	160,901	151,170	135,960	128,819	128,793	135,629	138,883	161,781	147,557
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 1,218,743	1,079,995	1,065,791	943,707	897,980	873,418	801,212	787,541	763,967	796,140
Contribution as a percentage of covered payroll	11.24%	14.90%	14.18%	14.41%	14.35%	14.75%	16.93%	17.64%	21.18%	18.53%

Schedule 5

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Schedule of Change from Adopted Budget to Final Budget and
the Real Property Tax Limit - General Fund
Year ended June 30, 2022

Change from adopted budget to final budget:		
Adopted budget		$ 26,913,297
Add:		36,583
Prior year's encumbrances		
Appropriated capital reserve		300,000
Final budget		$ 27,249,880
Section 1318 of Real Property Tax Law Limit Calculation		
2022-2023 voter approved expenditure budget		$ 27,251,222
Maximum allowed 4% of 2022-2023 budget		1,090,049
General fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	$ 743,901	
Encumbrances	158,684	
Unassigned fund balance	6,870,222	
Total unrestricted fund balance		7,772,807
Less:		
Appropriated fund balance	743,901	
Encumbrances	158,684	
Total adjustments		902,585
General fund fund balance subject to Section 1318 of Real Property Tax Law		$ 6,870,222
Actual percentage		25.21%

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Schedule of Project Expenditures - Capital Projects Fund
Year ended June 30, 2022

			Expenditures and Obligations to Date				Methods of Financing				Fund
Project title	Budget June 30, 2021	Budget June 30, 2022	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2022
17/18 Bond Issue	$ 8,428,025	8,428,025	7,524,794	253,244	7,778,038	649,987	8,428,025	-	-	8,428,025	649,987
Smart Schools	117,060	117,060	113,364	-	113,364	3,696	-	113,364	-	113,364	-
19/20 Capital	200,000	200,000	136,706	63,294	200,000	-	-	-	200,000	200,000	-
20/21 Capital	35,000	35,000	30,581	4,419	35,000	-	-	-	35,000	35,000	-
21/22 Capital	-	400,000	-	88,314	88,314	311,686	-	-	400,000	400,000	311,686
	$ 8,780,085	9,180,085	7,805,445	409,271	8,214,716	965,369	8,428,025	113,364	635,000	9,176,389	961,673

Schedule 7

EAST QUOGUE UNION FREE SCHOOL DISTRICT
Supplementary Information
Net Investment in Capital Assets
June 30, 2022

Capital assets, net	$ 13,824,235
Deduct:	
Long-term portion of bonds payable	(7,863,189)
Short-term portion of bonds payable	(343,776)
Add:	
Unspent bond proceeds	961,673
Net investment in capital assets	$ 6,578,943

EFPR GROUP, CPAs PLLC

6390 Main Street, Suite 200
Williamsville, NY 14221

P 716.634.0700
TF 800.546.7556
F 716.634.0764
W EFPRgroup.com

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

To the Board of Education
East Quogue Union Free School District
East Quogue, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the East Quogue Union Free School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Quogue Union Free School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2022-001.

The District's Response to Finding

The District's response to the finding identified in the audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 13, 2022

EAST QUOGUE UNION FREE SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2022

Reference: 2022-001

Requirement

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget of the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts assigned for the subsequent year and encumbrances are also excluded from the 4% limitation.

Finding

The District's unassigned fund balance at June 30, 2022 after excluding amounts assigned for the subsequent year end encumbrances was in excess of the New York State Real Property Tax Law §1318 limit. For the year ended June 30, 2022, this portion of the District's unassigned fund balance is $6,870,222 which is 25.21% of the 2022-2023 voter approved General Fund budget.

District's Response

See corrective action plan on page 66.

Brent Jensen
EFPR Group, LLP
6390 Main Street
Suite 200
Williamsville, NY 14221

Reference: 2022-001

Requirement

New York State Real Property Tax Law $1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget of the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts assigned for the subsequent year and encumbrances are also excluded from the 4% limitation.

Finding

The District's unassigned fund balance at June 30, 2022 after excluding amounts assigned for the subsequent year and encumbrances was in excess of the New York State Real Property Tax Law $1318 limit. For the year ended June 30, 2022, this portion of the District's unassigned fund balance is $6,870,222, which is 25.21% of the 2022-23 voter approved General Fund budget.

District Response

The District, along with the Board of Education, makes every effort to develop budgets that will mirror actual expenditures as closely as possible. Unfortunately, due to the timing of the budget vote, the District presents a budget with some estimated expenditures. Examples include budgeting for staff before enrollment is finalized, budgeting for special education placements before CSE recommendations have been finalized and providing for unexpected special education students moving into our district after the budget is finalized.

In addition, budgeting tuition for our students in grades 7-12 being educated in our neighboring secondary program is an area that can result in large variances. At the time of budget development the District must use estimated tuition rates and estimated enrollments. The final reconciliation is not provided by the educating District until late August following the close of the year.

With the funding of the existing Capital Reserves and the TRS Reserve, the District continues to address capital improvements and potential future claims while working to reduce the surplus.

Sincerely,

Kelly Fallon
Superintendent

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

September , 2023

The Board of Education of
East Quogue Union Free School District,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to East Quogue Union Free School District (the "School District"), in the County of Suffolk, a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $5,000,000 Tax Anticipation Notes for 2023-2024 Taxes (the "Note"), dated and delivered the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon subject to certain statutory limitations. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Note is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

APPENDIX E

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. <u>Definitions</u>

"EMMA" shall mean Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" shall mean "financial obligation" as such term is defined in the Rule.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the East Quogue Union Free School District, in the County of Suffolk, a school district of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of October 25, 2023.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Securities" shall mean the Issuer's $5,000,000 Tax Anticipation Notes for 2023-2024 Taxes, dated October 25, 2023, maturing on June 26, 2024, and delivered on the date hereof.

Section 2. <u>Obligation to Provide Notices of Events</u>. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **October 25, 2023.**

EAST QUOGUE UNION FREE SCHOOL DISTRICT

By____

President of the Board of Education