REMSENBURG - SPEONK UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS
June 30, 2025

REMSENBURG - SPEONK UNION FREE SCHOOL DISTRICT
Remsenburg, New York

REMSENBURG - SPEONK UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Remsenburg-Speonk Union Free School District
Remsenburg, New York:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in note 2 to the financial statements, the District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101 - "Compensated Absences," during the year ended June 30, 2025. Our opinions are 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents 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 GASB 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents is presented for purposes of additional analysis and 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 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 District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 15, 2025

The Remsenburg-Speonk Union Free School District's ("the District") discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025 in comparison with the year ended June 30, 2024, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- The District's total net position deficit, as reflected in the district-wide financial statements, decreased by $579,710 (31.29%). This was due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.

- For the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation of this statement resulted compensated absences increasing and total net position decreasing by $96,037.

- The District's expenses for the year, as reflected in the district-wide financial statements, totaled $15,262,172. Of this amount, $454,037 was offset by program charges for services and operating grants. General revenues of $15,387,845 amount to 97.13% of total revenues and were adequate to cover the balance of program expenses.

- The District's general fund-fund balance, as reflected in the fund financial statements was $6,558,632 at June 30, 2025. This balance represents a $486,651 increase (8.01%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:

  - Restricted fund balances increased by $663,091, due to the allocation of interest earnings and funding transfers to the reserves, offset by the use of reserves.

  - Assigned fund balance decreased $195,183, as the District decreased the fund balance appropriated to fund the 2026 budget. This was offset by the increase in outstanding encumbrances.

  - Unassigned fund balance increased by $18,743 to $671,768.

- The District's 2025 property tax levy, including STAR, of $14,263,243 was a 2.92% increase over the 2024 tax levy, which was equal to the allowable tax cap increase.

- On May 20, 2025, the voters authorized the District to increase the maximum allowable funding limit of the 2023 capital reserve from $3,000,000 to $7,000,000. The capital reserves purpose shall continue to fund future district-wide improvements and renovations, requiring voter approval for its use.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

A. District-Wide Financial Statements

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other capital assets.

The Statement of Activities

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

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary fund.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, compensated absences, workers' compensation, termination benefits, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

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

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

The District maintains four individual, governmental funds: general fund, special aid fund, school food service fund, and capital projects fund. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, since the District has elected to report them as major funds. Combining information for the nonmajor funds can be found elsewhere in this report.

The District adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund within the RSI to demonstrate compliance with the budget.

Fiduciary Fund

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position deficit decreased by $579,710 between fiscal year 2025 and 2024. In addition, due to a change in accounting principle, an additional decrease of $96,037 is reflected in the ending net position. The impact of the net change in accounting principle was not required to be restated in the MD&A. The deficit decrease is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2025	2024	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 8,701,663	$ 9,261,631	$ (559,968)	(6.05)%
Capital Assets, Net	5,572,172	4,817,983	754,189	15.65 %
Net Pension Assets -				
Proportionate Share	588,403		588,403	N/A
Total Assets	14,862,238	14,079,614	782,624	5.56 %
Deferred Outflows of Resources	$ 5,054,500	$ 6,412,517	$ (1,358,017)	(21.18)%
Liabilities				
Current and Other Liabilities	1,562,150	1,762,836	(200,686)	(11.38)%
Long-Term Liabilities	2,540,843	2,598,681	(57,838)	(2.23)%
Total OPEB Liability	11,609,880	13,469,919	(1,860,039)	(13.81)%
Net Pension Liabilities -				
Proportionate Share	281,703	545,495	(263,792)	(48.36)%
Total Liabilities	15,994,576	18,376,931	(2,382,355)	(12.96)%
Deferred Inflows of Resources	5,195,191	3,871,902	1,323,289	34.18 %
Net Position (Deficit)				
Net Investment in Capital Assets	3,358,054	2,631,038	727,016	27.63 %
Restricted	5,582,646	5,173,909	408,737	7.90 %
Unrestricted (deficit)	(10,213,729)	(9,561,649)	(652,080)	6.82 %
Total Net Position (Deficit)	$ (1,273,029)	$ (1,756,702)	$ 483,673	(27.53)%

The decrease in current and other assets is primarily due to decreases in cash and amounts due from state and federal, and due from other governments.

The increase in capital assets, net is due to capital outlays and other additions in excess of depreciation expense. The "Capital Assets" Note provides additional information.

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate share switched from a liability to an asset. This change was driven by strong market performance. The "Pension Plans – New York State" Note provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments for the pension and OPEB plans that will be amortized in future years.

The decrease in current and other liabilities is primarily due to decreases in accounts payable and due to other governments, offset by an increase in due to teachers' retirement system.

Total OPEB liability decreased, based on the actuarial valuation of the plan. The "Postemployment Healthcare Benefits" Note provides additional information.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's (ERS) net pension liability at the measurement date. The net change in the net pension liability – proportionate share is the result of an increase in the proportionate share for the ERS, which was due to the net result of several factors, including increases in benefits earned by active employees, cost-of-living adjustments, and an increase in the number of retirees, resulting in larger benefit payments, offset by the switch in the TRS net pension liability – proportionate share to an asset. The "Pension Plans – New York State" Note provides additional information.

Deferred inflows of resources represents actuarial adjustments for the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves and restricted amounts, which increased over the prior year as a result of the amount restricted for pension, offset by the use of the capital reserves towards ongoing capital projects.

The unrestricted (deficit) amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability. The unrestricted (deficit) amount also reflects an increase of $96,037 as of July 1, 2024, as a result of the change in the compensated absences liability due to the 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 in a programmatic format. In the accompanying financial statements, school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of these statements for the years ended June 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 177,121	$ 414,749	$ (237,628)	(57.29)%
Operating Grants	276,916	304,247	(27,331)	(8.98)%
Capital Grants	-	9,183	(9,183)	(100.00)%
General Revenues				
Property Taxes and STAR	14,263,247	13,858,447	404,800	2.92 %
State Sources	660,552	674,924	(14,372)	(2.13)%
Other	464,046	690,636	(226,590)	(32.81)%
Total Revenues	15,841,882	15,952,186	(110,304)	(0.69)%

	2025	2024	Increase (Decrease)	Percentage Change
Expenses				
General Support	$ 2,015,395	$ 1,845,193	$ 170,202	9.22 %
Instruction	12,233,361	12,611,814	(378,453)	(3.00)%
Pupil Transportation	823,866	821,970	1,896	0.23 %
Community Services	3,816	2,631	1,185	45.04 %
Debt Service - Interest	75,731	60,205	15,526	25.79 %
Food Service Program	110,003	108,401	1,602	1.48 %
Total Expenses	15,262,172	15,450,214	(188,042)	(1.22)%
Change in Net Position	579,710	$ 501,972	$ 77,738	15.49 %
Net Position (Deficit) - Beginning of Year, as Previously Reported	(1,756,702)			
Change in Accounting Principle	(96,037)			
Net Position (Deficit)- Beginning of Year, as Restated	(1,852,739)			
Net Position (Deficit)- End of Year	$ (1,273,029)			

The District's net position deficit decreased by $579,710 and $501,972 for the years ended June 30, 2025 and 2024, respectively.

The District's revenues decreased by $110,304 or 0.69%. This decrease was primarily due to:

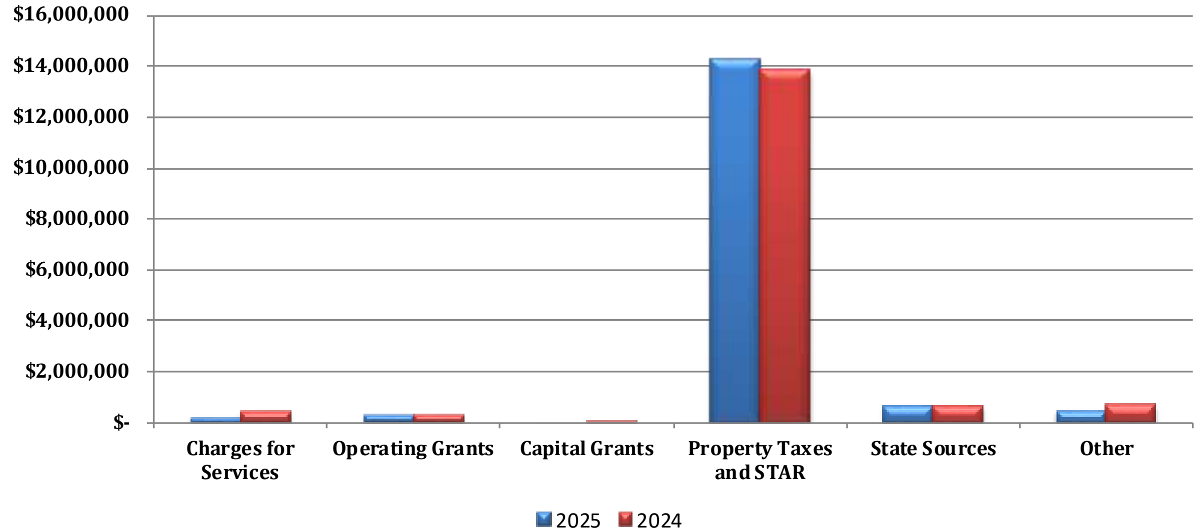
- An increase in property taxes and STAR, which was in accordance with the 2024-2025 voter-approved budget.
- Other revenue decreased as a result of the District receiving a smaller refund from BOCES, as well as, earning less interest revenue in the current year.
- Charges for services decreased mainly due to less tuition revenue, as a result of lower enrollment, offset by the growth in tuition rates.

The District's total expenses for the year decreased by $188,042 or 1.22%. This decrease was primarily due to:

- General support increased based on the impact of allocations of the net change in actuarially determined pension expenses for ERS and OPEB costs.
- Instruction expenses decreased based on the impact of allocations of the net change in actuarily determine pension expenses for TRS and OPEB, offset by routine salary increases.
- Debt service interest increased due to more short-term interest expense on tax anticipation notes.

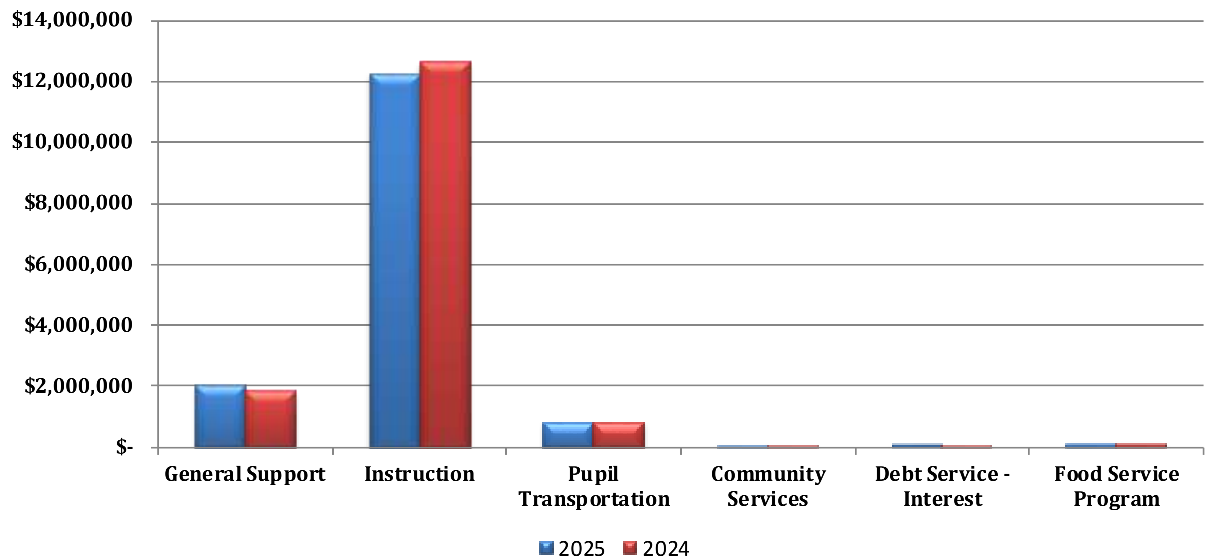
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 90.0% and 86.9% of the totals for the years 2025 and 2024 respectively). Instruction expenses is the largest category of expenses incurred (i.e., 80.2% and 81.7% of the totals for the years 2025 and 2024 respectively).

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2025	1.1%	1.7%	0.0%	90.0%	4.2%	3.0%
2024	2.6%	1.9%	0.1%	86.9%	4.2%	4.3%

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



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2025	13.2%	80.2%	5.4%	0.0%	0.5%	0.7%
2024	11.9%	81.7%	5.3%	0.0%	0.4%	0.7%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2025, the District's governmental funds reported a combined fund balance of $6,967,175, which is a decrease of $348,851 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2025	2024	Increase (Decrease)	Percentage
General Fund				
Restricted:				
Workers' Compensation	$ 340,056	$ 325,064	$ 14,992	4.61 %
Unemployment Insurance	34,378	32,862	1,516	4.61 %
Retirement Contribution:				
Teachers' retirement system	302,016	352,470	(50,454)	(14.31)%
Employees' retirement system	394,007	410,094	(16,087)	(3.92)%
Employee benefits accrued lability	41,229	40,000	1,229	3.07 %
Capital	3,496,343	2,791,821	704,522	25.24 %
Repairs	167,247	159,874	7,373	4.61 %
Debt	65,928	65,928	-	0.00 %
Assigned:				
Appropriated fund balance	967,403	1,167,510	(200,107)	(17.14)%
Unappropriated fund balance	78,257	73,333	4,924	6.71 %
Unassigned: Fund balance	671,768	653,025	18,743	2.87 %
	6,558,632	6,071,981	486,651	8.01 %
School Food Service Fund				
Nonspendable: Inventories		2,132	(2,132)	(100.00)%
Assigned: Unappropriated fund balance		4,475	(4,475)	(100.00)%
	-	6,607	(6,607)	(100.00)%
Capital Projects Fund				
Restricted:				
Capital	183,683	1,032,496	(848,813)	(82.21)%
Unspent bond proceeds	54,755	54,755		0.00 %
Assigned: Unappropriated fund balance	150,186	150,187	(1)	(0.00)%
	388,624	1,237,438	(848,814)	(68.59)%
Nonmajor Funds				
Nonspendable: Inventories	2,431		2,431	N/A
Assigned: Unappropriated fund balance	17,488		17,488	N/A
	19,919	-	19,919	N/A
Total Fund Balance	$ 6,967,175	$ 7,316,026	$ (348,851)	(4.77)%

A. General Fund

The net change in the general fund – fund balance is an increase of $486,651, compared to an increase of $979,392 in 2024. This resulted from revenues in excess of expenditures and other financing uses.

The following is a summary of the major changes that resulted in revenues decreasing from the prior year:

	2025	2024	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	$ 14,263,247	$ 13,858,447	$ 404,800	2.92 %
Other Local Sources	630,187	1,085,029	(454,842)	(41.92)%
State Sources	660,552	674,924	(14,372)	(2.13)%
Other Financing Sources	-	9,183	(9,183)	(100.00)%
	$ 15,553,986	$ 15,627,583	$ (73,597)	(0.47)%

- The increase in property taxes and STAR is due to a rise in the tax levy in accordance with the 2024-2025 budget.

- The decrease in other local sources is primarily due to less day school tuition due to lower enrollment, offset by tuition rate increases.

- State sources decreased as a result of slight reductions in state aid for basic formula aid and BOCES aid.

The following is a summary of major changes that resulted in expenditures and other financing uses increasing over the prior year:

	2025	2024	Increase (Decrease)	Percentage Change
General Support	$ 1,554,146	$ 1,242,425	$ 311,721	25.09 %
Instruction	10,019,952	9,831,315	188,637	1.92 %
Pupil Transportation	789,497	771,005	18,492	2.40 %
Community Services	2,887	2,631	256	9.73 %
Employee Benefits	2,415,247	2,227,239	188,008	8.44 %
Debt Service	256,933	241,906	15,027	6.21 %
Other Financing Uses	28,673	331,670	(302,997)	(91.35)%
	$ 15,067,335	$ 14,648,191	$ 419,144	2.86 %

- General support increased primarily due to increased maintenance and repair expenses accompanied by increases in expenditures for BOCES services.

- Instruction and employee benefits increased due to continued increases to salary and health insurance rates for family and single coverage.

- Other financing uses decreased as a result of the prior year transfer to capital projects fund for the 2024-2025 voter approved proposition to use reserves.

The following is a summary of the District's general fund restricted fund balance activity:

	Balance June 30, 2024	Use of Reserve	Interest	Funding	Balance June 30, 2025
Workers' Compensation	$ 325,064		$ 14,992	$	$ 340,056
Unemployment Insurance	32,862		1,516		34,378
Retirement Contribution:					
TRS	352,470	(65,000)	14,546		302,016
ERS	410,094	(35,000)	18,913		394,007
Employee benefit accrued liability	40,000		1,229		41,229
Capital	2,791,821		48,926	655,596	3,496,343
Repairs	159,874		7,373		167,247
Debt	65,928				65,928
	$ 4,178,113	$ (100,000)	$ 107,495	$ 655,596	$ 4,841,204

Additional detail regarding capital reserves can be found in "Restricted for Capital Reserve" Note.

B. Capital Projects Fund

The capital projects fund – fund balance net decrease is the result of expenditures relating to ongoing capital improvement projects. The restricted amount relates to the remaining amount of unspent bond proceeds that were issued in prior years.

C. Reclassification of Major Funds to Nonmajor Funds

During the year ended June 30, 2025, the District reclassified the school food service and special aid funds from major funds to nonmajor funds. This change is a voluntary presentation change made to improve the clarity of the financial statements and has no impact on the overall governmental fund balances. The funds were previously presented as major funds, but changes in financial activity during the current year now justify the nonmajor classification.

D. Nonmajor Funds

The net change in the remaining nonmajor funds – fund balance is an increase of $13,312, compared to an increase of $2,302 in 2024**,** as revenues of $316,569 exceeded expenditures of $303,257. Revenues and other finances sources decreased $39,704 or 11.14% from the prior year. This decrease was mainly due to decreases in state reimbursement for the summer 4408 program, as enrollment in the program was down this year.

5. <u>GENERAL FUND BUDGETARY HIGHLIGHTS</u>

A. 2024-2025 Budget

The District's general fund voter-approved budget for the year ended June 30, 2025 was $16,325,670. This amount was increased by encumbrances carried forward from the prior year in the amount of $73,333 and for a total final budget of $16,399,003.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $14,263,243 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	$ 653,025
Revenues Over Budget	495,826
Expenditures, Other Financing Uses, and Encumbrances Under Budget	1,253,411
Allocation to Reserves	(763,091)
Appropriated to Fund the June 30, 2026 Budget	(967,403)
Closing, Unassigned Fund Balance	$ 671,768

Opening, Unassigned Fund Balance

The $653,025 shown in the table is the portion of the District's June 30, 2024 fund balance that was retained as unassigned fund balance.

Revenues Over Budget

The 2024-2025 final budget for revenues was $15,058,160. Actual revenues for the year were $15,553,986. The excess of actual revenues over estimated or budgeted revenues was $495,826. This excess contributes directly to the change to the general fund unassigned fund balance from June 30, 2024 to June 30, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2024-2025 final budget for expenditures and other financing uses was $16,399,003. Actual expenditures and other financing uses as of June 30, 2025 were $15,067,335 and outstanding encumbrances were $78,257. Combined, expenditures and other financing uses plus encumbrances for 2024-2025 were $15,145,592. The final budget variance was $1,253,411, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2024 to June 30, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. "General Fund" (summary of restricted fund balance activity) of this MD&A details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use $967,403 of the available June 30, 2025 unassigned fund balance to partially fund the 2025-2026 approved operating budget. As such, the June 30, 2025 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2025 is $671,768. This unassigned fund balance portion is equal to the permissible 4% statutory maximum per §1318 of the New York State Real Property Tax Law.

6. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2025, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital outlays and other additions of $969,742 in excess of depreciation expense of $215,553 recorded for the year ended June 30, 2025. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Land	$ 67,500	$ 67,500	$ -
Construction work in progress	60,020	953,548	(893,528)
Buildings and improvements	4,984,457	3,389,393	1,595,064
Site improvements	142,131	64,402	77,729
Furniture and equipment	318,064	343,140	(25,076)
Capital assets, net	$ 5,572,172	$ 4,817,983	$ 754,189

The District is continuing to make significant capital expenditures resulting from a voter-approved capital reserve authorization of $1,836,230 to reconstruct and reconfigure interior space. As of June 30, 2025, the District has expended 94.89% of the authorization and construction is ongoing.

B. Debt Administration

At June 30, 2024, the District had total debt of $2,030,000. The decrease in outstanding debt represents principal payments made throughout the year. A summary of outstanding debt at June 30, 2025 and 2024 is as follows:

	Issue Date	Interest Rate	2025	2024	Increase (Decrease)
Bonds Payable					
	6/16/2020	2.00%	$ 2,030,000	$ 2,205,000	$ (175,000)

The Districts latest underlying long-term credit rating from S&P Global Ratings is AA+.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences payable and termination benefits payable, which are based on employment contracts, workers' compensation liabilities, total OPEB liability, and net pension liabilities – proportionate share which are based on actuarial valuations. The compensated absences liability, at June 30, 2025, includes the effect of the implementation of GASB Statement No. 101. The net change in the net pension liabilities – proportionate share reflects the change in the TRS from a liability to an asset as previously discussed. A summary of the outstanding other long-term liabilities at June 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Compensated absences payable	$ 85,688	$ -	$ 85,688
Termination benefits payable	283,200	313,200	(30,000)
Workers' compensation liabilities	111,311	43,781	67,530
Total OPEB liability	11,609,880	13,469,919	(1,860,039)
Net pension liabilities - proportionate share	281,703	545,495	(263,792)
	$ 12,371,782	$ 14,372,395	$ (2,000,613)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 20, 2025, for the year ending June 30, 2026, is $16,794,247. This is an increase of $468,577 or 2.87% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a $170,107 increase from the prior year's estimate, which is principally due to estimated increases in state aid. The assigned, appropriated fund balance applied to the budget was $967,403, a $200,107 decrease from the previous year. Additionally, the District has elected to appropriate $130,000 of reserves towards the next year's budget. A property tax increase of $468,577 (3.29%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

Factors to consider that could influence future budgets:

- Uncertainty with state aid complicates long-range planning.
- Rise in employee cost centers on employee salaries and health benefits, as well as contributions to pension programs.
- Changing circumstances of unforeseen events and risks including natural disasters and global pandemics.
- Impact of external factors such as market trends, economic conditions, and regulatory changes.
- The combination of high inflation and high-interest rates can impact all lines of the budget.
- Social and demographic changes with population, age distribution, and personal income can have significant and lasting effects.
- Legal and intergovernmental factors constraining tax increases, forbidding particular revenue sources, and mandating some services.

C. Tax Cap

New York State law limits the annual increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation plus additional statutory adjustments to the tax levy limit. School districts may override the tax levy limit (tax cap) by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit; however, that budget must be approved by at least 60% of the votes cast. Based on the law, the District's tax cap for 2025-2026 is 3.29%. The District's 2025-2026 property tax increase of 3.29% was equal to the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Ms. Denise Lindsay Sullivan - Superintendent/Principal
Remsenburg-Speonk Union Free School District
Mill Road
P.O. Box 900
Remsenburg, New York 11960

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

ASSETS	
Cash and cash equivalents	
Unrestricted	$ 3,121,272
Restricted	5,079,642
Receivables	
Accounts receivable	1,899
Due from state and federal	148,144
Due from other governments	174,245
Inventories	2,431
Other assets	174,030
Capital assets:	
Not being depreciated	127,520
Being depreciated, net of accumulated depreciation	5,444,652
Net pension assets - proportionate share	588,403
Total Assets	14,862,238
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	1,552,204
Other postemployment benefits	3,502,296
Total Deferred Outflows of Resources	5,054,500
LIABILITIES	
Payables	
Accounts payable	456,285
Accrued liabilities	23,561
Due to fiduciary fund	575
Due to other governments	621,691
Due to teachers' retirement system	431,357
Due to employees' retirement system	24,903
Other liabilities	1,737
Unearned credits	
Collections in advance	2,041
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	180,555
Compensated absences payable	50,120
Total other postemployment benefits liability	398,141
Due and payable after one year	
Bonds payable, net	1,880,089
Workers' compensation liabilities	111,311
Compensated absences payable	35,568
Termination benefits payable	283,200
Total other postemployment benefits liability	11,211,739
Net pension liabilities - proportionate share	281,703
Total Liabilities	15,994,576
DEFERRED INFLOWS OF RESOURCES	
Pensions	848,097
Other postemployment benefits	4,347,094
Total Deferred Inflows of Resources	5,195,191
NET POSITION (DEFICIT)	
Net investment in capital assets	3,358,054
Restricted	
Workers' compensation	340,056
Unemployment insurance	34,378
Retirement contribution	
Teachers' retirement system	302,016
Employees' retirement system	394,007
Employee benefit accrued liability	41,229
Capital	3,680,026
Repairs	167,247
Debt	35,284
Pension	588,403
Total Restricted	5,582,646
Unrestricted (Deficit)	(10,213,729)
Total Net Position (Deficit)	$ (1,273,029)

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 2,015,395	$	$	$ (2,015,395)
Instruction	12,233,361	166,156	183,072	(11,884,133)
Pupil transportation	823,866			(823,866)
Community services	3,816			(3,816)
Debt service - interest	75,731			(75,731)
Food service program	110,003	10,965	93,844	(5,194)
Total Functions and Programs	$ 15,262,172	$ 177,121	$ 276,916	(14,808,135)
GENERAL REVENUES				
Real property taxes				14,197,629
Other tax items				141,466
Use of money and property				238,022
Miscellaneous				150,176
State sources				660,552
Total General Revenues				15,387,845
Change in Net Position				579,710
Total Net Position (Deficit) - Beginning of Year, as Previously Reported				(1,756,702)
Change in Accounting Principle				(96,037)
Total Net Position (Deficit) - Beginning of Year, as Restated				(1,852,739)
Total Net Position (Deficit) - End of Year				$ (1,273,029)

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025

	General	Capital Projects	Formerly Major Funds: Special Aid	Formerly Major Funds: School Food Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents						
Unrestricted	$ 2,753,894	$ 358,415	$	$	$ 8,963	$ 3,121,272
Restricted	4,841,204	238,438				5,079,642
Receivables						
Accounts receivable					1,899	1,899
Due from other funds	123,657				10,021	133,678
Due from state and federal	24,132				124,012	148,144
Due from other governments	174,245					174,245
Inventories					2,431	2,431
Total Assets	$ 7,917,132	$ 596,853	$ -	$ -	$ 147,326	$ 8,661,311
LIABILITIES						
Payables						
Accounts payable	$ 247,804	$ 208,229	$	$	$ 252	$ 456,285
Accrued liabilities	21,869					21,869
Due to other funds	10,596				123,657	134,253
Due to other governments	621,549				142	621,691
Due to teachers' retirement system	431,357					431,357
Due to employees' retirement system	23,588				1,315	24,903
Other liabilities	1,737					1,737
Unearned credits						
Collections in advance					2,041	2,041
Total Liabilities	1,358,500	208,229	-	-	127,407	1,694,136
FUND BALANCES						
Nonspendable: Inventories					2,431	2,431
Restricted:						
Workers' compensation	340,056					340,056
Unemployment insurance	34,378					34,378
Retirement contribution						
Teachers' retirement system	302,016					302,016
Employees' retirement system	394,007					394,007
Employee benefit accrued liability	41,229					41,229
Capital	3,496,343	183,683				3,680,026
Repairs	167,247					167,247
Debt	65,928					65,928
Unspent bond proceeds		54,755				54,755
Assigned:						
Appropriated fund balance	967,403					967,403
Unappropriated fund balance	78,257	150,186			17,488	245,931
Unassigned: Fund balance	671,768					671,768
Total Fund Balances	6,558,632	388,624	-	-	19,919	6,967,175
Total Liabilities and Fund Balances	$ 7,917,132	$ 596,853	$ -	$ -	$ 147,326	$ 8,661,311

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the District-wide Statement of Net Position
June 30, 2025

Total Governmental Fund Balances		$ 6,967,175
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.		174,030
The costs of building and acquiring capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annual over their useful lives.		
Original cost or present value of capital assets	$ 9,469,361	
Less: Accumulated depreciation	(3,897,189)	
		5,572,172
Proportionate share of long-term assets and liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	1,552,204	
Net pension asset - teachers' retirement system	588,403	
Net pension liability - employees' retirement system	(281,703)	
Deferred inflows of resources	(848,097)	
		1,010,807
Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	3,502,296	
Total other postemployment benefits liability	(11,609,880)	
Deferred inflows of resources	(4,347,094)	
		(12,454,678)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on debt	(1,692)	
Bonds payable	(2,060,644)	
Compensated absences payable	(85,688)	
Termination benefits payable	(283,200)	
Workers' compensation liabilities	(111,311)	
		(2,542,535)
Total Net Position (Deficit)		$ (1,273,029)

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

			Formerly Major Funds			
	General	Capital Projects	Special Aid	School Food Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real property taxes	$ 14,197,629	$	$	$	$	$ 14,197,629
Other tax items	141,466					141,466
Charges for services	166,156					166,156
Use of money and property	238,022					238,022
Miscellaneous	150,161				15	150,176
State sources	660,552				139,843	800,395
Federal sources					137,073	137,073
Sales					10,965	10,965
Total Revenues	15,553,986	-	-	-	287,896	15,841,882
EXPENDITURES						
General support	1,554,146					1,554,146
Instruction	10,019,952				162,376	10,182,328
Pupil transportation	789,497				34,369	823,866
Community services	2,887					2,887
Employee benefits	2,415,247				10,433	2,425,680
Debt service -						
Principal	175,000					175,000
Interest	81,933					81,933
Food service program					96,079	96,079
Capital outlay		848,814				848,814
Total Expenditures	15,038,662	848,814	-	-	303,257	16,190,733
Excess (Deficiency) of Revenues Over Expenditures	515,324	(848,814)	-	-	(15,361)	(348,851)
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in					28,673	28,673
Operating transfers (out)	(28,673)					(28,673)
Total Other Financing Sources and (Uses)	(28,673)	-	-	-	28,673	-
Net Change in Fund Balances	486,651	(848,814)	-	-	13,312	(348,851)
Fund Balances - Beginning of Year, as Previously Reported	6,071,981	1,237,438		6,607		7,316,026
Change to or Within Reporting Entity				(6,607)	6,607	-
Fund Balances - Beginning of Year, as Restated	6,071,981	1,237,438			6,607	7,316,026
Fund Balances - End of Year	$ 6,558,632	$ 388,624	$ -	$ -	$ 19,919	$ 6,967,175

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the District-wide Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances		$ (348,851)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) are being held by a third-party administrator. This is the amount by which other assets - cash held by third-party administrator increased in the period.	$ (10,577)	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Decrease in compensated absences payable	10,349	
Decrease in termination benefits payable	30,000	
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in workers' compensation liabilities	(67,530)	
		(37,758)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation expense in the period.		
Capital outlays and other additions	969,742	
Depreciation expense	(215,553)	
		754,189
Long-Term Debt Transactions Differences		
The amortization of the deferred premium decreases interest expense in the Statement of Activities.	6,056	
The repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Bond payable	175,000	
Interest on long-term debt in the Statement of Activities differs rom the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This this is the amount by which accrued interest decreased from June 30, 2024 to June 30, 2025.	146	
		181,202
Pension and Other Postemployment Benefits Differences		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	68,189	
Employees' retirement system	31,105	
Other postemployment benefits	(68,366)	
		30,928
Change in Net Position of Governmental Activities		$ 579,710

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2025

		Custodial
ASSETS		
Due from governmental funds	$	575
Due from other governments		350
Total assets		925
LIABILITIES		
Due to other governments		925
NET POSITION		
Restricted for individuals, organizations, and other governments	$	-

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2025

		Custodial
ADDITIONS		
Real property taxes and PILOT collected for the Library	$	383,207
DEDUCTIONS		
Disbursements of real property taxes and PILOT to the Library		383,207
Change in Net Position		-
Net Position - Beginning of Year		-
Net Position - End of Year	$	-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the New York State Education Law ("the Education Law"). A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of Education Law. All BOCES property is held by the BOCES board as a corporation under §1950(6). In addition, BOCES boards are also considered municipal 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 (GML). A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital costs is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary fund. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

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

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

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

The following are the District's nonmajor governmental funds:

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

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

Fiduciary Funds – are used to account for activities 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 to finance District operations. The following is the District's fiduciary fund:

Custodial Fund – is used to account for real property taxes and PILOT collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., termination benefits for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

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

E. Real Property Taxes and Other Tax Items

Calendar

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

The District also levies the real property taxes for the Suffolk Cooperative Library System (Library), which are collected by the town and included in the amounts remitted to the District. The District remits the Library's share of the tax levy to the Library in two installments. These pass-through amounts are not included in the District's real property tax revenues, however, these amounts are accounted for in the custodial fund.

Enforcement

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

School Tax Relief (STAR) Aid

New York State implemented the STAR program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as other tax items revenue.

F. Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenues; however, the amounts are recorded within the custodial fund.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Suffolk County. These LIPA payments are not the result of tax abatement agreements as defined by GASB, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments.

G. Restricted Resources

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

H. Interfund Transactions

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables among the funds, with the exception of those due from or to the fiduciary fund.

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

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out is provided subsequently in these Notes to Financial Statements.

I. Use of Estimates

The preparation of financial statements in conformity with GAAP 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 contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, termination benefits, pension costs, OPEB, workers' compensation, potential contingent liabilities, and useful lives of capital assets.

J. Cash and Cash Equivalents/Investments

Cash and cash equivalents consists of cash on hand, bank deposits, and investments with an original maturity date of 90 days or less from date of acquisition.

Investments are reported at fair value, based on quoted market prices.

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

K. Receivables

Receivables are recorded when the transaction takes place, and the respective revenues are recognized as earned in the district-wide financial statements, and when available in the fund financial statements. Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

L. Inventories

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

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

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

M. Capital Assets

The district-wide financial statements report on capital assets acquired by the District. Capital assets are reported at actual cost, when the information is available, or at estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and other improvements	$ 500	50 years
Site improvements	500	20 years
Furniture and equipment	500	5-20 years

N. Other Assets

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

O. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions and represents the effect of the net change in the District's proportion of the collective net pension asset or liability not included in the collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

P. 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 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 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.

Q. Collections in Advance

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

R. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated sick leave.

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave.

Certain employment contracts require these payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

In the district-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability is measured at the employee's pay rate at the reporting date.

The compensated absence liability is calculated based on the pay rates in effect at year end and an accrual for that liability is included in the district-wide financial statements in the termination benefits liability.

S. Termination Benefits

Termination benefits consist of longevity and increments delayed as specified in collective bargaining agreements. Upon retirement, employees may contractually receive a payment based on this longevity. The liability is calculated in accordance with GASB. In the fund financial statements, only the amount of matured liabilities is accrued within the general fund.

T. Other Benefits

Eligible District employees participate in the TRS or the ERS.

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

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

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. 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 payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting as set forth by GASB.

U. 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 in the general fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are 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.

V. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

W. Equity Classifications

<u>District-Wide Statements</u>

In the district-wide statements there are three classes of net position:

Net investment in capital assets - Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, and improvements of those assets, net of any unexpended proceeds.

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

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

Fund Statements

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

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventories, which are recorded in the school food service fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The TRS sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

Capital Reserve (Education Law §3651) is 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. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the general fund and capital projects fund.

Repairs Reserve

Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board, without voter approval, may establish a repair reserve 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 over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

Restricted for Debt

Unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of obligations, and premiums and accrued interest on long-term borrowings are recorded in the general fund and held until appropriated for debt payments. These restricted amounts are accounted for in the general fund.

Restricted – Unspent Bond Proceeds

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

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual, positive amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

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

Fund Balance Classification

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

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

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

2. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash, or settled through noncash means.

See "Changes to or Within Reporting Entity and Change in Accounting Principle in Previously Issued Financial Statements" Note for detailed information regarding the restatement.

3. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
June 30, 2026	GASB No. 103 – *Financial Reporting Model Improvements*
June 30, 2026	GASB No. 104 – *Disclosure of Certain Capital Assets*

GASB Statement No. 103 was issued to improve 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. This Statement also addresses certain application issues.

GASB Statement No. 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

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

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

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

<u>Long-Term Revenue and Expense Differences</u>

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 current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as termination benefits.

<u>Capital Related Differences</u>

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

<u>Long-Term Debt Transaction Differences</u>

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

<u>Pension and Other Postemployment Benefits Differences</u>

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

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

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

B. Encumbrances

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

C. Unrestricted Net Position Deficit

As of June 30, 2025, the governmental activities reported an unrestricted net position deficit of $10,213,729. 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 liabilities on the statement of net position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liabilities on a "pay as you go" basis, has resulted in a negative unrestricted net position. The District remains committed to its employees and retirees by continuing to make all required contributions to the pension plans and including these amounts in its annual budget to cover its share of the costs of postemployment health insurance coverage.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits, and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

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

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

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

The District did not have any investments at year end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

Investment pool:

The District participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to GML Articles 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. NYCLASS is rated AAAm by S&P Global Ratings. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS portfolio holdings are collateralized in accordance with GML §10.

The District's investments in NYCLASS consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. The dollar weighted average days to maturity (WAM) of NYCLASS at June 30, 2025, was 46 days and the weighted average life (WAL) was 77 days. The carrying amount of these investments is $4,297,266, which is included as cash in the general fund.

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded as cost, which approximates fair value. The lead participant of NYCLASS is the Village of Rhinebeck. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2025, the District was billed $645,004 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $77,710. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2025, consisted of:

General Fund	
New York State - excess cost aid	$ 24,132
Nonmajor Funds	
State and federal grants	115,457
State and federal food service program reimbursements	8,555
	$ 148,144

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2025, consisted of:

General Fund	
New York State - BOCES aid	$ 77,710
Parentally placed student tuition	37,684
PILOT - LIPA	45,878
Interest & penalties on 2024-25 taxes	12,973
	$ 174,245

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

A. Changes

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

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Governmental activities				
Capital assets that are not depreciated:				
Land	$ 67,500	$	$	$ 67,500
Construction work in progress	953,548	848,814	(1,742,342)	60,020
Total capital assets not being depreciated	1,021,048	848,814	(1,742,342)	127,520
Capital assets that are depreciated:				
Buildings and other improvements	6,012,939	1,742,341		7,755,280
Site improvements	173,523	89,585		263,108
Furniture and equipment	1,292,109	31,344		1,323,453
Total capital assets being depreciated	7,478,571	1,863,270	-	9,341,841
Less accumulated depreciation for:				
Buildings and other improvements	2,623,546	147,277		2,770,823
Site improvements	109,121	11,856		120,977
Furniture and equipment	948,969	56,420		1,005,389
Total accumulated depreciation	3,681,636	215,553	-	3,897,189
Total capital assets being depreciated, net	3,796,935	1,647,717	-	5,444,652
Capital assets, net	$ 4,817,983	$ 2,496,531	$ (1,742,342)	$ 5,572,172

Depreciation expense was charged to governmental functions as follows:

General support	$ 191,460
Instruction	20,602
Food service program	3,491
Total depreciation expense	$ 215,553

B. Impairment Losses

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.

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2025 are as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General fund	$ 123,657	$ 10,596	$	$ 28,673
Nonmajor funds	10,021	123,657	28,673	
Total Governmental Funds	133,678	134,253	$ 28,673	$ 28,673
Custodial Fund	575			
	$ 134,253	$ 134,253		

The District typically transfers from the general fund to the nonmajor funds (special aid and school food service) in accordance with the general fund budget. The transfer to the special aid fund from the general fund is to provide the District's 20% share of the summer program for students with disabilities. The transfer to the school food service fund from the general fund is to provide support for the program per the approved budget.

12. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance June 30, 2024	Issued	Redeemed	Balance June 30, 2025
TAN	6/24/2024	4.00%	$ -	$ 1,500,000	$ (1,500,000)	$ -

The TAN was issued to provide cash flow for the District until real property taxes are received from the Town. Interest on short-term debt for the year was $37,833, net of a premium of $2,235, to yield an effective interest rate of 3.7637%.

13. LONG-TERM LIABILITIES

A. Changes

Long-term liabilities balances and activities, excluding pension liabilities, for the year are summarized below:

	*Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 2,205,000	$	$ (175,000)	$ 2,030,000	$ 175,000
Premium on obligation	36,700		(6,056)	30,644	5,555
	2,241,700	-	(181,056)	2,060,644	180,555
Other long-term liabilities:					
Compensated absences*	96,037		(10,349)	85,688	50,120
Termination benefits	313,200		(30,000)	283,200	
Workers' compensation	43,781	108,634	(41,104)	111,311	
Total OPEB liability	13,469,919		(1,860,039)	11,609,880	398,141
Total long-term liabilities	$ 16,164,637	$ 108,634	$ (2,122,548)	$ 14,150,723	$ 628,816

*The beginning balance of compensated absences, as previously reported, was increased by $96,037 to present the cumulative effect of GASB Statement No. 101.

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

Additions and reductions to compensated absences are shown net. The maturity of compensated absences is not determinable.

For total OPEB liability, see "Postemployment Healthcare Benefits" Note for additional information.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
School District Serial Bonds	6/16/2020	6/15/2035	2.00%	$ 2,030,000

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

Year Ending June 30,	Principal	Interest	Total
2026	$ 175,000	$ 40,600	$ 215,600
2027	175,000	37,100	212,100
2028	175,000	33,600	208,600
2029	200,000	30,100	230,100
2030	200,000	26,100	226,100
2031-2035	1,105,000	67,100	1,172,100
Total	$ 2,030,000	$ 234,600	$ 2,264,600

C. Remedies Upon Default in Bond Payments

The bonds are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and remedies for enforcement of payment are not expressly included in the District's contract with such owners. Upon default in the payment of principal of or interest on the bonds at the suit of the owner, a court has the power, in proper and appropriate proceedings, to render judgment against the District. A court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds from funds lawfully available therefore or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy.

Section 99-b of the State Finance Law provides for a covenant between New York State and the purchasers and the holders and owners from time to time of the bonds issued by school districts in New York State. In the event a holder or owner of any bond issued by a school district for school purposes shall file with the Office of the New York State Comptroller (OSC), a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both. The OSC shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such state aid or assistance due to such school district such amount thereof as may be required to pay the principal of and interest on such bonds of such school district then in default. In the event such state aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the OSC shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such state aid or assistance due such school district such amount or amounts thereof as may be required to cure such default.

D. Premium on Obligation

In the District-wide statements, the District is amortizing the premium received on bonds as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Premium
2026	$ 5,555
2027	5,055
2028	4,554
2029	4,018
2030	3,446
2031-2035	8,016
Total	$ 30,644

E. Interest Expense

Interest accrued on long-term debt for the year was composed of:

Interest paid	$ 44,100
Less interest accrued in the prior year	(1,838)
Plus interest accrued in the current year	1,692
Less amortization of premium	(6,056)
Total interest expense on long-term debt	$ 37,898

14. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to the ERS or 3.5% of their salary to the TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.76% of covered payroll for the TRS' fiscal year ended June 30, 2024. The District's average contribution rate was 13.86% of covered payroll for the ERS' fiscal year ended March 31, 2025.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2025, was $392,517 for TRS at the contribution rate of 10.11% and $90,529 for ERS at an average contribution rate of 13.66%.

D. Termination Benefit

The District has a termination/retirement benefit that is offered to teachers having achieved a minimum of 15 years of service. Teachers who have attained 15 to 19 years of service are eligible to receive a $10,000 incentive upon retiring. Teachers who have attained 20+ years of service at the District receive an incentive equal to $1,000 times their number of years of service. The total maximum payout is $30,000. The current estimated value of the incentive is $283,200 and is recorded as a long-term liability in the Statement of Net Position.

E. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources, and Deferred 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) were measured as of June 30, 2024, for TRS and March 31, 2025 for ERS. The total pension 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 TRS and the ERS systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2024	March 31, 2025
District's proportionate share of the net pension asset/(liability)	$ 588,403	$ (281,703)
District's portion of the Plan's net pension asset/liability	0.019721%	0.0016430%
Change in proportion since the prior measurement date	0.000841	(0.0005954)

For the year ended June 30, 2025, the District recognized a pension expense of $326,484 for TRS and $59,426 for ERS. At June 30, 2025, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 633,602	$ 69,921	$	$ 3,298
Changes of assumptions	351,984	11,814	59,207	
Net difference between projected and actual earnings on pension plan investments		22,102	653,766	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	23,519	21,842	49,921	81,905
District contributions subsequent to the measurement date	392,517	24,903		
Total	$ 1,401,622	$ 150,582	$ 762,894	$ 85,203

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

Year Ending June 30,	TRS	ERS
2026	$ (299,915)	$ 37,955
2027	712,713	54,688
2028	(124,322)	(42,567)
2029	(139,440)	(9,600)
2030	71,226	
Thereafter	25,949	
	$ 246,211	$ 40,476

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2024	March 31, 2025
Actuarial valuation date	June 30, 2023	April 1, 2024
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.30%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021 for June 30, 2024 and June 30, 2023, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For TRS, assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2021. The assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

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 expenses 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.

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2024		March 31, 2025
Asset class				
Domestic equity	33.0%	6.60%	25.0%	3.54%
International equity	15.0%	7.40%	14.0%	6.57%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.30%	12.0%	4.95%
Private equity	9.0%	10.00%	15.0%	7.25%
Alternative investments			11.0%	5.25-5.55%
Domestic fixed income	16.0%	2.60%		
High-yield bonds	1.0%	4.80%		
Global bonds	2.0%	2.50%		
Fixed income			22.0%	2.00%
Private debt	2.0%	5.90%		
Real estate debt	6.0%	3.90%		
Cash equivalents	1.0%	0.50%		
Cash			1.0%	0.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.9% for ERS.

Discount Rate

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

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

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset/(liability)	$ (2,717,868)	$ 588,403	$ 3,369,065

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	$ (815,283)	$ (281,703)	$ 163,837

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:

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

Payables to the Pension Plan

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. Accrued retirement contributions as of June 30, 2025, represent employer and employee contributions for the fiscal year ended June 30, 2025, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2025 amounted to $392,517 of employer contributions and $38,840 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2025, represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to $24,903 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS - OTHER

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 based on collectively bargained agreements. Contributions made by employees for the year ended June 30, 2025, totaled $137,651.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2025 totaled $9,455.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through Empire Blue Cross Blue Shield. No assets are accumulated in a trust.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	-
Active employees	29
	60

B. Total OPEB Liability

The District's total OPEB liability of $11,609,880 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, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%	
Salary increases	2.40%	average, including inflation
Discount rate	5.20%	
Healthcare cost trend rates	6.60%	to 3.80% over 54 years
Retirees' share of benefit-related costs	5 - 40%	of projected health insurance premiums for retirees

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

Mortality rates were based on 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.

The plan has not had a formal actuarial experience study performed.

C. Changes in the Total OPEB Liability

Balance at June 30, 2024	$ 13,469,919
Changes for the year	
Service cost	380,807
Interest on total OPEB liability	536,586
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(2,379,291)
Benefit payments	(398,141)
	(1,860,039)
Balance at June 30, 2025	$ 11,609,880

As of the June 30, 2025 measurement date, the following actuarial assumption was changed:

- The discount rate used for the valuation was changed from 3.93% as of June 30, 2024 to 5.20% as of 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:

OPEB	1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
Total OPEB liability	$ (13,427,068)	$ (11,609,880)	$ (10,135,995)

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 (5.60 to 2.80%) or 1 percentage point higher (7.60 to 4.80%) than the current healthcare cost trend rate:

OPEB	1% Decrease 5.60% decreasing to 2.80%	Healthcare Cost Trend Rates 6.60% decreasing to 3.80%	1% Increase 7.60% decreasing to 4.80%
Total OPEB liability	$ (9,830,871)	$ (11,609,880)	$ (13,883,872)

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

For the year June 30, 2025, the District recognized OPEB expense of $466,507. At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,763,934	$
Changes of assumptions or other inputs	738,362	4,347,094
Total	$ 3,502,296	$ 4,347,094

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

Year Ending June 30,	Amount
2026	$ (149,962)
2027	96,798
2028	(78,896)
2029	(121,542)
2030	(342,592)
Thereafter	(248,604)
	$ (844,798)

17. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves, public entity risk pools, and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

B. Public Entity Risk Pool – Risk Retained

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

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

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 $111,311. Claims activity is summarized as follows:

	June 30, 2024	June 30, 2025
Claims at beginning of year	$ 37,893	$ 43,781
Incurred claims and claim adjustment expenses	29,455	108,634
Claims payments and expenses	(23,567)	(41,104)
Claims liabilities at end of year	$ 43,781	$ 111,311

The EEWCC is holding $174,030 of cash on account for the District to satisfy these liabilities at June 30, 2025. In addition, the District has reserved $340,056 in the general fund for potential supplemental assessments due to catastrophic losses and future claims.

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

C. Public Entity Risk Pool – Risk Sharing

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

D. Health Benefit Program

The District participates in a health benefit program for its employees through the East End Health Plan, a consortium of school districts from the east end of Long Island. The benefit program's administrator is responsible for the approval, processing, and payment of claims. This is billed to the District at an established rate based on the number of participants. The District is responsible for monthly contributions, based on participant coverage at a rate established by the Plan's Board of Directors, to cover the Plan's anticipated benefits and administrative costs. The plan reports on a June 30th year-end. In the event the plan experiences a shortfall, a special assessment against participating districts may be imposed. The District is not aware of any additional assessments related to claims incurred through June 30, 2025.

18. CERTAIN RISK DISCLOSURES

A. Limitations on Raising Revenue

The District's ability to raise revenue though property taxes is subject to Article VIII of the New York State Constitution and the Real Property Tax Law, including the property tax levy limit (tax cap) imposed by Chapter 97 of the Laws of 2011. The annual increase in the property tax levy cannot exceed the lesser of 2% or change in the consumer price index, unless approved by a 60% supermajority of the taxpayers.

B. Limitations on the Incurrence of Debt

The District is subject to a constitutional debt limit, which is 10% of the full value on the most recent tax roll. The debt limit may be exceeded if authorized by 60% of the voters and approved by the Board of Regents and the New York State Comptroller. All borrowings must be approved by a majority vote of the District's residents at a public referendum.

19. CHANGES TO OR WITHIN REPORTING ENTITY AND CHANGE IN ACCOUNTING PRINCIPLE IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the year ended June 30, 2025, the District reclassified the following major funds to nonmajor funds: special aid fund and school food service fund. This change is a voluntary presentation change made to improve the clarity of the financial statements and has no impact on the overall governmental fund balances. The funds were previously presented as major funds, but changes in financial activity during the current year now justify the nonmajor classification.

Additionally, for the year ended June 30 2025, the District implemented GASB Statement No. 101, which established a unified recognition and measurement model for compensated absences. Under the new guidance, accumulated time for leave available for use that was previously an unrecorded liability is now recognized.

The following is a summary of these reporting entity and accounting principle changes:

	As Reported June 30, 2024	Changes to or Within Reporting Entity	Change in Accounting Principle	As Restated June 30, 2024
Government-wide				
Compensated absences	$ -		$ 96,037	$ 96,037
Net Position (Deficit)	$ (1,756,702)		$ (96,037)	$ (1,852,739)
Governmental Funds				
Major Funds				
Special Aid	$ -	$	$	$ -
School Food Service	6,607	(6,607)		-
Nonmajor Funds	-	6,607		6,607
	$ 6,607	$ -	$ -	$ 6,607

20. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2025 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2026.

Retirement contributions	
Teachers' retirement system	$ 65,000
Employees' retirement system	65,000
	$ 130,000

21. ASSIGNED APPROPRIATED FUND BALANCE

The amount of $967,403 has been appropriated to reduce taxes for the year ending June 30, 2026.

22. RESTRICTED FOR CAPITAL RESERVE

The following is a summary of the District's restricted capital reserve activity:

Date Created	May 2004	May 2017	May 2023	
Number of Years to Fund	10	10	10	
Maximum Funding	$ 500,000	$ 1,500,000	$ 3,000,000	
				Total
General Fund				
Funding Provided	$ 500,000	$ 1,500,000	$ 3,447,417	$ 5,447,417
Interest Earnings	73,599	126,525	48,926	249,050
Use of Reserve	(573,599)	(1,626,525)		(2,200,124)
Total General Fund	-	-	3,496,343	3,496,343
Capital Projects Fund				
Funding Provided	573,599	1,626,525		2,200,124
Use of Reserve	(573,599)	(1,442,842)		(2,016,441)
Total Capital Projects Fund	-	183,683	-	183,683
Balance as of June 30, 2025	$ -	$ 183,683	$ 3,496,343	$ 3,680,026

23. TAX ABATEMENTS

The Town of Southampton enters into various property tax abatement programs for the purpose of economic development. The District received payments totaling $16,998. The amount by which the District's property taxes were reduced is unavailable.

In addition, the District recognized $45,879 in LIPA PILOT, which is included in "other tax items" revenue; however, these payments are not the result of a tax abatement.

24. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted Fund Balance:	
Capital Projects Fund	
Capital Projects	$ 140,528
Assigned: Unappropriated Fund Balance	
General Fund	
General Support	70,672
Instruction	7,585
	78,257
	$ 218,785

B. Grants

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

C. Litigation

The District is not aware of any material, pending, or threatened litigation claims against the District. The District is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

25. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 14,188,477	$ 14,188,477	$ 14,197,629	$ 9,152
Other tax items	129,574	129,574	141,466	11,892
Charges for services	162,500	162,500	166,156	3,656
Use of money and property	25,300	25,300	238,022	212,722
Miscellaneous			150,161	150,161
Total Local Sources	14,505,851	14,505,851	14,893,434	387,583
State Sources	552,309	552,309	660,552	108,243
Total Revenues	15,058,160	15,058,160	15,553,986	495,826
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	1,167,510	1,167,510		
Prior Year's Encumbrances	73,333	73,333		
Appropriated Reserves	100,000	100,000		
Total Appropriated Fund Balance	1,340,843	1,340,843		
Total Revenues, Other Sources, and Appropriated Fund Balance	$ 16,399,003	$ 16,399,003		

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.

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 29,917	$ 51,342	$ 47,953	$	$ 3,389
Central administration	336,305	341,187	340,827		360
Finance	298,126	295,572	242,193	43,700	9,679
Staff	75,048	65,183	51,255		13,928
Central services	714,387	864,199	743,305	26,972	93,922
Special items	130,285	130,285	128,613		1,672
Total General Support	1,584,068	1,747,768	1,554,146	70,672	122,950
Instruction					
Administration & improvement	262,869	267,049	246,385		20,664
Teaching - regular school	5,236,543	5,225,826	5,090,559		135,267
Programs for students with disabilities	4,695,954	4,533,956	3,870,514		663,442
Occupational education	108,500	108,500	108,500		-
Teaching - special schools	5,000	3,000	1,879		1,121
Instructional media	490,353	497,353	469,893	7,585	19,875
Pupil services	256,540	267,128	232,222		34,906
Total Instruction	11,055,759	10,902,812	10,019,952	7,585	875,275
Pupil Transportation	911,810	911,810	789,497		122,313
Community Services	3,164	3,164	2,887		277
Employee Benefits	2,564,778	2,546,191	2,415,247		130,944
Debt Service					
Principal	175,000	175,000	175,000		-
Interest	74,100	81,934	81,933		1
Total Debt Service	249,100	256,934	256,933	-	1
Total Expenditures	16,368,679	16,368,679	15,038,662	78,257	1,251,760
OTHER FINANCING USES					
Operating Transfers Out	30,324	30,324	28,673		1,651
Total Expenditures and Other Uses	$ 16,399,003	$ 16,399,003	15,067,335	$ 78,257	$ 1,253,411
Net Change in Fund Balance			486,651		
Fund Balance - Beginning of Year			6,071,981		
Fund Balance - End of Year			$ 6,558,632		

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.

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Ten Fiscal Years

Teachers' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.019721%	0.018880%	0.018958%	0.018607%	0.019090%	0.018594%	0.019787%	0.019824%	0.020171%	0.020908%
District's proportionate share of the net pension asset/(liability)	$ 588,403	$ (215,909)	$ (363,792)	$ 3,224,459	$ (527,510)	$ 483,065	$ 357,808	$ 150,682	$ (216,041)	$ 2,171,723
District's covered payroll	$ 3,669,090	$ 3,486,973	$ 3,358,540	$ 3,158,247	$ 3,240,190	$ 3,103,584	$ 3,222,857	$ 3,141,442	$ 3,239,597	$ 3,266,591
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	16.04 %	6.19 %	10.83 %	102.10 %	16.28 %	15.56 %	11.10 %	4.80 %	6.67 %	66.48 %
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%

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0016430%	0.0022384%	0.0026219%	0.0024059%	0.0019774%	0.0016782%	0.0017031%	0.0017643%	0.0018399%	0.0019466%
District's proportionate share of the net pension asset/(liability)	$ (281,703)	$ (329,586)	$ (562,243)	$ 196,675	$ (1,969)	$ (444,395)	$ (120,666)	$ (56,942)	$ (172,885)	$ (312,440)
District's covered payroll	$ 626,693	$ 763,187	$ 744,065	$ 681,341	$ 615,936	$ 534,128	$ 592,328	$ 616,191	$ 618,151	$ 595,206
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	44.95 %	43.19 %	75.56 %	28.87 %	0.32 %	83.20 %	20.37 %	9.24 %	27.97 %	52.49 %
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%

Note to Required supplementary Information

The amounts presented for each fiscal year were determined as of each system's measurement date.

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 392,517	$ 377,549	$ 358,809	$ 329,137	$ 300,981	$ 287,081	$ 329,600	$ 315,840	$ 368,177	$ 412,731
Contributions in relation to the contractually required contribution	392,517	377,549	358,809	329,137	300,981	287,081	329,600	315,840	368,177	412,731
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 4,021,689	$ 3,669,090	$ 3,486,973	$ 3,358,540	$ 3,158,247	$ 3,240,190	$ 3,103,584	$ 3,222,857	$ 3,141,442	$ 3,239,597
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	9%	11%	10%	12%	13%

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 90,529	$ 89,213	$ 73,892	$ 97,833	$ 97,204	$ 76,360	$ 92,995	$ 89,482	$ 95,761	$ 98,928
Contributions in relation to the contractually required contribution	90,529	89,213	73,892	97,833	97,204	76,360	92,995	89,482	95,761	98,928
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 662,764	$ 687,680	$ 673,457	$ 775,921	$ 718,572	$ 641,219	$ 539,588	$ 568,610	$ 623,516	$ 596,043
Contributions as a percentage of covered payroll	14%	13%	11%	13%	14%	12%	17%	16%	15%	17%

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 380,807	$ 399,888	$ 394,174	$ 588,744	$ 264,888	$ 352,195	$ 407,638	$ 474,185
Interest on total OPEB liability	536,586	480,797	433,456	222,809	271,895	411,922	381,411	304,234
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	566,875	-	4,830,128	-	15,497	-	785,527
Changes of assumptions or other inputs	(2,379,291)	(567,519)	454,084	(3,166,822)	1,962,404	(3,690,987)	(546,142)	(1,330,558)
Benefit payments	(398,141)	(362,265)	(356,730)	(346,558)	(205,945)	(253,993)	(249,522)	(259,521)
Net change in total OPEB liability	(1,860,039)	517,776	924,984	2,128,301	2,293,242	(3,165,366)	(6,615)	(26,133)
Total OPEB liability, beginning	13,469,919	12,952,143	12,027,159	9,898,858	7,605,616	10,770,982	10,777,597	10,803,730
Total OPEB liability, ending	$ 11,609,880	$ 13,469,919	$ 12,952,143	$ 12,027,159	$ 9,898,858	$ 7,605,616	$ 10,770,982	$ 10,777,597
Covered employee payroll	$ 3,486,520	$ 3,486,520	$ 3,140,537	$ 3,140,537	$ 2,706,124	$ 2,745,978	$ 2,637,595	$ 2,554,399
Total OPEB liability as a percentage of covered employee payroll	332.99%	386.34%	412.42%	382.97%	365.79%	276.97%	408.36%	421.92%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.21%	3.50%	3.87%	3.58%
Healthcare trend rates	6.6% to 3.8% over 54 years	6.6% to 3.8% over 54 years	6.4% to 3.8% over 54 years	5.1% to 4.1% over 54 years	5.5% to 4.5%	6.0% to 4.5%	6.5% to 4.5%	7.0% to 4.5%

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

Note to Required supplementary Information

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

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

	Special Aid	School Food Service	Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents			
Unrestricted	$ 1,220	$ 7,743	$ 8,963
Receivables			
Accounts receivable		1,899	1,899
Due from other funds		10,021	10,021
Due from state and federal	115,457	8,555	124,012
Inventories		2,431	2,431
Total Assets	$ 116,677	$ 30,649	$ 147,326
LIABILITIES			
Payables			
Accounts payable	$	$ 252	$ 252
Due to other funds	116,582	7,075	123,657
Due to other governments	95	47	142
Due to employees' retirement system		1,315	1,315
Unearned credits			
Collections in advance		2,041	2,041
Total Liabilities	116,677	10,730	127,407
FUND BALANCES			
Nonspendable: Inventories		2,431	2,431
Assigned: Unappropriated fund balance		17,488	17,488
Total Fund Balances	-	19,919	19,919
Total Liabilities and Fund Balances	$ 116,677	$ 30,649	$ 147,326

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Aid	School Food Service	Nonmajor Governmental Funds
REVENUES			
Miscellaneous	$	$ 15	$ 15
State sources	92,491	47,352	139,843
Federal sources	90,581	46,492	137,073
Sales		10,965	10,965
Total Revenues	183,072	104,824	287,896
EXPENDITURES			
Instruction	162,376		162,376
Pupil transportation	34,369		34,369
Employee benefits		10,433	10,433
Food service program		96,079	96,079
Total Expenditures	196,745	106,512	303,257
Excess (Deficiency) of Revenues Over Expenditures	(13,673)	(1,688)	(15,361)
OTHER FINANCING SOURCES AND (USES)			
Operating transfers in	13,673	15,000	28,673
Net Change in Fund Balances	-	13,312	13,312
Fund Balances - Beginning of Year, as Previously Reported	-	-	-
Change to or Within Reporting Entity	-	6,607	6,607
Fund Balances - Beginning of Year, as Restated	-	6,607	6,607
Fund Balances - End of Year	$ -	$ 19,919	$ 19,919

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 16,325,670
Additions:		
Prior year's encumbrances		73,333
Original Budget		16,399,003
Budget Revisions		-
Final Budget		$ 16,399,003

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-2026 voter-approved expenditure budget		$ 16,794,247
Maximum allowed (4% of 2025-2026 budget)		$ 671,770
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 1,045,660	
Unassigned fund balance	671,768	
		$ 1,717,428
Less:		
Appropriated fund balance	967,403	
Encumbrances	78,257	
Total adjustments		1,045,660
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 671,768
Actual Percentage		4.00%

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For the Year Ended June 30, 2025

PROJECT TITLE	Budget June 30, 2024	Budget June 30, 2025	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended Balance	Methods of Financing: Proceeds of Debt	Methods of Financing: State Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Fund Balance June 30, 2025
Roof replacement	$ 792,588	$ 792,588	$ 792,588	$	$ 792,588	$ -	$ 792,588	$	$	$ 792,588	$ -
Parking lot/millwork	222,609	222,609	222,609		222,609	-	222,609			222,609	-
Interior renovations	639,946	639,946	585,191		585,191	54,755	639,946			639,946	54,755
HVAC improvements	393,636	393,636	393,636		393,636	-	393,636			393,636	-
Plumbing improvements	19,044	19,044	19,044		19,044	-	19,044			19,044	-
Electrical improvements	148,465	148,465	148,465		148,465	-	148,465			148,465	-
Doors/Lockdown function	175,996	175,996	175,996		175,996	-	175,996			175,996	-
Architect & other soft cost	512,716	512,716	512,716		512,716	-	512,716			512,716	-
Capital reserve											
Interior and Garage Renovations	1,836,230	1,836,230	953,547	788,793	1,742,340	93,890			1,836,230	1,836,230	93,890
WIFI, repair, reconstruction & upgrades	300,000	300,000		60,021	60,021	239,979			300,000	300,000	239,979
	$ 5,041,230	$ 5,041,230	$ 3,803,792	$ 848,814	$ 4,652,606	$ 388,624	$ 2,905,000	$ -	$ 2,136,230	$ 5,041,230	$ 388,624

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2025

Capital assets, net	$ 5,572,172
Deduct:	
Capital related - accounts payable	208,229
Short-term portion of bonds payable	175,000
Long-term portion of bonds payable	1,855,000
Premium on bonds payable	30,644
Less: Unspent bond proceeds	(54,755)
	2,214,118
Net investment in capital assets	$ 3,358,054

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INDEPENDENT AUDITORS' 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

The Board of Education
Remsenburg-Speonk Union Free School District
Remsenburg, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Remsenburg-Speonk Union Free School District (the District), as of and for the 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 October 15, 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 15, 2025