

East Quogue Union Free School District
6 Central Avenue
East Quogue, NY 11942

Robert J. Long, Jr.
Superintendent/Principal

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October 15, 2019

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

Reference:2019-001

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, 2019 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 fiscal year ended June 30, 2019, this portion of the District's unassigned fund balance is \$4,303,716, which is 16.62% of the 2019-20 voter approved General Fund budget.

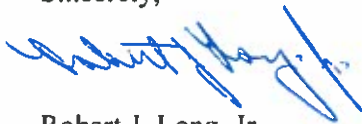
District Response

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 approval of an additional Capital Reserve in May of 2019 and the funding of the existing Capital Reserves, the District continues to address capital improvements while working to reduce the surplus.

Sincerely,



Robert J. Long, Jr.
Superintendent