

**VALLEY STREAM UNION FREE SCHOOL DISTRICT  
TWENTY-FOUR**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS

June 30, 2023

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Valley Stream Union Free School District #24

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Valley Stream Union Free School District #24 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District, as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total other post-employment benefits liability and related ratios on pages 3 through 15 and 51 through 55, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*R. S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
October 11, 2023

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Valley Stream Union Free School District Twenty-Four's (District) discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023 in comparison with the year ended June 30, 2022, 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 2023 are as follows:

- The District's total net position was a deficit of \$13,296,726 in the district-wide financial statements at June 30, 2023, compared to a deficit of \$14,313,739 at June 30, 2022. The deficit decreased by \$1,017,013 from the prior year due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$36,655,137. Of this amount, \$3,071,493 was offset by program charges for services, operating and contributions, and capital grants. General revenues of \$34,600,657 amount to 91.8% 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 \$10,792,879 at June 30, 2023. This balance represents a \$1,364,571 increase (14.47%) 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 \$569,769 due to funding of reserves and interest allocated to the reserves, offset by the use of reserves. In addition, the District established and funded a liability reserve.
  - Assigned fund balance increased \$679,585, primarily due to the District increasing the fund balance appropriated to fund the 2023-2024 budget.
  - Unassigned fund balance increased by \$115,217 to \$1,474,336.
- On May 16, 2023, the voters of the District approved the use of the capital reserve in the amount of \$425,000 to fund roofing and flooring projects. The District transferred the funding during 2022 – 2023 to the capital projects fund.
- The District's 2023 property tax levy of \$22,325,782 was a 1.50% increase over the 2022 tax levy, which was less than the District's property tax cap of 1.95%.

**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, 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:



**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**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, lease liabilities, claims and judgments, compensated absences, 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.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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 five individual governmental funds: general fund, special aid fund, school food service fund, capital projects fund, and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

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 increased by \$1,017,013 between fiscal year 2023 and 2022. The increase 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:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Assets</b>				
Current and Other Assets	\$ 13,932,227	\$ 13,138,849	\$ 793,378	6.04 %
Capital Assets, Net	12,661,491	12,148,071	513,420	4.23 %
Net Pension Assets -				
Proportionate Share	-	14,730,640	(14,730,640)	(100.00)%
Total Assets	<u>26,593,718</u>	<u>40,017,560</u>	<u>(13,423,842)</u>	(33.54)%
<b>Deferred Outflows of Resources</b>	<u>19,881,531</u>	<u>16,503,195</u>	<u>3,378,336</u>	20.47 %
<b>Liabilities</b>				
Current and Other Liabilities	2,525,658	3,055,516	(529,858)	(17.34)%
Long-Term Liabilities	3,764,597	4,123,085	(358,488)	(8.69)%
Net Pension Liabilities -				
Proportionate Share	3,001,755	-	3,001,755	0.00 %
Total OPEB Liability	<u>35,357,023</u>	<u>30,128,152</u>	<u>5,228,871</u>	17.36 %
Total Liabilities	<u>44,649,033</u>	<u>37,306,753</u>	<u>7,342,280</u>	19.68 %
<b>Deferred Inflows of Resources</b>	<u>15,122,942</u>	<u>33,527,741</u>	<u>(18,404,799)</u>	(54.89)%



**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	\$ 10,338,534	\$ 9,503,185	\$ 835,349	8.79 %
Restricted	8,800,563	7,805,786	994,777	12.74 %
Unrestricted (Deficit)	<u>(32,435,823)</u>	<u>(31,622,710)</u>	<u>(813,113)</u>	2.57 %
 Total Net Position (Deficit)	 <u>\$ (13,296,726)</u>	 <u>\$ (14,313,739)</u>	 <u>\$ 1,017,013</u>	 (7.11)%

The increase in current and other assets is primarily due to increases in cash and cash equivalents, and amounts due from other governments, offset by a decrease in amounts due from state and federal.

The increase in capital assets, net is due to capital asset additions in excess of depreciation/amortization expense. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information.

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State and Local Employees' Retirement System's (ERS) collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from assets to liabilities. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State," provides additional information.

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

The decrease in current and other liabilities is principally due to decreases in accounts payable and accrued liabilities, offset mainly by an increase in amounts due to the TRS.

The decrease in long-term liabilities is the result of the repayment of the current maturity of indebtedness and a decrease in the compensated absences payable, offset by an increase in the lease liability as the District entered into a lease agreement for postage machine equipment.

Net pension liabilities – proportionate share represents the District's share of the TRS and the ERS collective net pension liabilities, at the measurement date of the respective year. The increase is due to the shift from net pension assets in the prior year, to net pension liabilities in the current year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information.

The total OPEB liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 14 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of 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.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

The restricted amount relates to the District's reserves, which increased over the prior year, mainly due to transfers into, and interest earned on the reserves. In addition, the District established and funded a new liability reserve in the current year.

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.

**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 this statement for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 347,513	\$ 245,479	\$ 102,034	41.57 %
Operating Grants & Contributions	2,309,025	2,774,869	(465,844)	(16.79)%
Capital Grants	414,955	62,412	352,543	564.86 %
General Revenues				
Property Taxes and STAR	22,339,948	22,013,823	326,125	1.48 %
State Sources	10,918,710	8,527,895	2,390,815	28.04 %
Other	1,341,999	1,243,627	98,372	7.91 %
Total Revenues	<u>37,672,150</u>	<u>34,868,105</u>	<u>2,804,045</u>	8.04 %
<b>Expenses</b>				
General Support	4,546,874	4,082,931	463,943	11.36 %
Instruction	29,596,161	26,364,979	3,231,182	12.26 %
Pupil Transportation	2,054,623	1,664,335	390,288	23.45 %
Debt Service - Interest	83,126	92,107	(8,981)	(9.75)%
Food Service Program	374,353	345,926	28,427	8.22 %
Total Expenses	<u>36,655,137</u>	<u>32,550,278</u>	<u>4,104,859</u>	12.61 %
Change in Net Position	<u>\$ 1,017,013</u>	<u>\$ 2,317,827</u>	<u>\$ (1,300,814)</u>	(56.12)%

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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The District's net position increased by \$1,017,013 and \$2,317,827 for the years ended June 30, 2023 and 2022.

The District's revenues increased when compared to the prior year, primarily due to the following major changes:

- The increase in state sources is chiefly due to the District receiving more in basic state aid, excess cost aid, lottery aid, and BOCES aid.
- Capital grants increased, as a result of capital improvements, which included equipment and infrastructure improvements funded by the Smart Schools Bond Act (SSBA).
- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2022 - 2023 budget.
- Operating grants and contributions decreased mainly due to the free lunch program that was offered through the federal government in response to the coronavirus pandemic no longer being available. In addition, the District incurred less in reimbursable grant expenses than it had in the prior year specifically related to the Coronavirus Aid Relief and Economic Security (CARES) Act and the American Rescue Plan (ARP) Act.

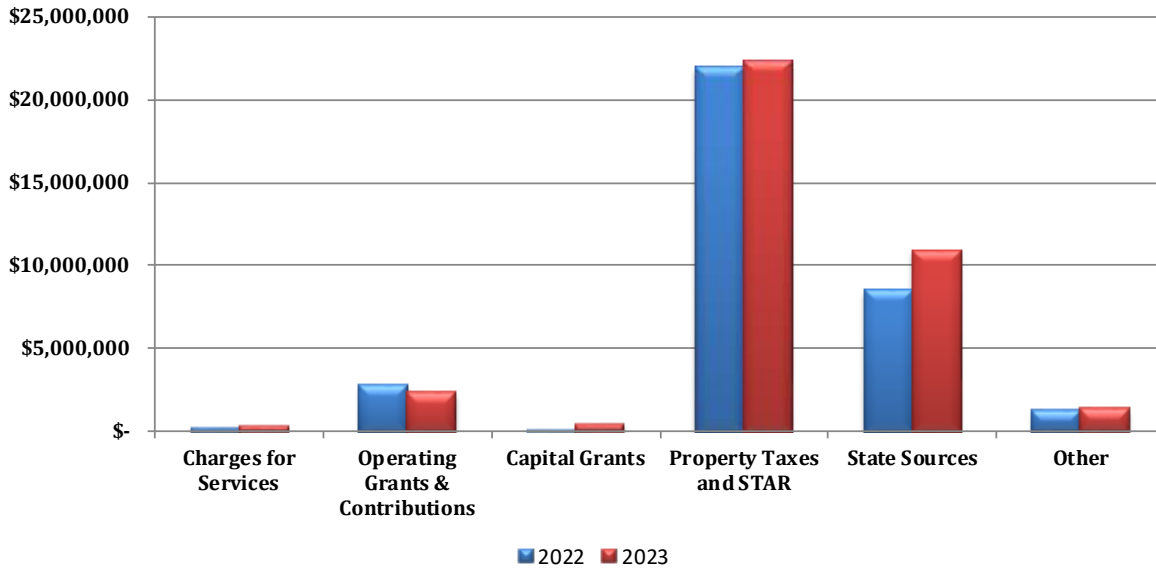
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- General support and instruction increased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and OPEB costs.
- Pupil transportation expenses increased, as a result of several transportation contracts not being renewed in the current year and the new contract pricing being significantly higher, as well as additional transportation costs for homeless students.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 59.3% and 63.1% of the total for the years 2023 and 2022, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 80.8% and 81.0% of the total for the years 2023 and 2022, respectively).

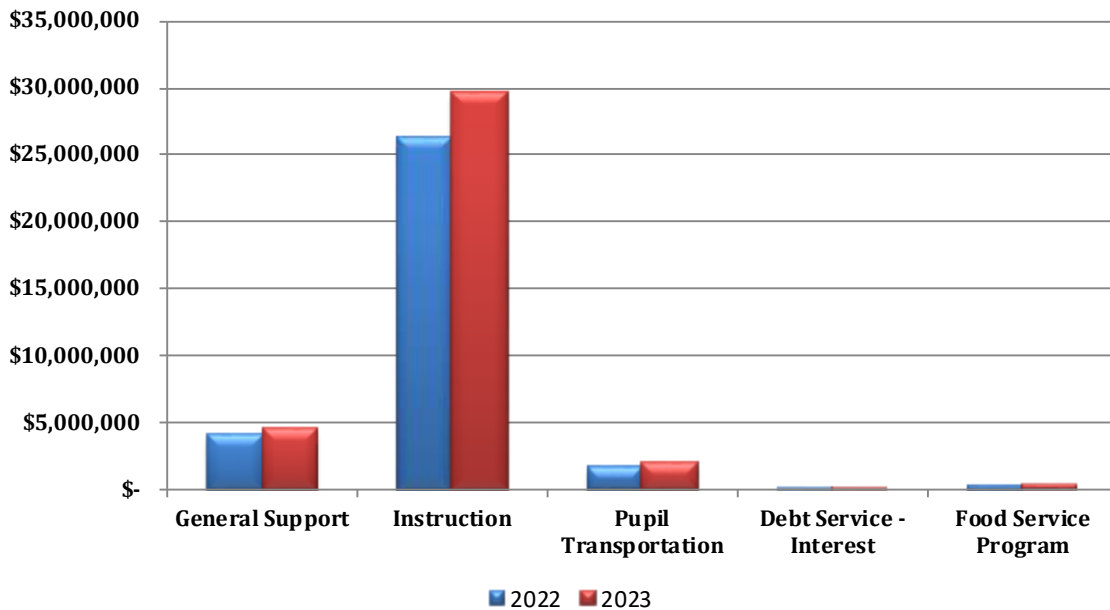
**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
<b>2022</b>	0.7%	8.0%	0.2%	63.1%	24.5%	3.5%
<b>2023</b>	0.9%	6.1%	1.1%	59.3%	29.0%	3.6%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
<b>2022</b>	12.5%	81.0%	5.1%	0.3%	1.1%
<b>2023</b>	12.4%	80.8%	5.6%	0.2%	1.0%

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$10,938,056, which is an increase of \$915,728 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses 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:

	2023	2022	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Restricted				
Unemployment insurance	\$ 23,966	\$ 23,307	\$ 659	2.83 %
Retirement contribution:				
Teachers' retirement system	1,122,390	813,969	308,421	37.89 %
Employees' retirement system	3,823,846	3,718,648	105,198	2.83 %
Liability	425,000	-	425,000	0.00 %
Employee benefit accrued liability	1,316,888	1,218,821	98,067	8.05 %
Capital	1,662,307	2,029,883	(367,576)	(18.11)%
Assigned				
Appropriated fund balance	900,000	200,000	700,000	350.00 %
Unappropriated fund balance	44,146	64,561	(20,415)	(31.62)%
Unassigned: Fund balance	1,474,336	1,359,119	115,217	8.48 %
	<u>10,792,879</u>	<u>9,428,308</u>	<u>1,364,571</u>	14.47 %
<b>School Food Service</b>				
Assigned: Unappropriated fund balance	6,858	133,915	(127,057)	(94.88)%
<b>Capital Projects Fund</b>				
Restricted: Capital	425,000	-	425,000	0.00 %
Assigned: Unappropriated fund balance	-	458,947	(458,947)	(100.00)%
Unassigned: Fund balance (deficit)	(287,847)	-	(287,847)	0.00 %
	<u>137,153</u>	<u>458,947</u>	<u>(321,794)</u>	(70.12)%
<b>Scholarships Fund</b>				
Restricted: Scholarships	1,166	1,158	8	0.69 %
Total Fund Balance	<u>\$ 10,938,056</u>	<u>\$ 10,022,328</u>	<u>\$ 915,728</u>	9.14 %

**A. General Fund**

The general fund – fund balance is a net increase of \$1,364,571 compared to an increase of \$544,040 in 2022. This resulted from revenues in excess of expenditures and other financing uses.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

The following is a summary of the major changes that resulted in revenues increasing over the prior year.

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Real Property Taxes & STAR	\$ 22,339,948	\$ 22,013,823	\$ 326,125	1.48 %
Other Local Sources	1,481,742	1,355,894	125,848	9.28 %
State Sources	10,918,710	8,527,895	2,390,815	28.04 %
Medicaid Reimbursement	167,022	121,486	45,536	37.48 %
Federal Sources	45,640	38,253	7,387	19.31 %
	<u>\$ 34,953,062</u>	<u>\$ 32,057,351</u>	<u>\$ 2,895,711</u>	9.03 %

- State sources increased mainly due to the District receiving more in basic state aid, excess cost aid, lottery aid, and BOCES aid.
- Property taxes and STAR increased due to an increase in the tax levy in accordance with the 2022 - 2023 voter-approved budget.

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

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Support	\$ 3,551,888	\$ 3,459,761	\$ 92,127	2.66 %
Instruction	20,196,175	19,530,783	665,392	3.41 %
Pupil Transportation	1,848,849	1,545,310	303,539	19.64 %
Employee Benefits	6,654,293	6,102,031	552,262	9.05 %
Debt Service	417,831	410,505	7,326	1.78 %
Other Financing Uses	919,455	464,921	454,534	97.77 %
	<u>\$ 33,588,491</u>	<u>\$ 31,513,311</u>	<u>\$ 2,075,180</u>	6.59 %

- Instruction increased principally due to the growth in salaries and tuition services. The increases in tuition services are due to greater enrollment and program costs, predominantly within programs for students with disabilities.
- Employee benefits increased mainly due to a rise in health insurance premiums, as well as larger pension contribution rates for the TRS and amounts for payroll taxes, as a result of higher salaries.
- Other financing uses increased largely due to a transfer from the general fund provided budget transfer and voter-approved transfer from the capital reserve to the capital projects fund, to fund the roofing and flooring projects, as well as other improvements throughout the District.
- Pupil transportation increased, as a result of several transportation contracts not being renewed in the current year and the new contract pricing being significantly higher, as well as additional transportation costs for homeless students.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

	Balance @ June 30, 2022	Use of Reserves	Interest	Funding	Balance @ June 30, 2023
Unemployment insurance	\$ 23,307	\$	\$ 659	\$	\$ 23,966
Retirement contribution:					
TRS	813,969		23,027	285,394	1,122,390
ERS	3,718,648		105,198		3,823,846
Liability				425,000	425,000
EBALR	1,218,821	(69,102)	34,479	132,690	1,316,888
Capital	2,029,883	(425,000)	57,424		1,662,307
	<u>\$ 7,804,628</u>	<u>\$ (494,102)</u>	<u>\$ 220,787</u>	<u>\$ 843,084</u>	<u>\$ 8,374,397</u>

Additional detail regarding capital reserves can be found in Note 18 "Restricted for Capital Reserve."

**B. School Food Service Fund**

The school food service fund - fund balance net decrease can be attributed to the District receiving less state and federal reimbursements due to the discontinuation of the free lunch to all students as previously mentioned.

**C. Capital Projects Fund**

The capital projects fund – fund balance net decrease is the result of capital expenditures exceeding general fund budgeted transfers and transfers from the capital reserve.

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

Creation Date	Balance @ June 30, 2022	Use of Reserves	Funding	Balance @ June 30, 2023
May 2018	\$ -	\$	\$ 425,000	\$ 425,000

**D. Scholarships Fund**

The scholarships fund – fund balance increased due to interest earnings.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2022-2023 Budget**

The District's general fund adopted budget for the year ended June 30, 2023 was \$33,977,966. This amount was increased by encumbrances carried forward from the prior year in the amount of \$64,561, and budget revisions of \$494,102, for a total final budget of \$34,536,629. The budget revisions were for payments to retirees for unused accumulated leave funded by the employee benefit accrued liability reserve and the voter-approved use of the capital reserve.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

The final budget was funded through a combination of estimated revenues and appropriated reserves. The majority of this funding source was \$22,325,782 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	\$ 1,359,119
Revenues Over Budget	1,175,096
Expenditures, Other Financing Uses, and Encumbrances Under Budget	903,992
Allocation to Reserves	(1,063,871)
Appropriated to Fund the June 30, 2024 Budget	<u>(900,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 1,474,336</u></u>

Opening, Unassigned Fund Balance

The \$1,359,119 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned.

Revenues Over Budget

The 2022-2023 final budget for revenues was \$33,777,966. Actual revenues recognized for the year were \$34,953,062. The excess of actual revenues over estimated or budgeted revenues was \$1,175,096. This contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. 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 2022-2023 final budget for expenditures and other financing uses was \$34,536,629. Actual expenditures and other financing uses as of June 30, 2023 were \$33,588,491 and outstanding encumbrances were \$44,146. Combined, the expenditures and other financing uses plus encumbrances for 2022-2023 were \$33,632,637. The final budget variance was \$903,992, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.



**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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. 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 \$900,000 of the available June 30, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budget. As such, the June 30, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the summary table, the unassigned fund balance at June 30, 2023 was \$1,474,336. This amount equals 3.98% of the 2023-2024 budget, which is less than the 4.0% statutory limit.

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

**A. Capital Assets**

At June 30, 2023, the District had invested in a broad range of capital assets, as indicated in the following table. The net increase in capital assets is due to capital additions of \$1,419,397 in excess of depreciation/amortization expense of \$905,977 recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Land	\$ 155,300	\$ 155,300	\$ -
Construction in progress	299,382	97,139	202,243
Buildings and improvements	10,051,475	10,017,782	33,693
Furniture and equipment	2,142,956	1,871,581	271,375
Licensed vehicles	1,710	6,269	(4,559)
Leased equipment	10,668	-	10,668
	<u>12,661,491</u>	<u>12,148,071</u>	<u>513,420</u>
Capital assets, net	<u>\$ 12,661,491</u>	<u>\$ 12,148,071</u>	<u>\$ 513,420</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**B. Debt Administration**

At June 30, 2023, the District had combined total debt of \$2,322,957. The decreases in outstanding debt represent principal payments made throughout the year, while the increase indicates a new issuance. A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

Issue/ Commencement Date	Interest Rate	2023	2022	Increase (Decrease)
<b>Installment Purchase Debt</b>				
9/1/2021	0.00%	\$ 71,296	\$ 92,877	\$ (21,581)
<b>Energy Performance Contract Payable</b>				
2/8/2017	2.40%	\$ 162,657	\$ 321,479	\$ (158,822)
11/21/2018	3.56%	2,078,712	2,230,530	(151,818)
		<u>\$ 2,241,369</u>	<u>\$ 2,552,009</u>	<u>\$ (310,640)</u>
<b>Lease Liabilities</b>				
3/30/2023	2.82%	\$ 10,292	-	\$ 10,292

**C. Other Long-Term Liabilities**

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and net pension liabilities – proportionate share and total OPEB liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Compensated absences	\$ 1,441,640	\$ 1,478,199	\$ (36,559)
Net pension liabilities - proportionate share	3,001,755	-	3,001,755
Total OPEB liability	<u>35,357,023</u>	<u>30,128,152</u>	<u>5,228,871</u>
	<u>\$ 39,800,418</u>	<u>\$ 31,606,351</u>	<u>\$ 8,194,067</u>

**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 16, 2023, for the year ending June 30, 2024 is \$37,019,209. This is an increase of \$3,041,243 or 8.95% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$2,062,170 increase over the prior year's estimate, which is principally due to an estimated increase in state aid. The District has decided to appropriate \$900,000 of fund balance, which is an increase of \$700,000 over the prior year. A property tax increase of \$279,073 (1.25%), levy-to-levy, was needed to meet the funding shortfall and cover the increase in appropriations.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**B. Future Budgets**

Dwindling state and federal support of initiatives established during the pandemic, the continued need for additional resources to close learning gaps, fluctuating rates in this inflationary environment, and increases in charges of fuel, goods, and borrowing costs may impact the District's future budgets.

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2023-2024 is 1.25%. The District's 2023-2024 property tax increase of 1.25% 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:

Jack R. Mitchell, Ed.D, SFO  
Assistant Superintendent for Business  
Valley Stream Union Free School District Twenty-Four  
75 Horton Avenue  
Valley Stream, New York 11581

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**Statement of Net Position**

June 30, 2023

**ASSETS**

Cash and cash equivalents	
Unrestricted	\$ 1,968,381
Restricted	8,800,563
Receivables	
Accounts receivable	1,535
Taxes receivable	553,542
Due from state and federal	1,784,103
Due from other governments	824,103
Capital assets:	
Not being depreciated/amortized	454,682
Being depreciated/amortized, net of accumulated depreciation/amortization	<u>12,206,809</u>
Total Assets	<u>26,593,718</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	9,398,845
Other postemployment benefits	<u>10,482,686</u>
Total Deferred Outflows of Resources	<u>19,881,531</u>

**LIABILITIES**

Payables	
Accounts payable	574,943
Accrued liabilities	16,947
Due to other governments	30,663
Due to teachers' retirement system	1,661,475
Due to employees' retirement system	110,406
Compensated absences	40,470
Other liabilities	3,462
Unearned credits	
Collections in advance	87,292
Long-term liabilities	
Due and payable within one year	
Installment purchase debt	21,581
Energy performance contract payable	319,928
Lease liabilities	2,838
Compensated absences payable	75,000
Due and payable after one year	
Installment purchase debt	49,715
Energy performance contract payable	1,921,441
Lease liabilities	7,454
Compensated absences payable	1,366,640
Net pension liabilities - proportionate share	3,001,755
Total other postemployment benefits liability	<u>35,357,023</u>
Total Liabilities	<u>44,649,033</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	740,580
Other postemployment benefits	<u>14,382,362</u>
Total Deferred Inflows of Resources	<u>15,122,942</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>10,338,534</u>
Restricted:	
Unemployment insurance	23,966
Retirement contribution	
Teachers' retirement system	1,122,390
Employees' retirement system	3,823,846
Liability	425,000
Employee benefit accrued liability	1,316,888
Capital	2,087,307
Scholarships	<u>1,166</u>
	<u>8,800,563</u>
Unrestricted (deficit)	<u>(32,435,823)</u>
Total Net Position (Deficit)	<u><u>\$ (13,296,726)</u></u>

See Notes to Financial Statements

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**Statement of Activities**

For the Year Ended June 30, 2023

	Expenses	Program Revenues		Capital Grants	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions		
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 4,546,874	\$	\$	\$	\$ (4,546,874)
Instruction	29,596,161	298,336	2,100,770	414,955	(26,782,100)
Pupil transportation	2,054,623				(2,054,623)
Debt service - interest	83,126				(83,126)
Food service program	374,353	49,177	208,255		(116,921)
Total Functions and Programs	<u>\$ 36,655,137</u>	<u>\$ 347,513</u>	<u>\$ 2,309,025</u>	<u>\$ 414,955</u>	<u>(33,583,644)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					21,052,062
Other tax items					1,932,578
Use of money and property					269,486
Sale of property and compensation for loss					33,005
Miscellaneous					227,794
State sources					10,918,710
Medicaid reimbursement					167,022
Total General Revenues					<u>34,600,657</u>
Change in Net Position					1,017,013
Total Net Position (Deficit) - Beginning of Year					<u>(14,313,739)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (13,296,726)</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**Balance Sheet - Governmental Funds**

June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Scholarships	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents						
Unrestricted	\$ 1,955,131	\$ 5,917	\$ 7,333	\$	\$	\$ 1,968,381
Restricted	8,795,179			4,861	523	8,800,563
Receivables						
Accounts receivable	1,535					1,535
Taxes receivable	553,542					553,542
Due from other funds	699,992		5,768	133,083	643	839,486
Due from state and federal	483,569	782,767	40,400	477,367		1,784,103
Due from other governments	824,103					824,103
Total Assets	<u>\$ 13,313,051</u>	<u>\$ 788,684</u>	<u>\$ 53,501</u>	<u>\$ 615,311</u>	<u>\$ 1,166</u>	<u>\$ 14,771,713</u>
<b>LIABILITIES</b>						
Payables						
Accounts payable	\$ 526,109	\$ 27,673	\$ 20,370	\$ 791	\$	\$ 574,943
Accrued liabilities	6,558					6,558
Due to other funds	139,494	699,992				839,486
Due to other governments	30,663					30,663
Due to teachers' retirement system	1,661,475					1,661,475
Due to employees' retirement system	110,406					110,406
Compensated absences	40,470					40,470
Other liabilities	3,462					3,462
Unearned credits						
Collections in advance		61,019	26,273			87,292
Total Liabilities	<u>2,518,637</u>	<u>788,684</u>	<u>46,643</u>	<u>791</u>	<u>-</u>	<u>3,354,755</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	1,535			477,367		478,902
<b>FUND BALANCES</b>						
Restricted:						
Unemployment insurance	23,966					23,966
Retirement contribution:						
Teachers' retirement system	1,122,390					1,122,390
Employees' retirement system	3,823,846					3,823,846
Liability	425,000					425,000
Employee benefit accrued liability	1,316,888					1,316,888
Capital	1,662,307			425,000		2,087,307
Scholarships					1,166	1,166
Assigned:						
Appropriated fund balance	900,000					900,000
Unappropriated fund balance	44,146		6,858			51,004
Unassigned: Fund balance (deficit)	1,474,336			(287,847)		1,186,489
Total Fund Balances	<u>10,792,879</u>	<u>-</u>	<u>6,858</u>	<u>137,153</u>	<u>1,166</u>	<u>10,938,056</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,313,051</u>	<u>\$ 788,684</u>	<u>\$ 53,501</u>	<u>\$ 615,311</u>	<u>\$ 1,166</u>	<u>\$ 14,771,713</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2023

Total Governmental Fund Balances \$ 10,938,056

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

The costs of building, acquiring, and leasing 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 annually over their useful lives.

Original cost of capital assets	\$ 24,261,326	
Less: Accumulated depreciation/amortization	<u>(11,599,835)</u>	12,661,491

Proportionate share of long-term 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	9,398,845	
Net pension liability - teachers' retirement system	(1,545,674)	
Net pension liability - employees' retirement system	(1,456,081)	
Deferred inflows of resources	<u>(740,580)</u>	5,656,510

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	10,482,686	
Total other postemployment benefits liability	(35,357,023)	
Deferred inflows of resources	<u>(14,382,362)</u>	(39,256,699)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position. 478,902

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	(10,389)	
Installment purchase debt payable	(71,296)	
Energy performance contract payable	(2,241,369)	
Lease liabilities	(10,292)	
Compensated absences payable	<u>(1,441,640)</u>	(3,774,986)

Total Net Position (Deficit) \$ (13,296,726)

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Scholarships	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 21,052,062	\$	\$	\$	\$	\$ 21,052,062
Other tax items	1,932,578					1,932,578
Charges for services	298,336					298,336
Use of money and property	268,681		797		8	269,486
Sale of property and compensation for loss	33,005					33,005
Miscellaneous	237,028		3,246			240,274
State sources	10,918,710	342,674	5,616			11,267,000
Medicaid reimbursement	167,022					167,022
Federal sources	45,640	1,712,456	202,639			1,960,735
Sales			45,931			45,931
<b>Total Revenues</b>	<b>34,953,062</b>	<b>2,055,130</b>	<b>258,229</b>	<b>-</b>	<b>8</b>	<b>37,266,429</b>
<b>EXPENDITURES</b>						
General support	3,551,888	42,470				3,594,358
Instruction	20,196,175	1,914,431				22,110,606
Pupil transportation	1,848,849	185,248				2,034,097
Employee benefits	6,654,293					6,654,293
Debt service						
Principal	332,918					332,918
Interest	84,913					84,913
Food service program			392,722			392,722
Capital outlay				1,157,783		1,157,783
<b>Total Expenditures</b>	<b>32,669,036</b>	<b>2,142,149</b>	<b>392,722</b>	<b>1,157,783</b>	<b>-</b>	<b>36,361,690</b>
Excess (Deficiency) of Revenues Over Expenditures	2,284,026	(87,019)	(134,493)	(1,157,783)	8	904,739
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Proceeds of debt				10,989		10,989
Operating transfers in		87,019	7,436	825,000		919,455
Operating transfers (out)	(919,455)					(919,455)
<b>Total Other Financing Sources and (Uses)</b>	<b>(919,455)</b>	<b>87,019</b>	<b>7,436</b>	<b>835,989</b>	<b>-</b>	<b>10,989</b>
<b>Net Change in Fund Balances</b>	<b>1,364,571</b>	<b>-</b>	<b>(127,057)</b>	<b>(321,794)</b>	<b>8</b>	<b>915,728</b>
<b>Fund Balances - Beginning of Year</b>	<b>9,428,308</b>	<b>-</b>	<b>133,915</b>	<b>458,947</b>	<b>1,158</b>	<b>10,022,328</b>
<b>End of Year</b>	<b>\$ 10,792,879</b>	<b>\$ -</b>	<b>\$ 6,858</b>	<b>\$ 137,153</b>	<b>\$ 1,166</b>	<b>\$ 10,938,056</b>



**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
For the Year Ended June 30, 2023

Net Change in Fund Balances \$ 915,728

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received). \$ 405,721

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	36,559	
		442,280

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/amortization expense in the Statement of Activities. This is the amount by which, capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions	1,419,397	
Depreciation/amortization expense	(905,977)	
		513,420

Long-Term Debt Transactions Differences

Proceeds from the issuance of debt is an other financing source in the governmental funds, but increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (10,989)

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.

Installment purchase debt	21,581	
Energy performance contract payable	310,640	
Lease liabilities	697	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2022 to June 30, 2023. 1,787

323,716

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	(569,360)	
Employees' retirement system	(272,565)	
Other postemployment benefits	(336,206)	
		(1,178,131)

Change in Net Position (Deficit) of Governmental Activities \$ 1,017,013

See Notes to Financial Statements

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
June 30, 2023

	Custodial
<b>ASSETS</b>	
Due from other governments	\$ 714,557
<b>LIABILITIES</b>	
Due to other governments	714,557
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	\$ -

**Statement of Changes in Fiduciary Net Position - Fiduciary Fund**  
For the Year Ended June 30, 2023

	Custodial
<b>ADDITIONS</b>	
Real property taxes and PILOT collected for other governments:	
Central High School District - real property taxes	\$ 24,786,114
Central High School District - PILOT	712,354
	25,498,468
<b>DEDUCTIONS</b>	
Disbursement of real property taxes and PILOT to the Central High School District	25,498,467
Change in Net Position	1
Net Position - Beginning of Year	-
Net Position - End of Year	\$ 1

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Valley Stream Union Free School District Twenty-Four (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 (Board) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

**B. Joint Venture**

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

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**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 generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

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

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

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

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

**Scholarships Fund** - is used to account for funds collected that benefit annual third-party awards and scholarships for students.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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***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., compensated absences 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, lease liabilities, compensated absences, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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**E. Real Property Taxes and Other Tax Items**

Calendar

Real property taxes are levied annually by the Board no later than August 15<sup>th</sup> and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. Taxes are collected by the Town of Hempstead and remitted to the District from October to June.

The District also levies for a portion of the real property taxes for the Valley Stream Central High School District, which are collected by the Town and included in the amount remitted to the District. The District remits the High School District's share of the tax levy to the High School District as received from the Town. These pass-through amounts are not included in the District's real property taxes revenue, but are accounted for in the custodial fund.

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau 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, however, the amounts are recorded within the custodial fund.

**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 Valley Stream High School District are remitted to the Valley Stream High School District. These pass-through amounts are not included in the District's other tax items revenues.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, 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. The District received \$381,108 in LIPA PILOT revenue during the 2022-2023 fiscal year.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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**G. Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net 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, eliminations have been made for all interfund receivables and payables among the funds.

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

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

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of 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, compensated absences, lease liabilities, pension costs, OPEB, potential contingent liabilities, and useful lives of capital assets.

**J. Cash and Cash Equivalents**

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

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

**K. Receivables**

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

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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**L. Capital Assets**

The district-wide statements report capital and intangible assets such as right-to-use leased assets. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation. Intangible assets are reported based on the estimated lease liabilities calculated in accordance with GASB standards.

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 15,000	20-50 years
Furniture and equipment	5,000	5-20 years
Licensed vehicles	5,000	8 years
Leased equipment	5,000	5-20 years

**M. 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 consists of the Districts' proportionate share of changes in the collective net pension assets or liabilities not included in 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.

**N. Short-Term Debt**

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

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

No short-term debt was issued during the year ended June 30, 2023.



**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**O. Collections in Advance**

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

**P. Employee Benefits – Compensated Absences**

Compensated absences consist of unpaid accumulated sick leave and vacation 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.

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

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

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

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

**Q. 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 most 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 post-retirement 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

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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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 in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**R. Long-Term Debt**

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

**S. 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 three items that qualify for reporting in this category. The first is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables for reimbursable operating and capital grant expenditures. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second 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 third 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.

**T. Equity Classifications**

District-Wide Statements

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

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

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

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

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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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:

*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:

*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 fund. 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. These reserves are accounted for in the general fund.

*Liability Reserve*

Liability reserve (Education Law §1709(8)(c)) is used to pay for liability claims incurred. Separate funds for liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is accounted for in the general fund.

*Employee Benefit Accrued Liability Reserve*

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

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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*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 fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the general fund and the capital projects fund.

*Restricted for Scholarships*

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the scholarship 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 also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

*Unassigned* – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending 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.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**2. 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.

<b>Effective for the Year Ending</b>	<b>Statement</b>
June 30, 2024	GASB No. 99 – <i>Omnibus 2022</i>
June 30, 2025	GASB No. 101 – <i>Compensated Absences</i>

GASB Statement No. 99 provides additional guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

**3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND 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 fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and 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.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a 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 compensated absences.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal 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.

Pension and Other Postemployment Benefits Differences

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.

Other postemployment benefit 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.

**4. 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 are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board 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. The following supplemental appropriations occurred during the year:

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
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Transfer to the capital projects fund funded by a voter-approved expenditure from the capital reserve	\$ 425,000
Retiree payouts of unused accumulated leave funded by employee benefits accrued liability reserve	<u>69,102</u>
	<u>\$ 494,102</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

**B. Encumbrances**

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

**C. Capital Projects Fund**

The capital projects fund has an unassigned fund balance deficit of \$287,847. This will be funded when the District obtains grant funds from the Dormitory Authority of the State of New York (DASNY) as well as grant funds through the Smart School Bond Act (SSBA).

**5. 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.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**NOTES TO FINANCIAL STATEMENTS**

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**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 Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS 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. These investments are included in cash as follows:

<u>Fund</u>	<u>Carrying Amount</u>
General	<u>\$ 106,319</u>

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 Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at [www.newyorkclass.org](http://www.newyorkclass.org).

**6. PARTICIPATION IN BOCES**

During the year ended June 30, 2023, the District was billed \$3,911,102 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$912,307. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

**7. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2023 consisted of:

General Fund	
New York State - excess cost aid	\$ 483,569
Special Aid Fund	
Federal and state grants	782,767
School Food Service Fund	
Federal and state food service program reimbursements	40,400
Capital Projects Fund	
Dormitory Authority of the State of New York	<u>477,367</u>
	<u>\$ 1,784,103</u>

District management expects these amounts to be fully collectible.



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**8. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2023 consisted of:

General Fund		
BOCES aid	\$	621,961
Other districts - health services		104,190
Town of Hempstead IDA - PILOT		88,452
Medicaid		9,500
		<u>824,103</u>
	\$	<u>824,103</u>

District management expects these amounts to be fully collectible.

**9. CAPITAL ASSETS**

**A. Changes**

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 155,300	\$	\$	\$ 155,300
Construction in progress	97,139	202,243		299,382
Total capital assets not being depreciated/amortized	<u>252,439</u>	<u>202,243</u>	-	<u>454,682</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	19,583,467	739,499		20,322,966
Furniture and equipment	2,934,962	466,666	(11,947)	3,389,681
Licensed vehicles	83,008			83,008
Leased equipment	-	10,989		10,989
Total capital assets being depreciated/amortized	<u>22,601,437</u>	<u>1,217,154</u>	<u>(11,947)</u>	<u>23,806,644</u>
Less accumulated depreciation/amortization for:				
Buildings	9,565,685	705,806		10,271,491
Furniture and equipment	1,063,381	195,291	(11,947)	1,246,725
Licensed vehicles	76,739	4,559		81,298
Leased equipment	-	321		321
Total accumulated depreciation/amortization	<u>10,705,805</u>	<u>905,977</u>	<u>(11,947)</u>	<u>11,599,835</u>
Total capital assets, being depreciated/amortized, net	<u>11,895,632</u>	<u>311,177</u>	-	<u>12,206,809</u>
Capital assets, net	<u>\$ 12,148,071</u>	<u>\$ 513,420</u>	<u>\$ -</u>	<u>\$ 12,661,491</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

NOTES TO FINANCIAL STATEMENTS

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Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$	132,647
Instruction		739,838
Pupil transportation		20,526
Food service program		<u>12,966</u>
 Total depreciation/amortization expense	 \$	 <u><u>905,977</u></u>

**B. Lease Liabilities**

The District has entered into a lease agreement that is subject to GASB Statement No. 87. The term of the lease is 48 months with an interest rate of 2.816%. This lease is included in leased equipment as shown in the previous table. The District has not provided any residual value guarantees related to the leased capital asset.

**C. 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, 2023, the District has not recorded any such impairment losses.

**10. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2023 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 699,992	\$ 139,494	\$	\$ 919,455
Special Aid Fund		699,992	87,019	
School Food Service Fund	5,768		7,436	
Capital Projects Fund	133,083		825,000	
Scholarships Fund	<u>643</u>			
	<u><u>\$ 839,486</u></u>	<u><u>\$ 839,486</u></u>	<u><u>\$ 919,455</u></u>	<u><u>\$ 919,455</u></u>

The District typically transfers from the general fund to the special aid fund, school food service fund, and the capital projects fund. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the school food service fund represents a reimbursement to the school food service fund for unpaid student meal balances in accordance with state regulations. The transfer to the capital projects fund was a voter approved budgetary transfer. In addition, the transfer to the capital projects fund included amounts that were a voter-approved use of the capital reserve and was a general fund budget revision.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. LONG-TERM LIABILITIES**

**A. Changes**

Long-term liability balances and activity, excluding pensions and total OPEB liabilities, for the year are summarized below:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt:					
Installment purchase debt	\$ 92,877	\$	\$ (21,581)	\$ 71,296	\$ 21,581
Energy performance contract	2,552,009		(310,640)	2,241,369	319,928
Lease liabilities	-	10,989	(697)	10,292	2,838
Other long-term liabilities:					
Compensated absences	1,478,199		(36,559)	1,441,640	75,000
	<u>\$ 4,123,085</u>	<u>\$ 10,989</u>	<u>\$ (369,477)</u>	<u>\$ 3,764,597</u>	<u>\$ 419,347</u>

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

Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

**B. Installment Purchase Debt**

Installment purchase debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Copiers	9/1/2021	2/28/2027	0.00%	<u>\$ 71,296</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 21,581	\$	\$ 21,581
2025	21,581		21,581
2026	21,581		21,581
2027	6,553		6,553
Total	<u>\$ 71,296</u>	<u>\$ -</u>	<u>\$ 71,296</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
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**C. Energy Performance Contract Payable**

Energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract	2/8/2017	3/15/2024	2.40%	\$ 162,657
Energy performance contract	11/21/2018	11/15/2033	3.56%	<u>2,078,712</u>
				<u>\$ 2,241,369</u>

The following is a summary of debt service requirements for energy performance contract payable:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 319,928	\$ 75,548	\$ 395,476
2025	162,920	66,966	229,886
2026	168,771	61,115	229,886
2027	174,833	55,053	229,886
2028	181,113	48,773	229,886
2029-2033	1,007,938	141,491	1,149,429
2034	<u>225,866</u>	<u>4,020</u>	<u>229,886</u>
Total	<u>\$ 2,241,369</u>	<u>\$ 452,966</u>	<u>\$ 2,694,335</u>

The terms of the energy performance contract provide that, in the event of default, the lessor shall have the right, without terminating the agreement, to declare all rental payments immediately due and payable or repossess any or all of the equipment by giving the lessee written notice to deliver such equipment or enter the premises to take possession of such equipment and charge the lessee for costs incurred, or terminate the agreement and take possession of and dispose of equipment with any proceeds applied to costs including attorney fees and the balance of any rental payments owed during the fiscal year. Any disposition proceeds in excess of these amounts shall be paid to the lessee.

**D. Lease Liabilities**

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Postage machine	3/30/2023	3/30/2027	2.816%	<u>\$ 10,292</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
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The following is a summary of debt service requirements for lease liabilities:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,838	\$ 260	\$ 3,098
2025	2,919	179	3,098
2026	3,002	96	3,098
2027	<u>1,533</u>	<u>16</u>	<u>1,549</u>
Total	<u>\$ 10,292</u>	<u>\$ 551</u>	<u>\$ 10,843</u>

There were no additional lease commitments entered into by the District after June 30, 2023.

**E. Interest Expense**

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

Interest paid	\$ 84,913
Less interest accrued in the prior year	(12,176)
Plus interest accrued in the current year	<u>10,389</u>
Total interest expense on long-term debt	<u>\$ 83,126</u>

**12. PENSION PLANS – NEW YORK STATE**

**A. General Information**

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local 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 on the TRS website or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
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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 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 the NYS Comptroller's website or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to 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 30<sup>th</sup>, 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 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. 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 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2022. The District's average contribution rate was 10.8% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2023 was \$1,510,277 for TRS at the contribution rate of 10.29% and \$285,984 for ERS at an average contribution rate of 9.27%.

**D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2022, for TRS and March 31, 2023 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 in reports provided to the District.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
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	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension liability	\$ (1,545,674)	\$ (1,456,081)
District's portion of the Plan's total pension liability	0.080550%	0.0067901%
Change in proportion since the prior measurement date	(0.001204)	(0.0001027)

For the year ended June 30, 2023, the District recognized a pension expense (credit) of \$2,078,959 for TRS and \$558,540 for ERS. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 1,619,670	\$ 155,084	\$ 30,973	\$ 40,892
Changes of assumptions	2,998,346	707,167	622,641	7,816
Net difference between projected and actual earnings on pension plan investments	1,997,157			8,554
Changes in proportion and differences between the District's contributions and proportionate share of contributions	180,547	120,191	6,603	23,101
District contributions subsequent to the measurement date	<u>1,510,277</u>	<u>110,406</u>		
Total	<u>\$ 8,305,997</u>	<u>\$ 1,092,848</u>	<u>\$ 660,217</u>	<u>\$ 80,363</u>

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2024	\$ 1,214,445	\$ 226,715
2025	631,891	(50,294)
2026	(224,901)	322,285
2027	3,956,088	403,373
2028	527,662	
Thereafter	<u>30,318</u>	
	<u>\$ 6,135,503</u>	<u>\$ 902,079</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
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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, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.40%
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, 2022 and MP-2020 for June 30, 2021, 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. The previous actuarial valuation as of April 1, 2020, used the same assumptions for the measurement of total pension liability.

For TRS, the June 30, 2022 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. 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*. 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.



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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, 2022		March 31, 2023
Asset class				
Domestic equity	33.0%	6.50%	32.0%	4.30%
International equity	16.0%	7.20%	15.0%	6.85%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.20%	9.0%	4.60%
Private equity	8.0%	9.90%	10.0%	7.50%
Alternative investments			10.0%	5.38-5.84%
Domestic fixed income	16.0%	1.10%		
Global bonds	2.0%	0.60%		
High-yield bonds	1.0%	3.30%		
Fixed income			23.0%	1.50%
Private debt	2.0%	5.30%		
Real estate debt	6.0%	2.40%		
Cash equivalents	1.0%	(0.30)%		
Cash			1.0%	0.00 %
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% 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 assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates 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:

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TRIS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset (liability)	\$ (14,251,836)	\$ (1,545,674)	\$ 9,140,126
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset (liability)	\$ (3,518,724)	\$ (1,456,081)	\$ 267,497

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension assets of the employers as of the respective measurement dates, were as follows:

	TRIS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2022	March 31, 2023
Employers' total pension liability	\$ (133,883,474)	(232,627,259)
Plan fiduciary net position	131,964,582	211,183,223
Employers' net pension liability	\$ (1,918,892)	\$ (21,444,036)
Ratio of plan fiduciary net position to the employers' total pension liability	98.57%	90.78%

**Payables to the Pension Plan**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the system in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023, represent employer and employee contributions for the fiscal year ended June 30, 2023, 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, 2023 amounted to \$1,510,277 of employer contributions and \$151,198 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$110,406 of employer contributions. Employee contributions are remitted monthly.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**13. 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 of certain compensated absence payments based on collectively bargained agreements, however, the District made no contributions during the year. Contributions made by the employees for the year ended June 30, 2023, totaled \$821,320.

**B. Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District's contributions to the plan were \$40,470. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$92,022.

**14. 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 the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	-
Active employees	141
	249

**B. Total OPEB Liability**

The District's total OPEB liability of \$35,357,023 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. 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:

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Inflation	2.40%
Discount rate	3.65%
Healthcare cost trend rates	5.10% decreasing to an ultimate rate of 4.10% over 55 years
Retirees' share of benefit-related costs	50-100% of projected health insurance premiums for retirees

The discount rate was based on the 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-2019 Ultimate Scale.

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial study is not applicable.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2022	<u>\$ 30,128,152</u>
Changes for the year	
Service cost	991,580
Interest on total OPEB liability	1,089,216
Changes of benefit terms	-
Differences between expected and actual experience	(1,548,078)
Changes in assumptions or other inputs	5,404,154
Benefit payments	<u>(708,001)</u>
	<u>5,228,871</u>
Balance at June 30, 2023	<u><u>\$ 35,357,023</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

OPEB	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB liability	<u>\$ (41,829,572)</u>	<u>\$ (35,357,023)</u>	<u>\$ (30,198,179)</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*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 (4.10% decreasing to 3.10%) or 1 percentage point higher (6.10% decreasing to 5.10%) than the current healthcare cost trend rate:

	1% Decrease 4.10% decreasing to 3.10%	Healthcare Cost Trend Rates 5.10% decreasing to 4.10%	1% Increase 6.10% decreasing to 5.10%
OPEB			
Total OPEB liability	<u>\$ (29,193,057)</u>	<u>\$ (35,357,023)</u>	<u>\$ (43,420,223)</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,044,207. At June 30, 2023, 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	\$	\$ 5,859,890
Changes of assumptions or other inputs	<u>10,482,686</u>	<u>8,522,472</u>
Total	<u>\$ 10,482,686</u>	<u>\$ 14,382,362</u>

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
2024	\$ (1,036,589)
2025	(1,036,589)
2026	(1,036,589)
2027	(604,029)
2028	(498,593)
Thereafter	<u>312,713</u>
	<u>\$ (3,899,676)</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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**15. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2023, consists of accounts receivable and amounts due from the Dormitory Authority of the State of New York. At June 30, 2023, unavailable revenues in the general fund and capital projects fund were \$1,535 and \$477,367, respectively.

**16. 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 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 commercial insurance coverage for the past three years.

**B. Public Entity Risk Pool**

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.

The District participates in the Nassau County Schools Cooperative Workers Compensation Self-Insured Plan (the Workers' Compensation Plan), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to administer claims, finance liability, and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. As of June 30, 2023, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was \$18,561,667 at a 2.00% discount rate. The Workers' Compensation Plan has assets of \$27,116,789 to pay these liabilities. At June 30, 2023, the District's open claims, discounted at 2.00%, were \$351,734.

**17. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$900,000 has been appropriated to reduce taxes for the year ending June 30, 2024.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**18. RESTRICTED FOR CAPITAL RESERVE**

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

Date Created	May 2018
Number of Years to Fund	10
Maximum Funding	<u>\$ 2,000,000</u>
<b>General Fund</b>	
Funding Provided	\$ 2,000,000
Interest Earnings	87,307
Use of Reserve	<u>(425,000)</u>
Total General Fund	1,662,307
<b>Capital Projects Fund</b>	
Funding Provided	425,000
Use of Reserve	<u>                    </u>
Total Capital Projects Fund	<u>425,000</u>
Balance as of June 30, 2023	<u><u>\$ 2,087,307</u></u>

**19. TAX ABATEMENTS**

The Nassau County Industrial Development Agency and the Town of Hempstead Industrial Development Agency enter into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced \$1,053,471. The District received PILOT payments totaling \$261,081.

**20. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

All encumbrances are classified as assigned fund balance. At June 30, 2023, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	\$ 37,850
Instruction	6,296
	<u>44,146</u>
Capital Projects Fund	
Capital projects	<u>75,449</u>
	<u><u>\$ 119,595</u></u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**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**

At this time, the District has one active lawsuit under the Child Victim's Act. The District is in the process of settling this matter. The District reserves the right to pursue an action against its former insurers for all or a part of the settlement amount. In response to the aforementioned lawsuit, the Board approved the creation and funding of a liability reserve. Should the plaintiff in the lawsuit be successful in actions against the District, any liability in excess of any insurance coverage that may be available will be a District charge and would be funded either through the liability reserve and/or budgetary appropriations.

**21. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through the date of the auditor's 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.



**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 22,325,782	\$ 21,037,896	\$ 21,052,062	\$ 14,166
Other tax items		1,287,886	1,932,578	644,692
Charges for services			298,336	298,336
Use of money and property	15,000	15,000	268,681	253,681
Sale of property and compensation for loss			33,005	33,005
Miscellaneous	900,373	900,373	237,028	(663,345)
<b>Total Local Sources</b>	<b>23,241,155</b>	<b>23,241,155</b>	<b>23,821,690</b>	<b>580,535</b>
State Sources	10,536,811	10,536,811	10,918,710	381,899
Medicaid Reimbursement			167,022	167,022
Federal Sources			45,640	45,640
<b>Total Revenues</b>	<b>33,777,966</b>	<b>33,777,966</b>	<b>34,953,062</b>	<b>\$ 1,175,096</b>
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	200,000	200,000		
Prior Year's Encumbrances	64,561	64,561		
Appropriated Reserves		494,102		
<b>Total Appropriated Fund Balance</b>	<b>264,561</b>	<b>758,663</b>		
<b>Total Revenues and Appropriated Fund Balance</b>	<b>\$ 34,042,527</b>	<b>\$ 34,536,629</b>		

**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.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 46,110	\$ 94,909	\$ 90,381	\$	\$ 4,528
Central administration	369,016	370,941	370,759		182
Finance	648,892	714,189	654,316	37,850	22,023
Staff	125,500	184,543	182,705		1,838
Central services	1,948,422	2,144,091	1,931,311		212,780
Special items	327,290	327,845	322,416		5,429
Total General Support	<u>3,465,230</u>	<u>3,836,518</u>	<u>3,551,888</u>	<u>37,850</u>	<u>246,780</u>
Instruction					
Administration & improvement	1,308,292	1,302,213	1,275,469	373	26,371
Teaching - regular school	10,736,469	10,408,156	10,232,896	1,771	173,489
Programs for students with disabilities	6,379,780	6,731,054	6,534,206		196,848
Teaching - special schools	76,000	1,000	578	416	6
Instructional media	822,263	1,041,991	1,031,723	3,736	6,532
Pupil services	1,090,354	1,133,330	1,121,303		12,027
Total Instruction	<u>20,413,158</u>	<u>20,617,744</u>	<u>20,196,175</u>	<u>6,296</u>	<u>415,273</u>
Pupil Transportation	<u>1,584,000</u>	<u>1,861,562</u>	<u>1,848,849</u>		<u>12,713</u>
Community Services	<u>1,200</u>	<u>1,200</u>			<u>1,200</u>
Employee Benefits	<u>7,733,462</u>	<u>6,882,318</u>	<u>6,654,293</u>		<u>228,025</u>
Debt Service					
Principal	310,641	332,919	332,918		1
Interest	84,836	84,913	84,913		-
Total Debt Service	<u>395,477</u>	<u>417,832</u>	<u>417,831</u>	<u>-</u>	<u>1</u>
Total Expenditures	<u>33,592,527</u>	<u>33,617,174</u>	<u>32,669,036</u>	<u>44,146</u>	<u>903,992</u>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	<u>450,000</u>	<u>919,455</u>	<u>919,455</u>		<u>-</u>
Total Expenditures and Other Uses	<u>\$ 34,042,527</u>	<u>\$ 34,536,629</u>	<u>33,588,491</u>	<u>\$ 44,146</u>	<u>\$ 903,992</u>
Net Change in Fund Balance			1,364,571		
Fund Balances - Beginning of Year			<u>9,428,308</u>		
Fund Balances - End of Year			<u>\$ 10,792,879</u>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

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

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)**  
 Last Ten Fiscal Years

***Teachers' Retirement System***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.080550%	0.081754%	0.084682%	0.084502%	0.084483%	0.084530%	0.085757%	0.093054%	0.095985%	0.096248%
District's proportionate share of the net pension asset/(liability)	\$ (1,545,674)	\$ 14,167,178	\$ (2,339,982)	\$ 2,195,373	\$ 1,527,678	\$ 642,512	\$ (918,498)	\$ 9,665,331	\$ 10,692,153	\$ 633,552
District's covered payroll	\$ 14,269,712	\$ 13,876,269	\$ 14,373,151	\$ 14,104,793	\$ 13,761,359	\$ 13,785,097	\$ 13,768,416	\$ 14,523,166	\$ 14,438,102	\$ 14,331,438
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.83 %	102.10 %	16.28 %	15.56 %	11.10 %	4.66 %	6.67 %	66.55 %	74.06 %	4.42 %
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%

***Employees' Retirement System***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.0067901%	0.0068928%	0.0061390%	0.0065320%	0.0066104%	0.0061864%	0.0066236%	0.0066675%	0.0069927%	0.0069927%
District's proportionate share of the net pension asset/(liability)	\$ (1,456,081)	\$ 563,462	\$ (6,113)	\$ (1,729,707)	\$ (468,364)	\$ (199,662)	\$ (622,371)	\$ (1,070,156)	\$ (236,229)	\$ (315,988)
District's covered payroll	\$ 2,458,055	\$ 2,181,207	\$ 2,227,006	\$ 2,126,380	\$ 2,174,021	\$ 2,009,020	\$ 2,131,030	\$ 2,014,221	\$ 2,098,909	\$ 2,107,251
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	59.24 %	25.83 %	0.27 %	81.35 %	21.54 %	9.94 %	29.21 %	53.13 %	11.25 %	15.00 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Schedule of District Pension Contributions**  
 Last Ten Fiscal Years

*Teachers' Retirement System*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,510,277	\$ 1,398,435	\$ 1,322,667	\$ 1,273,461	\$ 1,515,030	\$ 1,354,075	\$ 1,572,375	\$ 1,784,561	\$ 2,421,277	\$ 2,303,452
Contributions in relation to the contractually required contribution	<u>1,510,277</u>	<u>1,398,435</u>	<u>1,322,667</u>	<u>1,273,461</u>	<u>1,515,030</u>	<u>1,354,075</u>	<u>1,572,375</u>	<u>1,784,561</u>	<u>2,421,277</u>	<u>2,303,452</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,677,131	\$ 14,269,712	\$ 13,876,269	\$ 14,373,151	\$ 14,104,793	\$ 13,761,359	\$ 13,785,097	\$ 13,768,416	\$ 14,523,166	\$ 14,438,102
Contributions as a percentage of covered payroll	10%	10%	10%	9%	11%	10%	11%	13%	17%	16%

*Employees' Retirement System*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 285,984	\$ 321,223	\$ 317,646	\$ 305,256	\$ 300,437	\$ 285,922	\$ 300,990	\$ 331,920	\$ 373,403	\$ 394,351
Contributions in relation to the contractually required contribution	<u>285,984</u>	<u>321,223</u>	<u>317,646</u>	<u>305,256</u>	<u>300,437</u>	<u>285,922</u>	<u>300,990</u>	<u>331,920</u>	<u>373,403</u>	<u>394,351</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,083,609	\$ 2,667,969	\$ 2,214,221	\$ 2,235,184	\$ 2,147,305	\$ 2,123,555	\$ 2,133,513	\$ 2,043,397	\$ 2,058,202	\$ 2,099,102
Contributions as a percentage of covered payroll	9%	12%	14%	14%	14%	13%	14%	16%	18%	19%

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**  
 Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 991,580	\$ 1,519,614	\$ 1,281,435	\$ 1,082,730	\$ 1,327,312	\$ 1,716,671
Interest on total OPEB liability	1,089,216	811,960	783,028	975,304	1,110,298	1,055,431
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(1,548,078)	-	(4,025,910)	-	(4,513,435)	(158,849)
Changes of assumptions or other inputs	5,404,154	(7,941,683)	4,529,174	5,854,994	(6,380,015)	-
Benefit payments	(708,001)	(662,162)	(630,516)	(461,816)	(426,472)	(363,942)
Net change in total OPEB liability	5,228,871	(6,272,271)	1,937,211	7,451,212	(8,882,312)	2,249,311
Total OPEB liability, beginning	30,128,152	36,400,423	34,463,212	27,012,000	35,894,312	33,645,001
Total OPEB liability, ending	<u>\$ 35,357,023</u>	<u>\$ 30,128,152</u>	<u>\$ 36,400,423</u>	<u>\$ 34,463,212</u>	<u>\$ 27,012,000</u>	<u>\$ 35,894,312</u>
Covered employee payroll	\$ 15,521,245	\$ 15,164,119	\$ 15,164,119	\$ 15,176,412	\$ 15,176,412	\$ 17,210,217
Total OPEB liability as a percentage of covered employee payroll	227.80%	198.68%	240.04%	227.08%	177.99%	208.56%
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%
Healthcare trend rates	5.1% to 4.1% over 55 years	5.3% to 4.1% over 55 years	5.3% to 4.1% over 55 years	6.1% to 4.1% over 57 years	6.1% to 4.1% over 57 years	7.5% to 4.5% over 7 years

*An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data 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.

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Schedules of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit - General Fund**  
For the Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 33,977,966
Additions:		
Prior year's encumbrances		64,561
Original Budget		34,042,527
Budget revision		494,102
Final Budget		\$ 34,536,629

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget		\$ 37,019,209
Maximum allowed (4% of 2023-2024 budget)		\$ 1,480,768
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 944,146	
Unassigned fund balance	1,474,336	
		\$ 2,418,482
Less:		
Appropriated fund balance	900,000	
Encumbrances	44,146	
Total adjustments		944,146
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		\$ 1,474,336
Actual Percentage		3.98%

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2023

PROJECT TITLE	Budget		Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2023
	June 30, 2022	June 30, 2023	Prior Years	Current Year	Total			State Aid	Local Sources	Total	
Closed Loop Geothermal Design & Construction	\$ 1,321,370	\$ 1,259,411	\$ 1,259,411	\$ -	\$ 1,259,411	\$ -	\$ -	\$ 1,259,411	\$ 1,259,411	\$ -	\$ -
Field Renovations - RWC/WLB	391,763	522,666	62,413	209,141	271,554	251,112		363,000	159,666	522,666	251,112
Turf Replacement & Irrigation Installation	125,000	171,950	19,108	151,628	170,736	1,214		125,000	46,950	171,950	1,214
District-Wide Door Replacement	590,365	577,160	15,619	553,144	568,763	8,397		125,000	452,160	577,160	8,397
District-Wide Security Cameras & LED Signs		125,000		73,618	73,618	51,382		125,000		125,000	51,382
District-Wide Camera Additions & Upgrades		75,000		75,000	75,000	-			75,000	75,000	-
Brooklyn Avenue HVAC Upgrades		92,350		21,642	21,642	70,708			92,350	92,350	70,708
District-Wide Flooring Replacement		125,000		6,187	6,187	118,813			125,000	125,000	118,813
District-Wide Improvements		4,961		4,961	4,961	-			4,961	4,961	-
Smart School Bond Act		30,539		24,498	24,498	6,041		30,539		30,539	6,041
Smart School Bond Act - BOCES		26,975		26,975	26,975	-		26,975		26,975	-
Roofing & Flooring - Capital Reserve 2022-2023		425,000		-	-	425,000			425,000	425,000	425,000
Lease - mail machine		10,989		10,989	10,989	-	10,989			10,989	-
<b>Totals</b>	<b>\$ 2,428,498</b>	<b>\$ 3,447,001</b>	<b>\$ 1,356,551</b>	<b>\$ 1,157,783</b>	<b>\$ 2,514,334</b>	<b>\$ 932,667</b>	<b>\$ 10,989</b>	<b>\$ 795,514</b>	<b>\$ 2,640,498</b>	<b>\$ 3,447,001</b>	<b>\$ 932,667</b>
								Less: DASNY grant revenue not yet recognized			(738,000)
								Smart Schools Bond Act revenue not yet recognized			(57,514)
											<u>\$ 137,153</u>

**VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2023

Capital assets, net	<u>\$ 12,661,491</u>
Deduct:	
Short-term portion of installment purchase debt	21,581
Long-term portion of installment purchase debt	49,715
Short-term portion of energy performance contract	319,928
Long-term portion of energy performance contract	1,921,441
Short-term portion of lease liabilities	2,838
Long-term portion of lease liabilities	<u>7,454</u>
	<u>2,322,957</u>
Net Investment in Capital Assets	<u>\$ 10,338,534</u>



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

To the Board of Education  
Valley Stream Union Free School District #24

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Valley Stream Union Free School District #24 (the "District"), as of and for the year ended June 30, 2023, 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 11, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
October 11, 2023