

**QUOGUE UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

QUOGUE UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Quogue Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Quogue Union Free School District (the "District") as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the fiscal year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of District's proportionate share of the net pension asset/(liability), schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 1 through 16 and 58 through 62, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with

auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
November 10, 2025

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The following is a discussion and analysis of Quogue Union Free School District’s (the “District”) financial performance for the fiscal year ended June 30, 2025. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current fiscal year are discussed in comparison with the prior fiscal year, with an emphasis placed on the current fiscal year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- On the District-Wide Financial Statements, revenues increased by 6.22% mainly due to increases in real property taxes and other tax items and miscellaneous revenues.
- On the District-Wide Financial Statements, expenses decreased by 5.09% primarily due to a decrease in instruction expenses. The changes in expenses include the effects of the actuarial valuations for the pension systems and other post-employment benefits obligations.
- The District’s total net deficit, as reflected in the District-Wide Financial Statements, decreased by \$627,350 to a total net deficit of \$5,913,670.
- On the Fund Financial Statements, the District’s fund balance in the general fund increased by \$206,441 due to revenues exceeding expenditures and other financing uses based on the modified accrual basis of accounting.
- On May 20, 2025, the proposed 2025-2026 budget in the amount of \$10,949,552 was authorized by the District's residents. This is an increase of \$473,771, or 4.52%, as compared to the previous fiscal year's budget. The increase was primarily due to increases in personnel, employee benefits, instruction, and special education costs. The property tax levy was within the property tax cap.
- The District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB Statement No. 101), effective July 1, 2024. See the accompanying notes to financial statements for additional information regarding the effects of the change in accounting principle.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

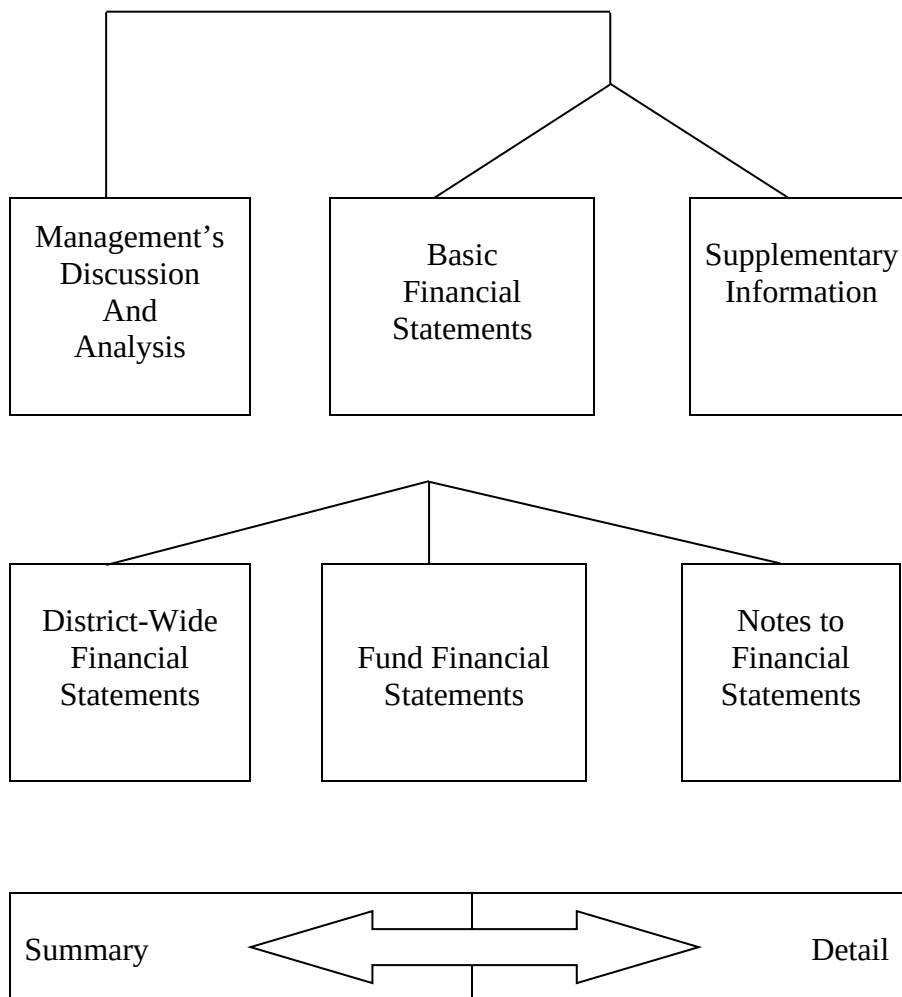
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
 - The *Fund Financial Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a custodian for the benefit of others, such as real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year. The Table shows how the various parts of this annual report are arranged and relate to one another.

Organization of the District's Annual Financial Report



**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The Table summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as real property taxes and PILOT collected on behalf of other governments
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the fiscal year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the fiscal year, regardless of when cash is received or paid	Revenues for which cash is received during the fiscal year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the fiscal year, regardless of when cash is received or paid

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A) District-Wide Financial Statements

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the financial health or position.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation expense is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in the District-Wide Financial Statements and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation expense to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
 - *Unrestricted net position* is net position that does not meet any of the above restrictions.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District’s funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

Governmental funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Fund Financial Statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in separate reconciliation schedules explains the relationship (or differences) between them. In summary, the Fund Financial Statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Fiduciary fund

The District is the custodian or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes and PILOT collected on behalf of other governments and disbursed to those other governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

See the Table below for a comparison of the Statement of Net Position as of June 30, 2025 and 2024. The balances presented as of June 30, 2025 include the effects of the implementation of GASB Statement No. 101. The balances presented as of June 30, 2024 reflect the balances as previously reported and do not reflect the effects of the change in accounting principle.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Condensed Statement of Net Position - Governmental Activities

	2025	2024	Increase (Decrease)	Total Percentage Change
Current assets	\$ 5,197,362	\$ 4,754,349	\$ 443,013	9.32%
Non-current assets	<u>3,708,585</u>	<u>3,278,598</u>	<u>429,987</u>	13.11%
Total Assets	8,905,947	8,032,947	873,000	10.87%
Deferred outflows of resources	<u>3,884,436</u>	<u>5,032,463</u>	<u>(1,148,027)</u>	-22.81%
Total Assets and Deferred Outflows of Resources	<u>12,790,383</u>	<u>13,065,410</u>	<u>(275,027)</u>	-2.11%
Current liabilities	1,051,466	915,156	136,310	14.89%
Long-term liabilities	<u>12,088,098</u>	<u>13,876,011</u>	<u>(1,787,913)</u>	-12.88%
Total Liabilities	13,139,564	14,791,167	(1,651,603)	-11.17%
Deferred inflows of resources	<u>5,564,489</u>	<u>4,747,162</u>	<u>817,327</u>	17.22%
Total Liabilities and Deferred Inflows of Resources	<u>18,704,053</u>	<u>19,538,329</u>	<u>(834,276)</u>	-4.27%
Net position				
Net investment in capital assets	3,254,955	3,258,551	(3,596)	-0.11%
Restricted	2,485,047	1,666,093	818,954	49.15%
Unrestricted (deficit)	<u>(11,653,672)</u>	<u>(11,397,563)</u>	<u>(256,109)</u>	-2.25%
Total Net Position (Deficit)	<u>\$ (5,913,670)</u>	<u>\$ (6,472,919)</u>	<u>\$ 559,249</u>	8.64%
Net position (deficit), beginning of year, as previously reported		\$ (6,472,919)		
Change in accounting principle		<u>(68,101)</u>		
Net position (deficit), beginning of year, as restated		<u>\$ (6,541,020)</u>		

Current assets increased by \$443,013, or 9.32%, primarily due to an increase in cash and cash equivalents.

Non-current assets increased by \$429,987, or 13.11%, primarily due to changes in the actuarial valuation for the Teachers' Retirement System pension plan. Refer to the accompanying notes to financial statements for further discussion.

The changes in deferred outflows of resources represent amortization of the pension-related items and the amortization of the other post-employment benefits liability related items as discussed in the accompanying notes to financial statements.

Current liabilities increased by \$136,310, or 14.89%, primarily due to increases in accounts payable, accrued liabilities, and compensated absences payable, partially offset by a decrease in due to other governments.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Long-term liabilities decreased by \$1,787,913, or 12.88%, primarily due to decreases in the net pension liability - teachers' retirement system and total other post-employment benefits obligation. Of note, the compensated absences payable balance included within the long-term liabilities balance as of June 30, 2025 includes the effects of the change in accounting principle in connection with the implementation of GASB Statement No. 101.

The changes in deferred inflows of resources represent amortization of pension and other post-employment benefits related items as discussed in the accompanying notes to financial statements.

The net investment in capital assets of \$3,254,955 relates to the investment in capital assets at cost such as land, construction in progress, building and improvements, site improvements, and furniture, equipment, and vehicles, net of accumulated depreciation. The amount decreased by \$3,596, or 0.11%, due to a decrease in capital assets, net.

The restricted net position at June 30, 2025 increased due to an increase in the District's reserves during the fiscal year, as detailed on pages 11 and 13, as well as due to the results of the actuarial valuation for the Teachers' Retirement System pension plan, which is reported as a net pension asset as of June 30, 2025.

The unrestricted deficit at June 30, 2025 of \$11,653,672 relates to the District's net position. The unrestricted deficit increased by \$256,109, or 2.25%. Of note, the unrestricted deficit balance as of June 30, 2025 includes the effects of the change in accounting principle in connection with implementation of GASB Statement No. 101.

B) Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. The activity for fiscal year 2025 reflects the effects of the implementation of GASB Statement No. 101 as detailed in the accompanying notes to financial statements. A summary of this statement for the fiscal years ended June 30, 2025 and 2024 is as follows:

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Change in Net Position from Operating Results

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 241,884	\$ 146,849	\$ 95,035	64.72%
Operating grants and contributions	59,350	85,154	(25,804)	-30.30%
General revenues				
Real property taxes and other tax items	8,884,655	8,582,183	302,472	3.52%
Use of money and property	112,070	87,902	24,168	27.49%
Miscellaneous	336,109	117,978	218,131	184.89%
State sources	405,762	431,671	(25,909)	-6.00%
Total Revenues	<u>10,039,830</u>	<u>9,451,737</u>	<u>588,093</u>	6.22%
Expenses				
General support	1,918,112	1,904,584	13,528	0.71%
Instruction	7,103,960	7,675,731	(571,771)	-7.45%
Pupil transportation	366,239	337,128	29,111	8.63%
Debt service - interest	24,087	-	24,087	N/A
Food service program	82	319	(237)	-74.29%
Total Expenses	<u>9,412,480</u>	<u>9,917,762</u>	<u>(505,282)</u>	-5.09%
Change in Net Position	<u>\$ 627,350</u>	<u>\$ (466,025)</u>	<u>\$ 1,093,375</u>	234.62%

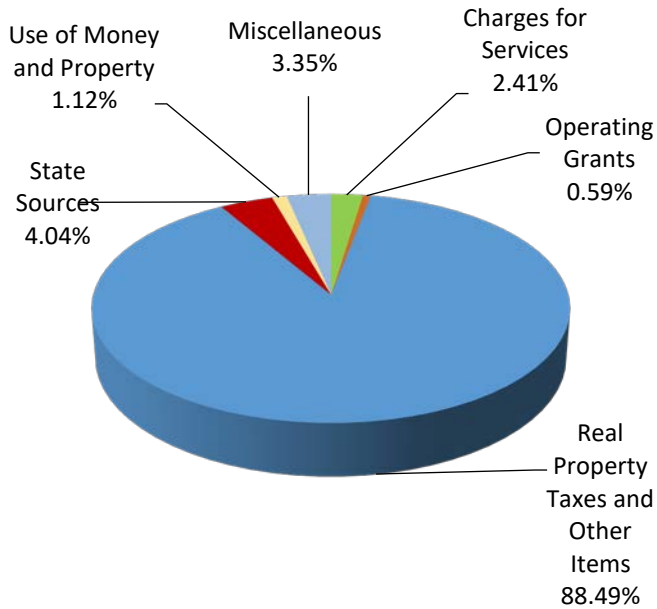
The District's fiscal year 2025 revenues totaled \$10,039,830. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 88.49% and 4.04%, respectively, of total revenue. The remainder came from fees for charges for services, operating grants and contributions, use of money and property, and other miscellaneous revenues.

Real property taxes and other tax items increased by \$302,472, or 3.52%, in accordance with the tax levy increase. Miscellaneous revenues increased by \$218,131, or 184.89%, which is primarily attributable to the receipt of a refund of a prior year expense from another school district.

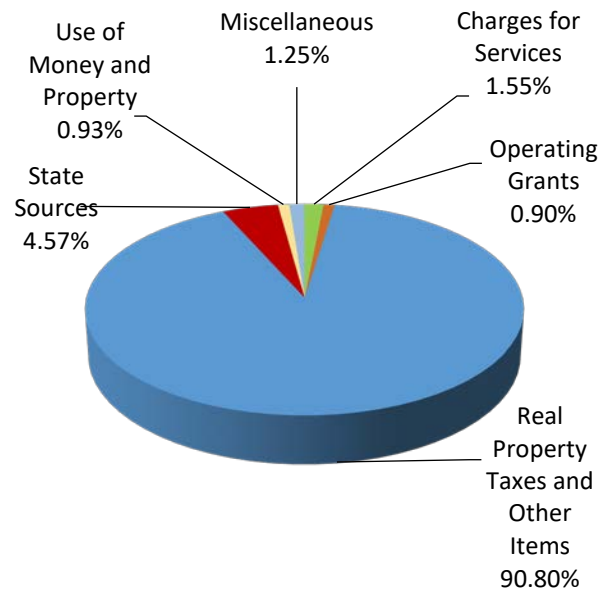
The total cost of all programs and services totaled \$9,412,480 for fiscal year 2025. These expenses are predominantly related to general support and instruction, which account for 20.37% and 75.47% of District expenses, respectively. Total expenses decreased by \$505,282, or 5.09%. This was primarily attributable to a decrease in instruction expenses, which was primarily the result of pension system's and total other post-employment benefit's actuarial valuations, with the majority of the associated expense being allocated to instruction.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

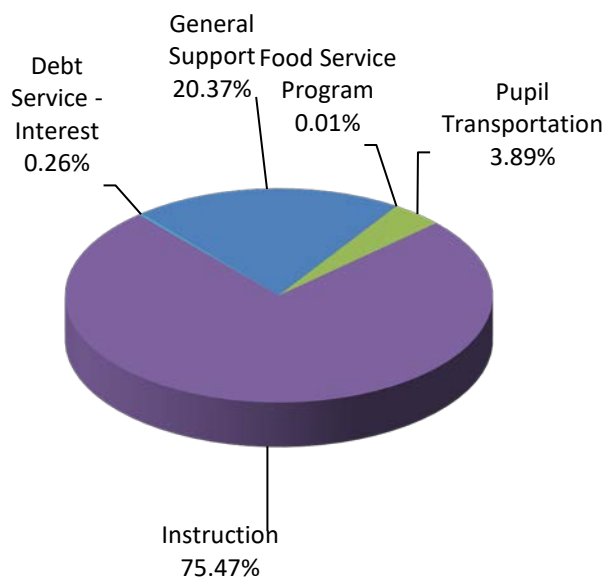
Revenues for Fiscal Year 2025



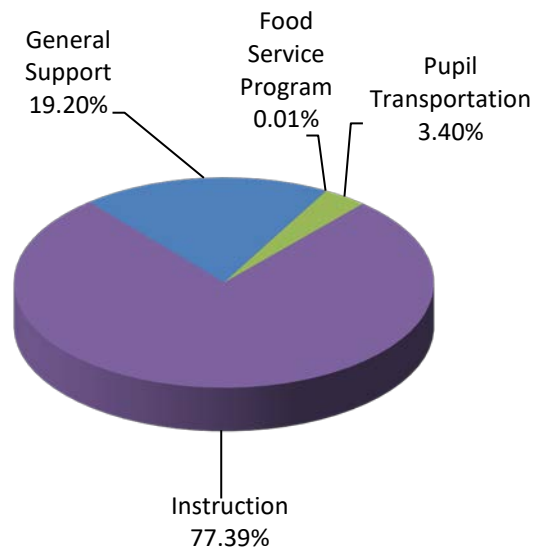
Revenues for Fiscal Year 2024



Expenses for Fiscal Year 2025



Expenses for Fiscal Year 2024



**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between fiscal years for the Fund Financial Statements are not the same as variances between fiscal years for the District-Wide Financial Statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt, as applicable.

As of June 30, 2025, the District's combined governmental funds reported a total fund balance of \$3,887,862, which is an increase of \$292,541 from the prior fiscal year.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A summary of the change in fund balance for all funds is as follows:

	2025	2024	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for retirement contribution				
Employees' retirement system	\$ 396,290	\$ 337,142	\$ 59,148	17.54%
Teachers' retirement system	290,299	307,904	(17,605)	-5.72%
Restricted for workers' compensation	288,870	279,784	9,086	3.25%
Restricted for repair	392,680	133,836	258,844	193.40%
Restricted for employee benefit				
accrued liability	290,681	184,683	105,998	57.39%
Restricted for capital	258,849	355,099	(96,250)	-27.11%
Assigned - designated for				
subsequent year's expenditures	997,029	754,278	242,751	32.18%
Assigned - general support	37,375	96,626	(59,251)	-61.32%
Assigned - instruction	139,414	56,731	82,683	145.75%
Assigned - employee benefits	22,939	26,013	(3,074)	-11.82%
Unassigned	568,985	944,874	(375,889)	-39.78%
Total Fund Balance - General Fund	<u>3,683,411</u>	<u>3,476,970</u>	<u>206,441</u>	5.94%
School Lunch Fund				
Unassigned	<u>(42)</u>	<u>(107)</u>	<u>65</u>	-60.75%
Total Fund Balance - School Lunch Fund	<u>(42)</u>	<u>(107)</u>	<u>65</u>	-60.75%
Capital Projects Fund				
Restricted for capital	113,748	67,645	46,103	68.15%
Assigned - unappropriated	90,745	50,813	39,932	-78.59%
Total Fund Balance - Capital Projects Fund	<u>204,493</u>	<u>118,458</u>	<u>86,035</u>	72.63%
 Total Fund Balance - All Funds	 <u>\$ 3,887,862</u>	 <u>\$ 3,595,321</u>	 <u>\$ 292,541</u>	 8.14%

The District can attribute changes to fund balances and reserves primarily due to operating results, use of restricted fund balances to support appropriations, Board of Education (the "Board") approved transfers, and allocation of interest and earnings.

A) General Fund

The fund balance in the general fund increased by \$206,441, which is the result of revenues of \$9,992,461 exceeding expenditures and other financing uses of \$9,786,020.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A summary of changes in revenues, expenditures, and other financing uses for the general fund for the fiscal years ended June 30, 2025 and 2024 is as follows:

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total Percentage Change
Revenues				
Real property taxes	\$ 8,851,605	\$ 8,548,596	\$ 303,009	3.54%
Other tax items - including STAR	33,050	33,587	(537)	-1.60%
Charges for services	241,737	146,749	94,988	64.73%
Use of money and property	112,070	87,901	24,169	27.50%
Sale of property and compensation for loss	105,488	62,937	42,551	67.61%
Miscellaneous	230,621	55,041	175,580	319.00%
State sources	405,762	431,671	(25,909)	-6.00%
Federal sources	12,128	46,785	(34,657)	-74.08%
Total Revenues	<u>9,992,461</u>	<u>9,413,267</u>	<u>579,194</u>	6.15%
Expenditures				
General support	1,622,414	1,536,704	85,710	5.58%
Instruction	5,715,922	5,883,902	(167,980)	-2.85%
Pupil transportation	342,445	322,101	20,344	6.32%
Employee benefits	1,920,592	1,748,847	171,745	9.82%
Debt service - interest	24,087	-	24,087	N/A
Total Expenditures	<u>9,625,460</u>	<u>9,491,554</u>	<u>133,906</u>	1.41%
Other Financing Uses				
Operating transfers out	<u>160,560</u>	<u>24,500</u>	<u>136,060</u>	555.35%
Total Other Financing Uses	<u>160,560</u>	<u>24,500</u>	<u>136,060</u>	555.35%
Net Change in Fund Balances	<u>\$ 206,441</u>	<u>\$ (102,787)</u>	<u>\$ 309,228</u>	-300.84%

Revenues increased when compared to the prior fiscal year, primarily due to the following:

- Real property taxes increased due to a rise in the tax levy in accordance with the 2024-2025 voter approved budget.
- Use of money and property increased due to an increase in interest rates.
- Sale of property and compensation for loss increased due to costs incurred for lightning strike damages that were reimbursed by insurance.
- Offset by state sources decreasing due to the reduction in BOCES services.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Expenditures increased when compared to the prior fiscal year, primarily due to the following:

- General support increased due to the hiring of new employees during the current fiscal year and the unplanned security system upgrade.
- Instruction expenditures decreased primarily due to a significant decrease in secondary enrollment at Westhampton Beach UFSD in the current fiscal year.
- Employee benefits increased due to higher premium costs for medical insurance and higher pension contributions for the employees' retirement system, partially offset by a decrease in pension contributions for teachers' retirement system.
- Debt service interest increased due to the District's tax anticipation note (TAN) issuance during the fiscal year.

The following is a summary of the general fund's restricted fund balance activity for the fiscal year ended June 30, 2025:

	Beginning Balance	Funding	Interest	Use	Ending Balance
Retirement contribution					
Employees' retirement system	\$ 337,142	\$ 48,199	\$ 10,949	\$ -	\$ 396,290
Teachers' retirement system	307,904		10,000	(27,605)	290,299
Workers' compensation	279,784		9,086		288,870
Repair	133,836	253,627	5,217		392,680
Employee benefit accrued liability	184,683	100,000	5,998		290,681
Capital	355,099		9,810	(106,060)	258,849
Total Restricted Fund Balance	<u>\$ 1,598,448</u>	<u>\$ 401,826</u>	<u>\$ 51,060</u>	<u>\$ (133,665)</u>	<u>\$ 1,917,669</u>

B) Special Aid fund

The fund balance in the special aid fund remained at \$0, as revenues and expenditures are recognized in equal amounts each year. Expenditures consist primarily of reimbursable grant programs, as well as a transfer from the general fund for the District's share of costs for the summer program for students with disabilities. Revenues and expenditures in the special aid fund increased primarily due to an increase in the summer program for students with disabilities, partially offset by a decrease in IDEA 611/619.

C) School Lunch Fund

The fund balance deficit in the school lunch fund decreased by \$65 due to revenues of \$147 exceeding expenditures of \$82.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

D) Capital Projects Fund

The fund balance in the capital projects fund increased by \$86,035. This increase was due to other financing sources exceeding expenditures in the current fiscal year, which included a \$106,060 transfer from the voter-approved use of the capital reserve.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2024-2025 Budget

The District’s voter approved general fund adopted budget for the fiscal year ended June 30, 2025 was \$10,475,781. This amount was increased by encumbrances carried forward from the prior fiscal year in the amount of \$179,370 and appropriated amounts from the capital reserve of \$106,060, which resulted in a final budget of \$10,761,211. The majority of the funding related to real property taxes and other tax items of \$8,878,133.

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

The general fund’s unassigned fund balance is a component of total fund balance that is the residual of prior fiscal years’ excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent fiscal years’ budgets. It is this balance that is commonly referred to as “fund balance.” The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the fiscal year compared to budget is as follows:

Opening, unassigned fund balance	\$ 944,874
Revenues over budget	645,878
Expenditures, other financing uses, and encumbrances under budget	775,463
Interest allocated to reserves	(51,060)
Funding of reserves	(401,826)
Unused appropriated reserves	(347,315)
Assigned, appropriated for June 30, 2026 budget	(997,029)
Closing, unassigned fund balance	<u><u>\$ 568,985</u></u>

The opening, unassigned fund balance of \$944,874 represents the fund balance from June 30, 2024 that was retained.

The revenues over budget of \$645,878 were primarily related to charges for services, insurance recoveries, and miscellaneous revenues (see supplemental schedule for detail).

The expenditures, other financing uses, and encumbrances under budget of \$775,463 were primarily related to instruction, pupil transportation, and employee benefits (see supplemental schedule for detail).

Interest of \$51,060 was allocated to the reserves as noted on page 13.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The District funded the reserves in the amount of \$401,826 as detailed on page 13.

The District budgeted for the use of the retirement contribution reserve – ERS in the amount of \$74,920 and retirement contribution – TRS in the amount of \$300,000. Of these budgeted amounts, only \$27,605 was utilized in the current fiscal year. As such, this resulted in \$347,315 of unused appropriated reserves, which was returned to the respective reserves.

The assigned, appropriated fund balance of \$997,029 for the June 30, 2026 budget is the amount the District has chosen to partially fund its operating budget for 2025-2026.

The closing, unassigned fund balance of \$568,985 represents the fund balance retained by the District that is not restricted or assigned for subsequent fiscal years' taxes. This amount is limited to 4% of the 2025-2026 budget. The District's unassigned fund balance exceeds the limit and represents 5.20% of the 2025-2026 budget.

6. CAPITAL ASSET AND OTHER LONG-TERM LIABILITIES

A) Capital Assets

A summary of the District's capital assets, net of accumulated depreciation, is as follows:

Capital Assets (Net of Accumulated Depreciation)

Category	2025	2024	Increase (Decrease)
Land	\$ 155,600	\$ 155,600	\$ -
Construction in progress	-	827,355	(827,355)
Building and improvements	4,735,882	4,968,775	(232,893)
Site improvements	1,043,196	122,079	921,117
Furniture, equipment, and vehicles	385,177	300,585	84,592
Subtotal	6,319,855	6,374,394	(54,539)
Less: accumulated depreciation	3,064,900	3,095,796	(30,896)
Total net capital assets	\$ 3,254,955	\$ 3,278,598	\$ (23,643)

The District had capital asset additions of \$298,123 and depreciation expense and loss on disposals of \$321,766. See the accompanying notes to financial statements for further details.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Other Long-Term Liabilities

A summary of the other long-term liabilities at June 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Compensated absences payable	\$ 285,232	\$ 238,897	\$ 46,335
Claims payable	101,791	107,233	(5,442)
Net pension liability - proportionate share - TRS	-	197,430	(197,430)
Net pension liability - proportionate share - ERS	260,401	193,981	66,420
Total other post-employment benefits obligation	11,440,674	13,138,470	(1,697,796)
	<u>\$ 12,088,098</u>	<u>\$ 13,876,011</u>	<u>\$ (1,787,913)</u>

The change in other long-term liabilities is primarily due to changes in actuarial valuations for pensions and total other post-employment benefits obligation. The compensated absences payable balance included within the other long-term liabilities balance as of June 30, 2025 includes the effects of the change in accounting principle in connection with the implementation of GASB Statement No. 101. More detailed information about the District's other long-term liabilities is presented in the accompanying notes to financial statement.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A. The general fund budget for the 2025-2026 school year in the amount of \$10,949,552 was approved by voters. This is an increase of \$473,771, or 4.52%, over the previous fiscal year's budget. The increase was primarily due to increases in personnel, employee benefits, instruction, and special education costs.
- B. Future budgets may be negatively affected by certain trends impacting school districts. These factors include the following:
 - Rising costs in employee salaries and health benefits, as well as contributions to pension programs.
 - Increased costs associated with meeting the requirements for instructional services.
 - Uncertainty with state and federal aid, including new state mandates that may bring changes to state aid formulas that could negatively impact school districts.
 - Rising inflation as well as interest rates, which can affect all areas of the budget.
 - The property tax cap as discussed below.
- C. New York State law limits the increase in property taxes levied to the lesser of two percent, or the rate of inflation. The law does allow school districts to levy an additional amount for certain excludable expenditures. An override of the levy limit is permitted. If the proposed tax levy is within the District's tax levy cap, then the budget is presented and approved by voters. If the proposed tax levy exceeds the District's tax levy cap, the threshold required for approval would be 60 percent of the vote.

**QUOGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- D. On October 15, 2025, the District issued a tax anticipation note (TAN) for \$1,500,000, maturing on June 24, 2026, to provide cash flow needs in anticipation of the receipt of property taxes. The premium associated with this TAN issuance is \$9,863 and the interest amount due at maturity is \$41,500.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Quogue Union Free School District
Mr. Jeffrey Ryvicker
Superintendent of Schools
Edgewood Road, PO Box 957
Quogue, New York 11959
(631) 653-4285

QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	
Unrestricted	\$ 2,709,564
Restricted	2,031,417
Receivables	
Accounts receivable	1,048
State and federal aid	51,198
Due from other governments	146,101
Other assets	258,034
Non-current assets	
Capital assets	
Not being depreciated	155,600
Being depreciated, net of accumulated depreciation	3,099,355
Net pension asset - proportionate share - teachers' retirement system	453,630
TOTAL ASSETS	8,905,947

DEFERRED OUTFLOWS OF RESOURCES

Pensions	1,335,989
Other post-employment benefits	2,548,447
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,884,436

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	12,790,383
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LIABILITIES

Payables	
Accounts payable	249,799
Accrued liabilities	189,556
Due to other governments	193,619
Due to fiduciary fund	2,888
Due to teachers' retirement system	319,863
Due to employees' retirement system	29,264
Student deposits	13,545
Compensated absences payable	52,932
Long-term liabilities	
Due and payable within one year	
Compensated absences payable	14,262
Claims payable	41,993
Total other post-employment benefits obligation	428,821
Due and payable after one year	
Compensated absences payable	270,970
Claims payable	59,798
Net pension liability - proportionate share - employees' retirement system	260,401
Total other post-employment benefits obligation	11,011,853
TOTAL LIABILITIES	13,139,564

DEFERRED INFLOWS OF RESOURCES

Pensions	590,722
Other post-employment benefits	4,973,767
TOTAL DEFERRED INFLOWS OF RESOURCES	5,564,489

NET POSITION

Net investment in capital assets	3,254,955
Restricted	2,485,047
Unrestricted (Deficit)	(11,653,672)
TOTAL NET POSITION (DEFICIT)	\$ (5,913,670)

**QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

		Program Revenues		Net (Expense)
	Expenses	Charges for	Operating Grants	Revenue and
		Services	and Contributions	Changes in
FUNCTIONS / PROGRAMS				Net Position
General support	\$ (1,918,112)	\$ -	\$ -	\$ (1,918,112)
Instruction	(7,103,960)	241,737	42,370	(6,819,853)
Pupil transportation	(366,239)		16,980	(349,259)
Debt service - interest	(24,087)			(24,087)
Food service program	(82)	147		65
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (9,412,480)</u>	<u>\$ 241,884</u>	<u>\$ 59,350</u>	<u>(9,111,246)</u>
GENERAL REVENUES				
Real property taxes				8,851,605
Other tax items - including STAR reimbursement				33,050
Use of money and property				112,070
Sale of property and compensation for loss				105,488
Miscellaneous				230,621
State sources				405,762
TOTAL GENERAL REVENUES				<u>9,738,596</u>
CHANGE IN NET POSITION				627,350
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED				(6,472,919)
CHANGE IN ACCOUNTING PRINCIPLE				<u>(68,101)</u>
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED				<u>(6,541,020)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>\$ (5,913,670)</u>

QUOGUE UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents					
Unrestricted	\$ 2,704,486	\$ 4,897	\$ 181	\$ -	\$ 2,709,564
Restricted	1,968,730			62,687	2,031,417
Receivables					
Accounts receivable	1,048				1,048
State and federal aid	12,513	38,685			51,198
Due from other governments	146,101				146,101
Due from other funds	58,059			156,061	214,120
TOTAL ASSETS	<u>\$ 4,890,937</u>	<u>\$ 43,582</u>	<u>\$ 181</u>	<u>\$ 218,748</u>	<u>\$ 5,153,448</u>
LIABILITIES AND FUND BALANCES					
Payables					
Accounts payable	\$ 249,799	\$ -	\$ -	\$ -	\$ 249,799
Accrued liabilities	189,556				189,556
Due to other governments	193,619				193,619
Due to other funds	158,948	43,582	223	14,255	217,008
Due to teachers' retirement system	319,863				319,863
Due to employees' retirement system	29,264				29,264
Student deposits	13,545				13,545
Compensated absences payable	52,932				52,932
TOTAL LIABILITIES	<u>1,207,526</u>	<u>43,582</u>	<u>223</u>	<u>14,255</u>	<u>1,265,586</u>
FUND BALANCES					
Restricted					
Retirement contribution					
Employees' retirement system	396,290				396,290
Teachers' retirement system	290,299				290,299
Workers' compensation	288,870				288,870
Repair	392,680				392,680
Employee benefit accrued liability	290,681				290,681
Capital	258,849			113,748	372,597
Assigned					
Appropriated fund balance	997,029				997,029
Unappropriated fund balance	199,728			90,745	290,473
Unassigned	568,985		(42)		568,943
TOTAL FUND BALANCES	<u>3,683,411</u>	<u>-</u>	<u>(42)</u>	<u>204,493</u>	<u>3,887,862</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,890,937</u>	<u>\$ 43,582</u>	<u>\$ 181</u>	<u>\$ 218,748</u>	<u>\$ 5,153,448</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Governmental Fund Balances	\$	3,887,862
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Cash held by third-party administrator is treated as a long-term asset and included in net position.		258,034
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The cost of building and acquiring capital assets financed from the governmental funds is reported as expenditures in the fiscal year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 6,319,855		
Accumulated depreciation	<u>(3,064,900)</u>		3,254,955

Certain disbursements previously expended in the governmental funds and invested with the pension system are treated as long term assets and increase net position. The net pension asset amounted to:		453,630
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Deferred outflows of resources - The Statement of Net Position recognizes revenues and expenses under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred outflows related to pensions	\$ 1,335,989		
Deferred outflows related to other post-employment benefits	<u>2,548,447</u>		3,884,436

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenses under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	\$ (590,722)		
Deferred inflows related to other post-employment benefits	<u>(4,973,767)</u>		(5,564,489)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Compensated absences payable	\$ (285,232)		
Claims payable	(101,791)		
Net pension liability - proportionate share - employees' retirement system	(260,401)		
Total other post-employment benefits obligation	<u>(11,440,674)</u>		<u>(12,088,098)</u>

Total Net Position	\$	<u><u>(5,913,670)</u></u>
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QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Special Aid	School Lunch	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	\$ 8,851,605	\$ -	\$ -	\$ -	\$ 8,851,605
Other tax items - including STAR reimbursement	33,050				33,050
Charges for services	241,737				241,737
Use of money and property	112,070				112,070
Sale of property and compensation for loss	105,488				105,488
Miscellaneous	230,621				230,621
State sources	405,762	26,692			432,454
Federal sources	12,128	20,530			32,658
Sales			147		147
TOTAL REVENUES	9,992,461	47,222	147	-	10,039,830
EXPENDITURES					
General support	1,622,414				1,622,414
Instruction	5,715,922	34,742			5,750,664
Pupil transportation	342,445	16,980			359,425
Employee benefits	1,920,592				1,920,592
Debt service - interest	24,087				24,087
Cost of sales			82		82
Capital outlay				70,025	70,025
TOTAL EXPENDITURES	9,625,460	51,722	82	70,025	9,747,289
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	367,001	(4,500)	65	(70,025)	292,541
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in		4,500		156,060	160,560
Operating transfers (out)	(160,560)				(160,560)
TOTAL OTHER FINANCING SOURCES AND (USES)	(160,560)	4,500	-	156,060	-
NET CHANGE IN FUND BALANCES	206,441	-	65	86,035	292,541
FUND BALANCES - BEGINNING OF YEAR	3,476,970	-	(107)	118,458	3,595,321
FUND BALANCES - END OF YEAR	\$ 3,683,411	\$ -	\$ (42)	\$ 204,493	\$ 3,887,862

**QUOGUE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances	\$	292,541
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long -Term Revenue and Expense Differences

In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the fiscal year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable changed by:		21,766
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Claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the cost is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. The corresponding cash balance held by the third-party administrator is recorded as revenue as the amounts change. Changes in the aforementioned balances are as follows:		19,604
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Changes in the proportionate share of net pension asset/liability and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	\$	52,659	
Employees' retirement system		13,996	
Other post-employment benefits obligation		250,427	317,082

Capital Related Items

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlay	\$	298,123	
Depreciation expense and loss on disposals		(321,766)	(23,643)

Change in Net Position	\$	627,350
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**QUOGUE UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025**

	<u>Custodial</u>
ASSETS	
Due from other funds	\$ 2,888
TOTAL ASSETS	<u><u>\$ 2,888</u></u>
LIABILITIES	
Due to other governments	\$ 2,888
TOTAL LIABILITIES	<u>2,888</u>
NET POSITION	
Restricted	-
TOTAL NET POSITION	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 2,888</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Custodial</u>
ADDITIONS	
Real property taxes and PILOT collected for Library	\$ 1,220,151
TOTAL ADDITIONS	<u>1,220,151</u>
DEDUCTIONS	
Real property taxes and PILOT disbursed to Library	1,220,151
TOTAL DEDUCTIONS	<u>1,220,151</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Quogue Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as they apply to governmental units. The Governmental Accounting Standards Board (GASB) prescribes those principles, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity:

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

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

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

B) Joint Venture:

The District is a component district in the Eastern Suffolk Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal

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corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative, program, and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of Presentation:

District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while the capital grants column reflects capital specific grants, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This fund is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund which is used to account for real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to other governments.

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. 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 property taxes, grants, and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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Expenditures are recorded when the related fund liability is incurred, except for compensated absences payable, claims payable, net pension liabilities, total other post-employment benefits obligation, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases greater than one year, if applicable, are reported as other financing sources.

E) Real Property Taxes:

Calendar

Real property taxes are levied annually by the Board no later than October 1, and become a lien on December 1. Taxes are collected by the Town of Southampton during the period December 1, 2024 to June 1, 2025 without penalty.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County (the "County") in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

F) Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in the 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 flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-Wide Financial Statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all interfund receivables and payables between the funds, except those due from or to the fiduciary fund.

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

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NOTES TO FINANCIAL STATEMENTS
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Refer to the accompanying notes to financial statements for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent items at the date of the financial statements and the reported revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of useful lives of capital assets, compensated absences payable, claims payable, net pension asset/liability, total other post-employment benefits obligation, and potential contingent liabilities.

I) Cash and Cash Equivalents:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Other Assets:

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

L) Capital Assets:

Capital assets are 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 acquisition value at the time received.

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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), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Financial Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and improvements	\$ 5,000	Straight-line	50 years
Site improvements	\$ 5,000	Straight-line	20 years
Furniture, equipment, and vehicles	\$ 5,000	Straight-line	5-20 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2025, the District has not recorded any such impairment losses.

M) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefits reported in the District-Wide Statement of Net Position and are detailed in the accompanying notes to financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are related to pensions and other post-employment benefits reported in the District-Wide Statement of Net Position and are detailed further in the accompanying notes to financial statements.

N) Short-Term Debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent liabilities 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

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BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during the calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter. BANs that are replaced with long-term financing, or renewed subsequent to fiscal year end, are treated as long-term obligations, as these notes will not require the use of working capital during that period.

See the accompanying notes to financial statements for further information on the District's short-term debt transactions during the fiscal year ending June 30, 2025.

O) Collections in Advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is reduced and revenues are recorded. The District had no collections in advance as of June 30, 2025.

P) Employee Benefits – Compensated Absences:

Compensated absences consist of unused accumulated annual sick leave, vacation, and sabbatical time.

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

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, compensated absences are recognized as a liability when the obligation is attributable to services already rendered, the payment is probable, and the amount can be reasonably estimated. This includes both:

- Leave that is expected to be used in future periods, and
- Leave that will be paid out upon termination or retirement, per contractual agreements.

The liability is calculated based on employees' current pay rates and any additional salary-related costs that are directly associated with the payment of compensated absences.

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In the Fund Financial Statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are reported for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Q) Other Benefits:

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Section 403(b) and 457(b).

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the fiscal year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting.

R) Long-Term Debt:

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

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

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

The District did not have any long-term debt as of June 30, 2025.

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S) Equity Classifications:

District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets, net of any unexpended proceeds, capital-related accounts payable, and including any unamortized items (discounts, premiums, amounts on refunding).

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

Unrestricted net position – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

As of June 30, 2025, the governmental activities reported a deficit in unrestricted net position of \$11,653,672. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liability on the Statement of Net Position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liability on a "pay as you go" basis, has resulted in an unrestricted net deficit.

Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements, there are three classifications of fund balance presented:

- (1) **Non-spendable fund balance** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District did not have any non-spendable fund balance as of June 30, 2025.
- (2) **Restricted fund balance** – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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The District has classified the following as restricted:

Retirement Contribution Reserve:

Retirement contribution reserve (GML §6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Workers' Compensation Reserve:

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

Repair Reserve

According to General Municipal Law §6-d, the repair reserve must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee benefit accrued liability reserve (GML §6-p) must be used for the payment of accrued employee benefits 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. This reserve is accounted for in the general fund.

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Capital Reserve

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

Unrestricted Resources

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

- (3) **Committed fund balance** – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority (i.e., the Board). The District has no committed fund balances as of June 30, 2025.
- (4) **Assigned fund balance** – includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.
- (5) **Unassigned fund balance** – includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

The school lunch fund has an unassigned fund balance deficit of \$42 as of June 30, 2025.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent fiscal year and encumbrances included in assigned fund balance are also

**QUOGUE UNION FREE SCHOOL DISTRICT
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excluded from the 4% limitation. The current closing unassigned fund balance represents 5.20% of the 2025-2026 budget.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

T) New Accounting Pronouncement:

GASB has issued Statement No. 101, *Compensated Absences* (GASB Statement No. 101), effective for the District for the fiscal year ended June 30, 2025. This statement establishes updated recognition and measurement guidance for liabilities related to compensated absences. Under GASB Statement No. 101, liabilities for compensated absences are recognized when leave is attributable to services already rendered, payment is probable, and the amount can be reasonably estimated. This includes both accumulated leave expected to be used in future periods and leave payable upon and employee's separation from service. This liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

As disclosed in the accompanying notes to financial statements, the cumulative effect of the adoption of GASB Statement No. 101 (change in accounting principle) was an increase of the compensated absences payable balance of \$68,101 and increase in the net deficit of \$68,101 in the Statement of Net Position as of July 1, 2024.

U) Future Accounting Pronouncements:

GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, to improve the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for the fiscal year ended June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as intangible lease assets, subscription assets, and assets held for sale. The requirements of this statement are effective for the fiscal year ended June 30, 2026.

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The statements above are not an all-inclusive list of all future GASB statements impacting the District. The District will evaluate the impact and materiality of the statements above and implement the provisions as applicable.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

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

A) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Balance Sheet.

B) Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities fall into one of three broad categories. The amounts shown below represent:

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

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

Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments

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are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Position. The District did not have any long-term debt transaction differences in fiscal year 2025.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted.

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent fiscal year. Appropriations authorized for the current fiscal year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on the other supplementary information – schedule of change from adopted budget to final budget.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the fiscal year are increased by the amount of encumbrances carried forward from the prior fiscal year.

Budgets are established and used for individual capital projects fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B) Encumbrances:

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

**QUOGUE UNION FREE SCHOOL DISTRICT
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NOTE 4 –DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Deposits are disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A) Uncollateralized;
- B) Collateralized with securities held by the pledging financial institution; or
- C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

B) Restricted Cash and Cash Equivalents:

Restricted cash and cash equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2025 totaled \$2,031,417 within the governmental funds for general reserve purposes and capital projects.

C) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

D) Investment Pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, 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. At June 30, 2025, the District held

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\$2,166,107 in investments consisting of various investments in securities issued by the United States and its agencies.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	<u>\$ 2,166,107</u>	<u>\$ 2,166,107</u>

Total investments of the cooperative at June 30, 2025, are \$13,530,190,970, which consisted of \$3,819,691,492 in repurchase agreements, and \$9,710,499,478 in U.S. Government Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2025 are \$591,627,356.

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website www.newyorkclass.org or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2025, the District was billed \$448,456 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$90,341. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2025 consisted of the following:

General Fund	
Excess cost aid	<u>\$ 12,513</u>
Special Aid Fund	
State and federal grants	<u>38,685</u>
Total - State and federal aid receivable	<u><u>\$ 51,198</u></u>

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NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2025 consisted of the following:

BOCES aid	\$ 90,341
Town of Southampton PILOT	23,913
Tuition billings	22,314
Town of Southampton interest	9,533
	<u>\$ 146,101</u>

NOTE 8 - OTHER ASSETS:

Other assets at June 30, 2025 consisted of cash held by a third party (East End Workers' Compensation Consortium) of \$258,034 as reflected in the District-Wide Statement of Net Position.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 9 - CAPITAL ASSETS:

Capital asset balances and activity for the fiscal year ended June 30, 2025 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 155,600	\$ -	\$ -	\$ 155,600
Construction in progress	827,355		(827,355)	-
Total capital assets that are not depreciated	982,955	\$ -	(827,355)	155,600
Capital assets that are depreciated:				
Building and improvements	4,968,775		(232,893)	4,735,882
Site improvements	122,079	99,457	821,660	1,043,196
Furniture, equipment, and vehicles	300,585	198,666	(114,074)	385,177
Total capital assets that are depreciated	5,391,439	298,123	474,693	6,164,255
Less accumulated depreciation:				
Building and improvements	2,761,257	110,928	(50,460)	2,821,725
Site improvements	102,774	6,342	(3,536)	105,580
Furniture, equipment, and vehicles	231,765	19,904	(114,074)	137,595
Total accumulated depreciation	3,095,796	137,174	(168,070)	3,064,900
Total capital assets being depreciated, net	2,295,643	160,949	642,763	3,099,355
Total capital assets, net	<u>\$ 3,278,598</u>	<u>\$ 160,949</u>	<u>\$ (184,592)</u>	<u>\$ 3,254,955</u>

Depreciation expense and loss on disposals was charged to governmental functions as follows:

General support	\$ 250,310
Instruction	71,456
Total depreciation expense and loss on disposals	<u>\$ 321,766</u>

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 58,059	\$ 158,948	\$ -	\$ 160,560
Special aid fund		43,582	4,500	
School lunch fund		223		
Capital projects fund	156,061	14,255	156,060	
Total government activities	214,120	217,008	160,560	160,560
Fiduciary fund	2,888			
Totals	<u>\$ 217,008</u>	<u>\$ 217,008</u>	<u>\$ 160,560</u>	<u>\$ 160,560</u>

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The District transferred from the general fund to the special aid fund to fund the District's share of the summer program for students with disabilities. The District transferred from the general fund to the capital projects fund to finance capital projects with voter approved budgetary appropriations. In addition, the District utilized the capital reserve to partially finance capital project expenditures.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

It is expected that all interfund payables should be repaid within one year.

NOTE 11 – SHORT-TERM DEBT:

	Maturity	Net Interest Cost	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	06/24/25	3.82%	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
	Total		<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

On November 7, 2024, the District issued a tax anticipation note (TAN) in the amount of \$1,000,000, which matured on June 24, 2025. The TAN was issued for the purpose of providing cash flows to the general fund in anticipation of revenues from property taxes.

Interest paid on short-term debt for the fiscal year amounted to \$24,087.

NOTE 12 – DUE TO OTHER GOVERNMENTS:

Due to other governments in the general fund at June 30, 2025 consisted of the following:

General fund	
BOCES	\$ 23,383
NYS Department of Labor	20
State aid overpayment	1,105
Westhampton Beach UFSD tuition	<u>169,111</u>
Total - Due to other governments	<u>\$ 193,619</u>

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NOTE 13 – LONG-TERM LIABILITIES:

Long-term liability balances and activity for the fiscal year are summarized below:

	As Restated Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Compensated absences payable*	\$ 306,998	\$ -	\$ (21,766)	\$ 285,232	\$ 14,262
Claims payable	107,233	19,371	(24,813)	101,791	41,993
Net pension liability - proportionate share - teachers' retirement system	197,430		(197,430)	-	
Net pension liability - proportionate share - employees' retirement system	193,981	145,499	(79,079)	260,401	
Total other post-employment benefits obligation	13,138,470	962,394	(2,660,190)	11,440,674	428,821
Total long-term liabilities	<u>\$ 13,944,112</u>	<u>\$ 1,127,264</u>	<u>\$ (2,983,278)</u>	<u>\$ 12,088,098</u>	<u>\$ 485,076</u>

*Beginning balance is restated in connection with the change in accounting principle. See the accompanying notes to financial statements for further detail

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

NOTE 14 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may

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be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976, and before January 1, 2010
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010, but before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System:

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- a. Employees who joined the system after July 27, 1976, and before January 1, 2010
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
- b. Employees who joined the system on or after January 1, 2010, but before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2025 were 17.70% for Tier 4 and 11.30% for Tier 6 of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2025, was 10.11% of covered payroll.

The District contributions made to the Systems were equal to 100% of the contributions required for each fiscal year. The required contributions for the current fiscal year and two preceding fiscal years based on covered payroll for the District's year end were:

	NYS ERS	NYS TRS
2025	\$ 79,079	\$ 299,765
2024	\$ 61,607	\$ 283,332
2023	\$ 46,708	\$ 328,101

C) Pension Assets and Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

**QUOGUE UNION FREE SCHOOL DISTRICT
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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	\$ (260,401)	\$ 453,630
District's portion of the Plan's total net pension asset/(liability)	0.0015188%	0.015204%
Change in proportion since the prior measurement date	0.0002014%	-0.002060%

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$64,225 for ERS and a pension expense of \$248,768 for TRS. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 64,633	\$ 488,476	\$ 3,049	\$ -
Net difference between projected and actual earnings on pension plan investments	20,430			504,021
Changes of assumptions	10,921	271,363		45,646
Changes in proportion and differences between the District's contributions and proportionate share of contributions	23,946	127,191	1,777	36,229
District's contributions subsequent to the measurement date	29,264	299,765		
	<u>\$ 149,194</u>	<u>\$ 1,186,795</u>	<u>\$ 4,826</u>	<u>\$ 585,896</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	<u>ERS</u>	<u>TRS</u>
Plan year ended:		
2025	\$ -	\$ (226,519)
2026	52,066	574,192
2027	72,141	(70,174)
2028	(16,575)	(80,432)
2029	7,472	72,367
Thereafter	-	31,700
	<u>\$ 115,104</u>	<u>\$ 301,134</u>

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date.

The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.30%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement	April 1, 2015 - March 31, 2020	July 1, 2019 - June 30, 2023
	System's Experience	System's Experience
Inflation	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2024, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For

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TRS, the actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2023.

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

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2025</u>		<u>June 30, 2024</u>	
<u>Asset type</u>	<u>Target</u>	<u>Long-term</u> <u>expected real rate</u>	<u>Target</u>	<u>Long-term</u> <u>expected real</u>
	<u>Allocation</u>	<u>of return</u>	<u>Allocation</u>	<u>rate of return</u>
Domestic equity	25%	3.54%	33%	6.6%
International equity	14%	6.57%	15%	7.4%
Global equity			4%	6.9%
Private equity	15%	7.25%	9%	10.0%
Real estate	12%	4.95%	11%	6.3%
Opportunistic/ absolute return strategy	3%	5.25%		
Real assets	4%	5.55%		
Credit	4%	5.40%		
Cash	1%	0.25%		
Fixed income	22%	2.00%	16%	2.6%
Global bonds			2%	2.5%
High-yield bonds			1%	4.8%
Private debt			2%	5.9%
Real estate debt			6%	3.9%
Cash equivalents			1%	0.3%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.90% for ERS and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
<u>ERS</u>			
District's proportionate share of the net pension asset/(liability)	<u>\$ (753,633)</u>	<u>\$ (260,401)</u>	<u>\$ 151,448</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<u>TRS</u>			
District's proportionate share of the net pension asset/(liability)	<u>\$ (2,095,342)</u>	<u>\$ 453,630</u>	<u>\$ 2,597,384</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ (247,600,239)	\$ (142,837,827)
Plan Fiduciary Net Position	<u>230,454,512</u>	<u>145,821,435</u>
Employers' net pension asset/(liability)	<u>\$ (17,145,727)</u>	<u>\$ 2,983,608</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	93.08%	102.09%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025

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based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$29,264.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October, and November 2025 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS 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, 2025 amounted to \$319,863.

NOTE 15 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2025, totaled \$7,500 and \$323,056, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457(b) for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2025 totaled \$5,429.

NOTE 16 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information About the OPEB Plan:

Plan Description

The District's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the East End Health Plan. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust to pay related benefits.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute varying

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percentages of premiums for retirees (depending on the coverage at the date of retirement) and surviving spouses and family depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the Fund Financial Statements as payments are come due. For the fiscal year ended June 30, 2025, the District contributed an estimated \$428,874 to the Plan, including \$428,874 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At July 1, 2023, the date of the valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	31
Active employees	<u>30</u>
Total	<u><u>61</u></u>

B) Total OPEB liability:

The District’s total OPEB liability of \$11,440,674 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Discount rate	5.20%
Healthcare cost trend rates	
Pre-65	6.60% decreasing to 3.80% over 55 years
Post-65	7.30% decreasing to 3.80% over 55 years
Medicare Part B cost trend rates	3.40% increasing to 7.70% and then decreasing to 3.80% over 55 years
Salary scale	2.40%
Retirees' share of benefit-related costs	23% to 25% of health insurance premiums for retirees, 23% to 65% of premiums for family coverage, and 100% of surviving spouse coverage

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

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

C) Changes in the Total OPEB Liability:

Balance at June 30, 2024	\$ 13,138,470
Changes for the fiscal year:	
Service cost	437,216
Interest	525,178
Demographic gains or losses	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(2,231,316)
Benefit payments	(428,874)
Net changes	(1,697,796)
Balance at June 30, 2025	<u>\$ 11,440,674</u>

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes an increase in the discount rate from 3.93% at June 30, 2024 to 5.20% at June 30, 2025.

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 (4.20%) or 1-percentage-point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	<u>\$ 13,146,386</u>	<u>\$ 11,440,674</u>	<u>\$ 10,049,166</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>1% Decrease</u>	Healthcare Cost Trend <u>Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 9,703,915	\$ 11,440,674	\$ 13,649,516

D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$178,447. At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,579,720	\$ 616,510
Changes of assumptions or other inputs	968,727	4,357,257
	<u>\$ 2,548,447</u>	<u>\$ 4,973,767</u>

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

Fiscal Year ended June 30:

2026	\$ (548,072)
2027	(191,578)
2028	(460,311)
2029	(457,464)
2030	(525,828)
Thereafter	(242,067)
	<u>\$ (2,425,320)</u>

NOTE 17 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$997,029 has been appropriated at June 30, 2025 to reduce taxes for the fiscal year ending June 30, 2026.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 18 – RESTRICTED FOR CAPITAL RESERVE

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

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

General Fund

Funding Provided	\$ 1,200,000
Interest Earnings	59,909
Use of Reserve	<u>(1,001,060)</u>
Total General Fund	<u>258,849</u>

Capital Projects Fund

Funding Provided	1,001,060
Use of Reserve	<u>(887,312)</u>
Total Capital Projects Fund	<u>113,748</u>

Balance as of June 30, 2025	<u><u>\$ 372,597</u></u>
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NOTE 19 – RISK MANAGEMENT:

A) General:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B) Risk Retention and Consortiums:

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2025. The pool is operated for the benefit of individual governmental units located within the pool’s geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

In addition, 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 the Workers’ Compensation Law, to evaluate, process, administer, and pay workers’ compensation claims. The District retains the risk of loss.

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 claim liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expense) that have been reported but not settled, and claims that have been incurred but not reported.

The District's liability for incurred but unpaid claims and incurred but not reported claims at June 30, 2025, as processed by the EEWCC, is \$101,791. Claims activity is summarized as follows:

	2025	2024
Unpaid claims at beginning of year	\$ 107,233	\$ 163,165
Incurred claims and claim adjustment expenses	19,371	3,240
Claims payments	(24,813)	(59,172)
Unpaid claims at year end	<u>\$ 101,791</u>	<u>\$ 107,233</u>

The District has reserved \$288,870 in the general fund for potential supplemental assessments due to a catastrophic losses and future claims.

The EEWCC has issued financial statements for the fiscal year ended June 30, 2025. Copies of these statements can be obtained from the District's administrative office.

NOTE 20 – COMMITMENTS AND CONTINGENCIES:

A) Encumbered:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2025, the District encumbered the following amounts:

General Fund	
General support	\$ 37,375
Instruction	139,414
Employee benefits	22,939
	<u>\$ 199,728</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A) Grants:

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

B) Litigation:

As of June 30, 2025, we are unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

NOTE 21 – RESTATEMENT OF NET POSITION

During the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101. The implementation of GASB Statement No. 101 (change in accounting principle) required the restatement of the beginning net position as of July 1, 2024. The cumulative effect of this change is summarized as follows:

	<u>Statement of Net Position</u>
Net Position (Deficit), Beginning of Year, as Previously Reported	<u>\$ (6,472,919)</u>
Long-term liabilities	
Compensated absences payable	<u>68,101</u>
Total Long-Term Liabilities	<u>68,101</u>
Net Position (Deficit), Beginning of Year, as Restated	<u><u>\$ (6,541,020)</u></u>

NOTE 22 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date, but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes to financial statements. Management evaluated the activity of the District through November 10, 2025 and concluded that the following subsequent event has occurred that would require disclosure in the notes to financial statements:

A) On October 15, 2025, the District issued a TAN for \$1,500,000 maturing on June 24, 2026, to provide cash flow needs in anticipation of the receipt of property taxes. The premium associated with this TAN issuance is \$9,863 and the interest amount due at maturity is \$41,500.

SUPPLEMENTARY INFORMATION

**QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local sources				
Real property taxes	\$ 8,863,133	\$ 8,863,133	\$ 8,851,605	\$ (11,528)
Other tax items	15,000	15,000	33,050	18,050
Charges for services	100,000	100,000	241,737	141,737
Use of money and property	35,000	35,000	112,070	77,070
Sale of property and compensation for loss			105,488	105,488
Miscellaneous	17,000	17,000	230,621	213,621
State sources	316,450	316,450	405,762	89,312
Federal sources			12,128	12,128
TOTAL REVENUES	<u>9,346,583</u>	<u>9,346,583</u>	<u>\$ 9,992,461</u>	<u>\$ 645,878</u>
Appropriated fund balance	754,278	754,278		
Appropriated reserves	<u>554,290</u>	<u>660,350</u>		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE AND RESERVES	<u>\$10,655,151</u>	<u>\$10,761,211</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent

QUOGUE UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$ 39,081	\$ 36,081	\$ 25,138	\$ 597	\$ 10,346
Central administration	191,189	194,617	188,263		6,354
Finance	315,687	332,935	309,090	17,605	6,240
Staff	72,994	84,880	70,195		14,685
Central services	648,604	890,507	846,247	19,173	25,087
Special items	190,462	189,962	183,481		6,481
Total General Support	<u>1,458,017</u>	<u>1,728,982</u>	<u>1,622,414</u>	<u>37,375</u>	<u>69,193</u>
Instruction					
Instruction, administration, and improvement	259,418	302,820	291,626		11,194
Teaching - regular school	3,488,997	3,405,017	3,154,621	107,726	142,670
Programs for children with disabilities	2,037,119	1,729,734	1,450,709	31,125	247,900
Occupational education	15,655	15,655	15,500		155
Teaching - special schools	15,000	24,225	24,204		21
Instructional media	490,922	590,808	570,151		20,657
Pupil services	241,341	231,888	209,111	563	22,214
Total Instruction	<u>6,548,452</u>	<u>6,300,147</u>	<u>5,715,922</u>	<u>139,414</u>	<u>444,811</u>
Pupil transportation	<u>458,598</u>	<u>458,598</u>	<u>342,445</u>		<u>116,153</u>
Employee benefits	<u>2,075,584</u>	<u>2,055,584</u>	<u>1,920,592</u>	<u>22,939</u>	<u>112,053</u>
Debt service					
Debt service - interest	<u>60,000</u>	<u>57,340</u>	<u>24,087</u>		<u>33,253</u>
TOTAL EXPENDITURES	<u>10,600,651</u>	<u>10,600,651</u>	<u>9,625,460</u>	<u>199,728</u>	<u>775,463</u>
Other financing uses					
Transfers to other funds	<u>54,500</u>	<u>160,560</u>	<u>160,560</u>		<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 10,655,151</u>	<u>\$ 10,761,211</u>	<u>9,786,020</u>	<u>\$ 199,728</u>	<u>\$ 775,463</u>
NET CHANGE IN FUND BALANCES			206,441		
FUND BALANCES - BEGINNING OF YEAR			<u>3,476,970</u>		
FUND BALANCES - END OF YEAR			<u>\$ 3,683,411</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE TEN FISCAL YEARS ENDED JUNE 30,**

	NYSERS Pension Plan									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension asset/(liability)	0.0015188%	0.0013174%	0.0013483%	0.0013398%	0.1280700%	0.0013036%	0.0012674%	0.0015496%	0.0015357%	0.0015419%
District's proportionate share of the net pension asset/(liability)	\$ (260,401)	\$ (193,981)	\$ (289,138)	\$ 109,525	\$ (1,275)	\$ (345,201)	\$ (89,796)	\$ (50,014)	\$ (144,296)	\$ (247,472)
District's covered payroll	\$ 597,699	\$ 504,350	\$ 427,830	\$ 393,263	\$ 415,785	\$ 388,297	\$ 399,123	\$ 409,676	\$ 463,042	\$ 495,653
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	43.57%	38.46%	67.58%	27.85%	0.31%	88.90%	22.50%	12.21%	31.16%	49.93%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
	NYSTRS Pension Plan									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension asset/(liability)	0.015204%	0.017264%	0.017455%	0.018838%	1.732000%	0.017365%	0.016217%	0.015167%	0.015093%	0.016194%
District's proportionate share of the net pension asset/(liability)	\$ 453,630	\$ (197,430)	\$ (334,949)	\$ 3,264,499	\$ (478,586)	\$ 451,147	\$ 293,240	\$ 115,283	\$ (161,647)	\$ 1,682,089
District's covered payroll	\$ 2,948,685	\$ 3,226,976	\$ 3,158,642	\$ 3,347,384	\$ 2,942,483	\$ 2,899,879	\$ 2,643,514	\$ 2,603,953	\$ 2,487,609	\$ 2,404,095
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.38%	6.12%	10.60%	97.52%	16.26%	15.56%	11.09%	4.43%	6.50%	69.97%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%

* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

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

NYSERS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 79,079	\$ 61,607	\$ 46,708	\$ 59,727	\$ 57,146	\$ 53,216	\$ 58,345	\$ 70,828	\$ 69,837	\$ 82,210
Contributions in relation to the contractually required contribution	<u>79,079</u>	<u>61,607</u>	<u>46,708</u>	<u>59,727</u>	<u>57,146</u>	<u>53,216</u>	<u>58,345</u>	<u>70,828</u>	<u>69,837</u>	<u>82,210</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 623,523	\$ 537,144	\$ 426,857	\$ 398,142	\$ 430,044	\$ 380,778	\$ 396,846	\$ 390,587	\$ 458,262	\$ 498,793
Contributions as a percentage of covered payroll	12.68%	11.47%	10.94%	15.00%	13.29%	13.98%	14.70%	18.13%	15.24%	16.48%
NYSTRS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 299,765	\$ 283,332	\$ 328,101	\$ 303,041	\$ 290,423	\$ 260,358	\$ 307,823	\$ 242,603	\$ 318,604	\$ 308,816
Contributions in relation to the contractually required contribution	<u>299,765</u>	<u>283,332</u>	<u>328,101</u>	<u>303,041</u>	<u>290,423</u>	<u>260,358</u>	<u>307,823</u>	<u>242,603</u>	<u>318,604</u>	<u>308,816</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,014,369	\$ 2,948,685	\$ 3,226,976	\$ 3,158,642	\$ 3,347,384	\$ 2,942,483	\$ 2,899,879	\$ 2,643,514	\$ 2,603,903	\$ 2,487,609
Contributions as a percentage of covered payroll	9.94%	9.61%	10.17%	9.59%	8.68%	8.85%	10.62%	9.18%	12.24%	12.41%

**QUOGUE UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$ 437,216	\$ 462,107	\$ 463,346	\$ 673,466	\$ 372,432	\$ 459,036	\$ 530,411	\$ 609,720
Interest	525,178	520,000	465,577	278,476	341,917	488,382	447,727	367,876
Changes of benefit terms								
Differences between expected and actual experience		(853,628)		3,121,504		718,002		232,003
Changes of assumptions or other inputs	(2,231,316)	(558,165)	591,698	(3,194,569)	2,418,593	(4,637,127)	(582,092)	(1,312,198)
Benefit payments	<u>(428,874)</u>	<u>(428,767)</u>	<u>(420,836)</u>	<u>(399,256)</u>	<u>(222,159)</u>	<u>(282,483)</u>	<u>(280,467)</u>	<u>(317,751)</u>
Net change in total OPEB liability	<u>(1,697,796)</u>	<u>(858,453)</u>	<u>1,099,785</u>	<u>479,621</u>	<u>2,910,783</u>	<u>(3,254,190)</u>	<u>115,579</u>	<u>(420,350)</u>
Total OPEB liability - beginning	<u>13,138,470</u>	<u>13,996,923</u>	<u>12,897,138</u>	<u>12,417,517</u>	<u>9,506,734</u>	<u>12,760,924</u>	<u>12,645,345</u>	<u>13,065,695</u>
Total OPEB liability - ending	<u><u>\$ 11,440,674</u></u>	<u><u>\$ 13,138,470</u></u>	<u><u>\$ 13,996,923</u></u>	<u><u>\$ 12,897,138</u></u>	<u><u>\$ 12,417,517</u></u>	<u><u>\$ 9,506,734</u></u>	<u><u>\$ 12,760,924</u></u>	<u><u>\$ 12,645,345</u></u>
Covered-employee payroll	\$ 3,427,301	\$ 3,427,301	\$ 3,335,099	\$ 3,335,099	\$ 2,953,314	\$ 2,611,953	\$ 2,421,842	\$ 2,437,145
Total OPEB liability as a percentage of covered-employee payroll	333.81%	383.35%	419.69%	386.71%	420.46%	363.97%	526.91%	518.86%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.21%	3.50%	3.87%	3.58%

Notes to Schedule:

Trust Assets

There are no assets accumulated in a trust to pay related benefits.

The schedule is intended to show information for 10 years; additional years will be displayed as they become available.

**QUOGUE UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET - GENERAL FUND AND
SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 10,475,781
Add: prior year's encumbrances	<u>179,370</u>
Original budget	10,655,151
Budget revision:	
Appropriation of capital reserve	<u>106,060</u>
Final budget	<u><u>\$ 10,761,211</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025 - 2026 voter-approved expenditure budget	<u><u>\$ 10,949,552</u></u>
Maximum allowed (4% of 2025-2026 budget)	<u><u>\$ 437,982</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,196,757
Unassigned fund balance	<u>568,985</u>
Total unrestricted fund balance	\$ 1,765,742
Less:	
Appropriated fund balance	\$ 997,029
Encumbrances included in assigned fund balance	<u>199,728</u>
Total adjustments	<u>1,196,757</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 568,985</u></u>
Actual percentage	<u><u>5.20%</u></u>

QUOGUE UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
JUNE 30, 2025

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing					Fund Balance June 30, 2025
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Capital Reserve	Local Sources	Total	
21-22 General Fund Appropriations	\$ 20,000	\$ 20,000	\$ 9,187	\$ 10,068	\$ 19,255	\$ 745	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 745
22-23 General Fund Appropriations	20,000	20,000				20,000				20,000	20,000	20,000
23-24 General Fund Appropriations	20,000	20,000				20,000				20,000	20,000	20,000
24-25 General Fund Appropriations	50,000	50,000				50,000				50,000	50,000	50,000
Air Condition Repair 1999 Wing	106,060	106,060				106,060			106,060		106,060	106,060
Playground renovations	895,000	895,000	827,355	59,957	887,312	7,688			895,000		895,000	7,688
Total	<u>\$ 1,111,060</u>	<u>\$ 1,111,060</u>	<u>\$ 836,542</u>	<u>\$ 70,025</u>	<u>\$ 906,567</u>	<u>\$ 204,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,001,060</u>	<u>\$ 110,000</u>	<u>\$ 1,111,060</u>	<u>\$ 204,493</u>

**QUOGUE UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2025**

Capital assets, net	\$ 3,254,955
Deduct:	
Capital related accounts payable	<u>-</u>
Net investment in capital assets	<u><u>\$ 3,254,955</u></u>

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

To the Board of Education
Quogue Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Quogue Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2025.

Report on Internal Control over Financial Reporting

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

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

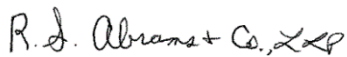
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in dark ink that reads "R.S. Abrams & Co., LLP". The signature is written in a cursive, flowing style.

R.S. Abrams & Co., LLP
Islandia, New York
November 10, 2025