

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT**

June 30, 2021

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 Financial Statements

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 fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

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 changes in District's total other post-employment benefit liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 3 through 15 and 51 through 55, respectively, be presented to supplement the basic financial statements. Such information, 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.

Other 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 financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial 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. Such 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 5, 2021, 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, NY
October 6, 2021

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

The Valley Stream Union Free School District Twenty-Four's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021 in comparison with the year ended June 30, 2020, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

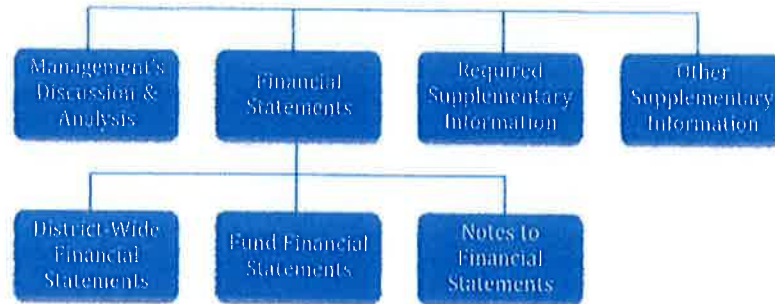
Key financial highlights for fiscal year 2021 are as follows:

- The District's total net position was a deficit of \$16,631,566 in the district-wide financial statements at June 30, 2021, compared to a deficit of \$15,559,998 at June 30, 2020. The deficit increased by \$1,071,568 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's total net position at June 30, 2020 was restated and increased by \$1,208, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$32,678,344. Of this amount, \$1,651,689 was offset by program charges for services, and operating and capital grants. General revenues of \$29,955,087 amount to 94.77% of total revenues, and were not adequate to cover the balance of program expenses.
- The District's general fund fund balance, as reflected in the fund financial statements was \$8,884,268 at June 30, 2021. This balance represents a \$1,353,326 increase 17.97% 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 \$1,928,858 due to funding of reserves and interest allocated to the reserves, offset by the use of reserves.
 - Assigned fund balance decreased \$466,531, primarily due to the District decreasing the fund balance appropriated to fund the 2022 budget.
 - Unassigned fund balance decreased by \$109,001 to \$1,271,504.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) act through the Elementary and Secondary School Emergency Relief Program (ESSER) and the Governor's Emergency Education Relief Program (GEER) in the amount of \$244,886. The District applied for additional funding in the amount of \$898,093 allocated under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), which awards were granted in July 2021.
- The District's 2021 property tax levy of \$21,754,290 was a 1.67% increase over the 2020 tax levy, which was equal to the District's property tax cap.

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

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 supplementary information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. 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.

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

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, claims and judgments, compensated absences, pension costs, and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

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

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

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

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes 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 a separate statement. 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 June 30, 2020 current and other assets, current and other liabilities, restricted net position and total net position (deficit) were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, which required the District to record activity that had been recorded in the Fiduciary Funds to include those activities in the Governmental Funds. Consequently, the District now includes the Agency Fund activity in the General Fund and Scholarship Fund as a separate governmental fund. The following is a summary of these changes:

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

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and Other Assets	\$ 12,007,978	13,000,382	\$ (992,404)
Current and Other Liabilities	2,764,393	3,758,005	(993,612)
Restricted Net Position	5,310,320	5,309,112	1,208
Total Net Position (Deficit)	(15,559,998)	(15,561,206)	1,208

The District's total net position decreased by \$1,032,120 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 12,474,768	\$ 12,007,978	\$ 466,790	3.89 %
Capital Assets, Net	12,848,831	11,677,170	1,171,661	10.03 %
Net Pension Asset - Proportionate Share		2,195,373	(2,195,373)	(100.00)%
Total Assets	<u>25,323,599</u>	<u>25,880,521</u>	<u>(556,922)</u>	(2.15)%
Deferred Outflows of Resources	<u>17,845,359</u>	<u>13,558,053</u>	<u>4,287,306</u>	31.62 %
Liabilities				
Current and Other Liabilities	2,944,709	2,764,393	180,316	6.52 %
Long-Term Liabilities	4,082,763	4,477,062	(394,299)	(8.81)%
Net Pension Liabilities - Proportionate Share	2,346,095	1,729,707	616,388	35.64 %
Total OPEB Liability	<u>36,400,423</u>	<u>34,463,212</u>	<u>1,937,211</u>	5.62 %
Total Liabilities	<u>45,773,990</u>	<u>43,434,374</u>	<u>2,339,616</u>	5.39 %
Deferred Inflows of Resources	<u>14,026,534</u>	<u>11,564,198</u>	<u>2,462,336</u>	21.29 %
Net Position (Deficit)				
Net Investment in Capital Assets	9,995,190	8,530,633	1,464,557	17.17 %
Restricted	7,239,128	5,310,320	1,928,808	36.32 %
Unrestricted (Deficit)	<u>(33,865,884)</u>	<u>(29,400,951)</u>	<u>(4,464,933)</u>	15.19 %
Total Net Position (Deficit)	<u>\$ (16,631,566)</u>	<u>\$ (15,559,998)</u>	<u>\$ (1,071,568)</u>	6.89 %

The increase in current and other assets is primarily due to increases in the District's cash, offset by decreases in taxes receivable, amounts due from state and federal, and due from other governments.

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. In the current year, the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "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.

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

The increase in current and other liabilities is due to increases in accrued liabilities and amounts due to the pension plans, offset by decreases in accounts payable and compensated absences payable.

The decrease in long-term liabilities is due to the repayment of the current maturity of indebtedness and a decrease in compensated absences.

Net pension liabilities – proportionate share represents the District's share of New York State Teachers' Retirement System and the New York State and Local Employees' Retirement System's net pension liabilities at the measurement date of the respective year. The increase is due to the shift of the net pension asset for the TRS to a liability, net of a decrease in the pension liability for the ERS. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State", provides additional information.

The total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "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, as well as an amount reserved for excess tax levy resulting from the receipt of unanticipated restored property taxes.

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 Supplementary Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves. This number increased over the prior year principally due to the transfer into the reserves.

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 June 30, 2020 revenues for charges for services and instruction expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, as follows:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	\$ 285,591	\$ 285,486	\$ 105
Instruction	27,141,160	27,141,110	50

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

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items 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, 2021 and 2020 is as follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 243,599	\$ 285,591	\$ (41,992)	(14.70)%
Operating Grants	1,108,090	896,718	211,372	23.57 %
Capital Grants	300,000	247,029	52,971	21.44 %
General Revenues				
Property Taxes and STAR	21,754,290	21,396,479	357,811	1.67 %
State Sources	7,126,865	7,325,975	(199,110)	(2.72)%
Other	1,073,932	1,005,182	68,750	6.84 %
Total Revenues	<u>31,606,776</u>	<u>31,156,974</u>	<u>449,802</u>	1.44 %
Expenses				
General Support	4,387,432	4,094,438	292,994	7.16 %
Instruction	26,854,860	27,141,160	(286,300)	(1.05)%
Pupil Transportation	1,080,899	625,067	455,832	72.93 %
Community Services	5,700	10,800	(5,100)	(47.22)%
Debt Service - Interest	120,558	102,253	18,305	17.90 %
Food Service Program	228,895	262,694	(33,799)	(12.87)%
Total Expenses	<u>32,678,344</u>	<u>32,236,412</u>	<u>441,932</u>	1.37 %
Change in Net Position	<u>\$ (1,071,568)</u>	<u>\$ (1,079,438)</u>	<u>\$ 7,870</u>	(0.73)%

The District's net position decreased by \$1,071,568 and \$1,079,438 for the years ended June 30, 2021 and 2020, respectively.

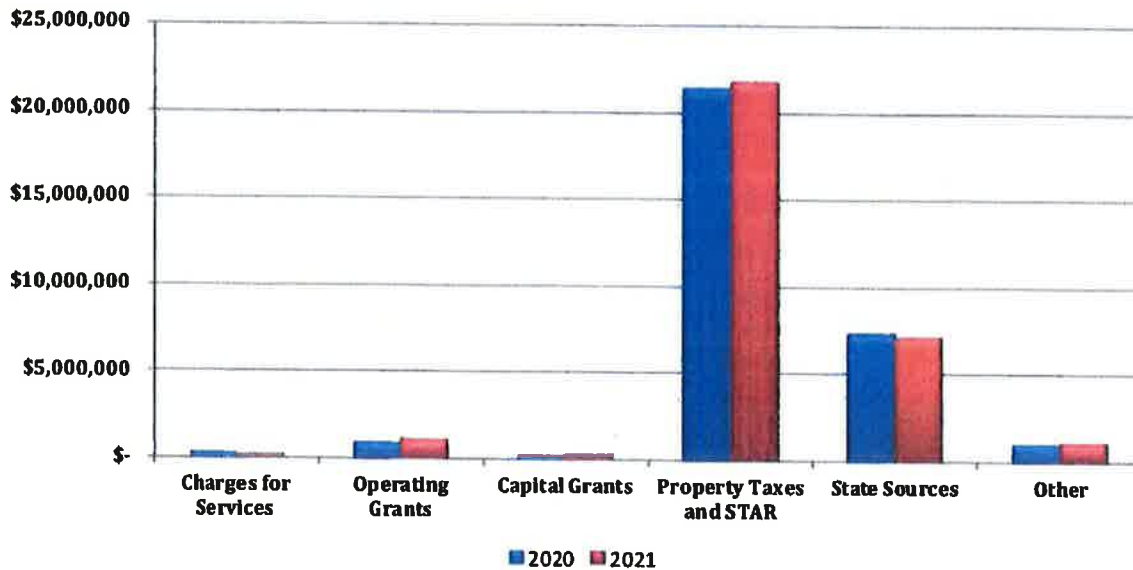
The District's total revenues for the year increased by \$449,802 or 1.44%. The increase is due to increases in operating grants, and property taxes and STAR, offset by decreases in charges for services and State sources. The increase in operating grants is due to the District receiving additional grant money from the coronavirus aid, relief and economic security (CARES) act to relieve the District of additional burdens brought on by the COVID-19 pandemic. The increase in property taxes and STAR was in accordance with the voter approved budget. The decrease in charges for services is partially due to the decrease in tuition received from other districts, as a result of decreases in enrollment for virtual learning. The decrease in state sources is due to District receiving less BOCES aid and lottery aid than in the previous year, as well as a bullet aid grant in 2020 that the District did not receive in 2021.

The District's total expenses for the year increased by \$441,932 or 1.37%. The increase in expenses is primarily due to increases in general support and pupil transportation. The increase in general support is mostly due to increases in central services. The increase in pupil transportation was primarily due to the school closure in the prior year, as a result of the COVID-19 pandemic from mid-March to June 2020. The District was open for the entirety of the 2020-2021 year and required transportation throughout the entire period year.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 68.8% and 68.7% of the total for the years 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.2% and 84.3% of the total for the years 2021 and 2020, respectively).

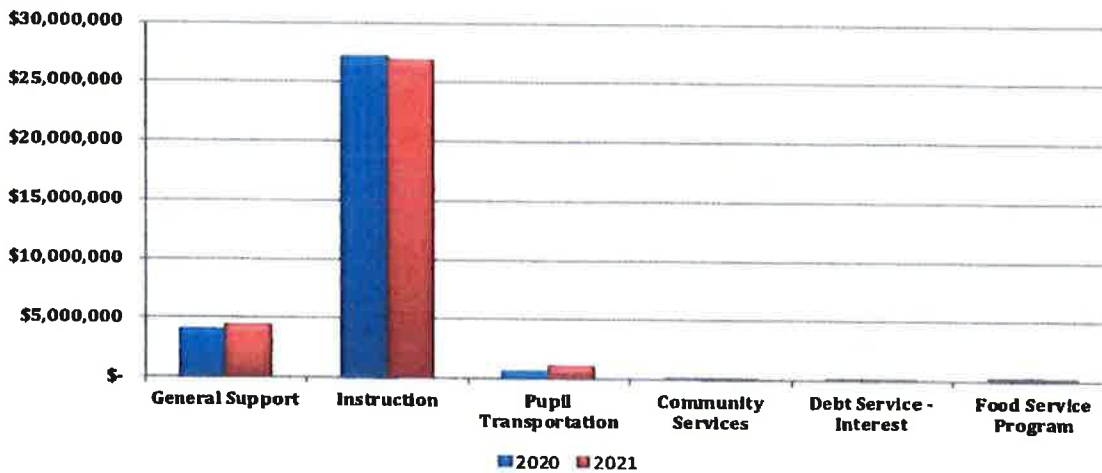
VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2020	0.9%	2.9%	0.8%	68.7%	23.5%	3.2%
2021	0.8%	3.5%	0.9%	68.8%	22.5%	3.5%

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



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2020	12.7%	84.3%	1.9%	0.0%	0.3%	0.8%
2021	13.4%	82.2%	3.3%	0.0%	0.4%	0.7%

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, 2021, the District's governmental funds reported a combined fund balance of \$9,233,324, which is an increase of \$251,724 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. At June 30, 2020 fund balance was restated to include the Scholarships Fund as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
General Fund				
Restricted				
Unemployment insurance	\$ 23,248	\$ 23,198	\$ 50	0.22 %
Retirement contribution:				
Teachers' retirement system	535,074	247,548	287,526	116.15 %
Employees' retirement system	3,427,622	2,926,202	501,420	17.14 %
Employee benefit accrued liability	1,227,325	958,067	269,258	28.10 %
Capital	2,024,701	1,154,097	870,604	75.44 %
Assigned				
Appropriated fund balance	300,000	800,000	(500,000)	(62.50)%
Unappropriated fund balance	74,794	41,325	33,469	80.99 %
Unassigned: Fund balance	<u>1,271,504</u>	<u>1,380,505</u>	<u>(109,001)</u>	<u>(7.90)%</u>
	8,884,268	7,530,942	1,353,326	17.97 %
Capital Projects Fund				
Assigned: Unappropriated fund balance	347,898	1,449,450	(1,101,552)	(76.00)%
Scholarships Fund				
Restricted: Scholarships	<u>1,158</u>	<u>1,208</u>	<u>(50)</u>	<u>(4.14)%</u>
Total Fund Balance	<u>\$ 9,233,324</u>	<u>\$ 8,981,600</u>	<u>\$ 251,724</u>	<u>2.80 %</u>

A. General Fund

The net change in the general fund – fund balance is an increase of \$1,353,326 compared to an increase of \$138,851 in 2020. This resulted from revenues in excess of expenditures and other financing uses.

The District's revenues increased by \$593,727 or 1.98%, as compared to the prior year. This increase is primarily attributable to the overall increases in property taxes, STAR, and other revenue from grants. The increase in property taxes and STAR is due to an increase in the tax levy in accordance with the 2020-2021 budget. The increase in other revenue from grants is primarily due to the elementary and secondary school emergency relief (ESSER) and governor's emergency education relief (GEER) grants received through the CARES Act.

Expenditures and other financing uses decreased by \$620,748 or 2.08%. This decrease was primarily due to decreases in instruction, employee benefits, and operating transfers out, offset by increases in general support and pupil transportation. The decrease in instruction is mostly due to a decrease in salaries, offset by an increase in BOCES services. The decrease in employee benefits is due to a decrease in payments made to retirees for unused accumulated time. In the prior year, the District provided funding for the geothermal capital project. The District did not make a similar transfer in the current year. The increase in general support is due to an increase in central services. The increase in pupil transportation was primarily due to the school closure in the prior year as a result of the COVID-19 pandemic from mid-March to June 2020.

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

The District was open for the entire 2020-2021 year and required transportation throughout the entire period.

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

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021
Unemployment insurance	\$ 23,198	\$	\$ 50	\$	\$ 23,248
Retirement contribution:					
TRS	247,548		526	287,000	535,074
ERS	2,926,202		6,216	495,204	3,427,622
EBALR	958,067	(209,028)	2,035	476,251	1,227,325
Capital	1,154,097		2,451	868,153	2,024,701
	<u>\$ 5,309,112</u>	<u>\$ (209,028)</u>	<u>\$ 11,278</u>	<u>\$ 2,126,608</u>	<u>\$ 7,237,970</u>

Additional detail regarding capital reserves can be found in Note 20 "Restricted for Capital Reserve."

B. School Food Service Fund

There was no net change in the school food service fund as a result of the operating loss of the program, which is offset by the general fund subsidy.

C. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$1,101,552. The decrease in fund balance is due to the District incurring expenditures for various ongoing capital projects including HVAC, and District-wide improvements in excess of an operating transfer in of \$436,095, and revenue of \$300,000.

D. Scholarships Fund

The net change in the scholarships fund – fund balance is a decrease of \$50. This is due to the District awarding only one scholarship this year and not receiving any scholarship donations for the year ended 2021.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was \$30,952,398. This amount was increased by encumbrances carried forward from the prior year in the amount of \$41,325, and budget revisions of \$209,028, for a total final budget of \$31,202,751. The budget revisions were for payments to retirees for unused accumulated time funded by employee benefit accrued liability reserve.

The final budget was funded through a combination of estimated revenues and appropriated reserves. The majority of this funding source was \$21,754,290 in estimated property taxes and STAR.

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

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 over expenditures, 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 for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 1,380,505
Revenues Over Budget	453,887
Expenditures and Encumbrances Under Budget	1,874,998
Allocation to Reserves	(2,137,886)
Appropriated to Fund the June 30, 2022 Budget	<u>(300,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 1,271,504</u></u>

Opening, Unassigned Fund Balance

The \$1,380,505 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 final budget for revenues was \$30,152,398. Actual revenues recognized for the year were \$30,606,285. The excess of actual revenues over estimated or budgeted revenues was \$453,887. This contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures was \$31,202,751. Actual expenditures as of June 30, 2021 were \$29,252,959 and outstanding encumbrances were \$74,794. Combined, the expenditures plus encumbrances for 2020-2021 were \$29,327,753. The final budget variance was \$1,874,998, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings.

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

Appropriated Fund Balance

The District has chosen to use \$300,000 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 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, 2021 was \$1,271,504. This amount equals 4% of the 2021-2022 budget.

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

A. Capital Assets

At June 30, 2021, 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 asset additions of \$1,883,753 in excess of depreciation expense of \$712,092 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Land	\$ 155,300	\$ 155,300	\$ -
Construction in progress	2,431,650	594,004	1,837,646
Buildings	9,872,840	10,458,392	(585,552)
Furniture and equipment	378,212	454,086	(75,874)
Licensed vehicles	10,829	15,388	(4,559)
Capital assets, net	<u>\$ 12,848,831</u>	<u>\$ 11,677,170</u>	<u>\$ 1,171,661</u>

B. Debt Administration

At June 30, 2021, the District had energy performance contract debt payable of \$2,853,641. The decrease in energy performance contracts payable is attributable to principal payments of \$292,896. The energy performance contracts were issued for building improvements. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

Issue Date	Interest Rate	2021	2020	Increase (Decrease)
2/8/2017	2.40%	\$ 476,557	627,979	\$ (151,422)
11/21/2018	3.56%	2,377,084	2,518,558	(141,474)
		<u>\$ 2,853,641</u>	<u>\$ 3,146,537</u>	<u>\$ (292,896)</u>

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

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 other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Compensated absences	\$ 1,229,122	\$ 1,330,525	\$ (101,403)
Net pension liabilities - proportionate share	2,346,095	1,729,707	616,388
Total OPEB liability	<u>36,400,423</u>	<u>34,463,212</u>	<u>1,937,211</u>
	<u>\$ 39,975,640</u>	<u>\$ 37,523,444</u>	<u>\$ 2,452,196</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 18, 2021, for the year ending June 30, 2022 is \$31,787,655. This is an increase of \$835,257 or 2.70% over the previous year's budget. The increase is principally in special education services and pupil transportation areas of the budget.

The District budgeted revenues other than property taxes and STAR at a \$1,093,702 increase over the prior year's estimate, which is principally due to an estimated increase in state aid. This year, the District has decided not to appropriate reserves, but has appropriated \$300,000 of fund balance instead, a decrease of \$500,000 from the prior year. A property tax increase of \$241,555 (1.11%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Federal Grant Funding

The District was awarded funding under the CARES Act through the ESSER and the Governor's GEER in the amount of \$244,886. The District applied for additional funding in the amount of \$898,093 allocated under the CRRSA, which awards were granted in July 2021.

C. Future Budgets

The property tax cap, uncertainty in state aid and federal funding, as well as the continuing effect of the COVID-19 pandemic, will impact the District's future budgets.

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

D. 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 2021-2022 is 1.13%. The District's 2021-2022 property tax increase of 1.11% was less than 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:

Mr. Jack R. Mitchell
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, 2021

ASSETS

Cash	
Unrestricted	\$ 3,211,824
Restricted	7,278,576
Receivables	
Accounts receivable	33,611
Taxes receivable	542,412
Due from state and federal	932,408
Due from other governments	475,937
Capital assets:	
Not being depreciated	2,586,950
Being depreciated, net of accumulated depreciation	<u>10,261,881</u>
Total Assets	<u>25,323,599</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	9,495,805
Other post employment benefits	<u>8,349,554</u>
Total Deferred Outflows of Resources	<u>17,845,359</u>

LIABILITIES

Payables	
Accounts payable	424,545
Accrued liabilities	770,954
Due to teachers' retirement system	1,404,982
Due to employees' retirement system	97,969
Compensated absences	209,027
Other liabilities	5,155
Unearned credits	
Collections in advance	32,077
Long-term liabilities	
Due and payable within one year	
Energy performance contract payable	301,632
Compensated absences payable	75,000
Due and payable after one year	
Energy performance contract payable	2,552,009
Compensated absences payable	1,154,122
Net pension liabilities - proportionate share	2,346,095
Total other postemployment benefits liability	<u>36,400,423</u>
Total Liabilities	<u>45,773,990</u>

DEFERRED INFLOWS OF RESOURCES

Reserve for excess property tax levy	296,524
Pensions	3,005,098
Other postemployment benefits	<u>10,724,912</u>
Total Deferred Inflows of Resources	<u>14,026,534</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>9,995,190</u>
Restricted:	
Unemployment insurance	23,248
Retirement contribution	
Teachers' retirement system	535,074
Employees' retirement system	3,427,622
Employee benefit accrued liability	1,227,325
Capital	2,024,701
Scholarships	<u>1,158</u>
	<u>7,239,128</u>
Unrestricted (deficit)	<u>(33,865,884)</u>
Total Net Position (Deficit)	<u><u>\$(16,631,566)</u></u>

See Notes to Financial Statements

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 4,387,432	\$	\$ 116,431	\$	\$ (4,271,001)
Instruction	26,854,860	194,475	869,597	300,000	(25,490,788)
Pupil transportation	1,080,899		5,700		(1,075,199)
Community services	5,700				(5,700)
Debt service - interest	120,558				(120,558)
Food service program	228,895	49,124	116,362		(63,409)
Total Functions and Programs	\$ 32,678,344	\$ 243,599	\$ 1,108,090	\$ 300,000	(31,026,655)
GENERAL REVENUES					
Real property taxes					20,293,160
Other tax items					2,150,776
Use of money and property					17,356
Sale of property and compensation for loss					3,335
Miscellaneous					227,534
State sources					7,126,865
Medicaid reimbursement					136,061
Total General Revenues					29,955,087
Change in Net Position (Deficit)					(1,071,568)
Total Net Position (Deficit) - Beginning of Year, as Restated					(15,559,998)
Total Net Position (Deficit) - End of Year					\$ (16,631,566)

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Balance Sheet - Governmental Funds
June 30, 2021

	General	Special Aid	School Food Service	Capital Projects	Scholarships	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 3,157,405	\$ 37,574	\$ 15,159	\$ 1,686	\$	\$ 3,211,824
Restricted	7,278,061				515	7,278,576
Receivables						
Accounts receivable	33,611					33,611
Taxes receivable	542,412					542,412
Due from other funds	2,033,431		110,504	263,470	643	2,408,048
Due from state and federal	494,306	314,874	28,351	94,877		932,408
Due from other governments	475,937					475,937
Total Assets	<u>\$ 14,015,163</u>	<u>\$ 352,448</u>	<u>\$ 154,014</u>	<u>\$ 360,033</u>	<u>\$ 1,158</u>	<u>\$ 14,882,816</u>
LIABILITIES						
Payables						
Accounts payable	\$ 394,984	\$ 3,088	\$ 14,338	\$ 12,135	\$	\$ 424,545
Accrued liabilities	757,040					757,040
Due to other funds	1,949,692	341,859	116,497			2,408,048
Due to teachers' retirement system	1,404,982					1,404,982
Due to employees' retirement system	97,969					97,969
Compensated absences	209,027					209,027
Other liabilities	5,155					5,155
Unearned credits						
Collections in advance	1,397	7,501	23,179			32,077
Total Liabilities	<u>4,820,246</u>	<u>352,448</u>	<u>154,014</u>	<u>12,135</u>	<u>-</u>	<u>5,338,843</u>
DEFERRED INFLOWS OF RESOURCES						
Reserve for excess property tax levy	296,524					296,524
Unavailable revenues	14,125					14,125
Total Deferred Inflows of Resources	<u>310,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,649</u>
FUND BALANCES						
Restricted:						
Unemployment insurance	23,248					23,248
Retirement contribution:						
Teachers' retirement system	535,074					535,074
Employees' retirement system	3,427,622					3,427,622
Employee benefit accrued liability	1,227,325					1,227,325
Capital	2,024,701					2,024,701
Scholarships					1,158	1,158
Assigned:						
Appropriated fund balance	300,000					300,000
Unappropriated fund balance	74,794			347,898		422,692
Unassigned: Fund balance	1,271,504					1,271,504
Total Fund Balances	<u>8,884,268</u>	<u>-</u>	<u>-</u>	<u>347,898</u>	<u>1,158</u>	<u>9,233,324</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,015,163</u>	<u>\$ 352,448</u>	<u>\$ 154,014</u>	<u>\$ 360,033</u>	<u>\$ 1,158</u>	<u>\$ 14,882,816</u>

See Notes to Financial Statements

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total Governmental Fund Balances \$ 9,233,324

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

The costs of building and acquiring capital assets (land, construction in progress, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 22,394,332	
Less: Accumulated depreciation	<u>(9,545,501)</u>	12,848,831

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	9,495,805	
Net pension liability - teachers' retirement system	(2,339,982)	
Net pension liability - employees' retirement system	(6,113)	
Deferred inflows of resources	<u>(3,005,098)</u>	4,144,612

Total other postemployment benefits liability and 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	8,349,554	
Total other postemployment benefits liability	(36,400,423)	
Deferred inflows of resources	<u>(10,724,912)</u>	(38,775,781)

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.

14,125

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 energy performance contract payable	(13,914)	
Energy performance contract payable	(2,853,641)	
Compensated absences payable	<u>(1,229,122)</u>	(4,096,677)

Total Net Position (Deficit)		<u>\$ (16,631,566)</u>
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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, 2021

	General	Special Aid	School Food Service	Capital Projects	Scholarships	Total Governmental Funds
REVENUES						
Real property taxes	\$ 20,293,160	\$	\$	\$	\$	\$ 20,293,160
Other tax items	2,150,776					2,150,776
Charges for services	194,475					194,475
Use of money and property	17,347		9			17,356
Sale of property and compensation for loss	3,335					3,335
Miscellaneous	227,481		1,677	300,000		529,158
State sources	7,272,994	128,391	4,837			7,406,222
Medicaid reimbursement	136,061					136,061
Federal sources	310,656	552,681	111,525			974,862
Sales			47,447			47,447
Total Revenues	30,606,285	681,072	165,495	300,000	-	31,752,852
EXPENDITURES						
General support	3,337,554					3,337,554
Instruction	17,830,953	720,536			50	18,551,539
Pupil transportation	1,064,766					1,064,766
Community services	5,700					5,700
Employee benefits	6,075,678					6,075,678
Debt service						
Principal	292,896					292,896
Interest	116,644					116,644
Food service program			218,704			218,704
Capital outlay				1,837,647		1,837,647
Total Expenditures	28,724,191	720,536	218,704	1,837,647	50	31,501,128
Excess (Deficiency) of Revenues Over Expenditures	1,882,094	(39,464)	(53,209)	(1,537,647)	(50)	251,724
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in		39,464	53,209	436,095		528,768
Operating transfers (out)	(528,768)					(528,768)
Total Other Financing Sources and (Uses)	(528,768)	39,464	53,209	436,095	-	-
Net Change in Fund Balances	1,353,326	-	-	(1,101,552)	(50)	251,724
Fund Balances - Beginning of Year, as Restated	7,530,942	-	-	1,449,450	1,208	8,981,600
End of Year	\$ 8,884,268	\$ -	\$ -	\$ 347,898	\$ 1,158	\$ 9,233,324

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, 2021

Net Change in Fund Balances		\$ 251,724
Amounts reported for governmental activities in the Statement of Activities are different because:		
<u>Long-Term Revenue and Expense Differences</u>		
Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these resources were recognized in the Statement of Activities in prior year when they were earned.		
	\$ (146,076)	
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	<u>101,403</u>	(44,673)
<u>Capital Related Differences</u>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which, capital outlays and other additions exceeded depreciation in the period.		
Capital outlays and other additions	1,883,753	
Depreciation expense	<u>(712,092)</u>	1,171,661
<u>Long-Term Debt Transactions Differences</u>		
Repayment of long-term debt 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.		
Repayment of energy performance contract payable	292,896	
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 increased from June 30, 2020 to June 30, 2021.		
	<u>(3,914)</u>	288,982
<u>Pension and Other Postemployment Benefits Differences</u>		
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	(1,924,587)	
Employees' retirement system	139,530	
Other postemployment benefits	<u>(954,205)</u>	(2,739,262)
Change in Net Position (Deficit) of Governmental Activities		<u>\$ (1,071,568)</u>

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2021

	<u>Custodial</u>
ASSETS	
Due from other governments	<u>\$ 589,672</u>
NET POSITION	
Due to other governments	<u>\$ 589,672</u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2021

	<u>Custodial</u>
ADDITIONS	
Real property taxes collections for other governments:	
Central High School District - real property taxes	\$ 23,839,462
Central High School District - PILOT	<u>741,597</u>
	24,581,059
DEDUCTIONS	
Payments of real property taxes and PILOTs to the Central High School District	<u>24,581,059</u>
Change in Net Position	-
Net Position - Beginning of Year	<u> </u>
Net Position - End of Year	<u>\$ -</u>

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

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 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. 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)

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 include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

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

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 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)

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 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, compensated absences, pension costs, and other postemployment benefits, 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)

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than August 15th and become a lien on October 1st and April 1st. 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.

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 with annual increases of no more than 2% 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 \$682,349 in LIPA PILOT revenue during the 2020-2021 fiscal year.

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.

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

In the district-wide statements, eliminations have been made for all interfund receivables and payables between 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, pension costs, other postemployment benefits, workers' compensation liabilities, 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.

L. Capital Assets

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

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

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

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

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position 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 asset or liability 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 changes in the total other postemployment benefits 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.

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 time.

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

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.

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

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

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

Q. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 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 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.

R. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position 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 four items that qualify for reporting in this category. The first item is related to the reserve for excess property taxes, which is associated with unanticipated restored property taxes received from the Town in excess of the District's tax levy. The money will be used to reduce the tax levy in a future year. Second 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 amounts due to the District. 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 third 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 asset or liability not included in collective pension expense. The fourth item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

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

S. 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 acquisitions, 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.

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 New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up 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 sub-fund is separately administered, but must comply with all existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

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

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time 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.

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.

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 of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance 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 of Education if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the 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)

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. This statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, agency and private purpose trust activities previously reported within the fiduciary funds are now reported within the governmental funds.

3. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but the statement that the District feels may have a future impact on these financial statements. The District will evaluate the impact of this pronouncement and implement it, as applicable, if material.

Effective for the Year Ending	Statement
June 30, 2022	GASB No. 87 - <i>Leases</i>

GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

4. 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 long-term assets and liabilities.

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)

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension 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 other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

Appropriations are 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 of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Retiree payouts of unused accumulated time	
funded by employee benefits accrued liability reserve	<u>\$ 209,028</u>

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

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.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

Investment pool:

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

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

Total investments of the cooperative at June 30, 2021 are \$3,369,558,223, which consisted of \$371,757,483 in repurchase agreements, \$1,940,950,074 in U.S. Treasury Securities and \$1,057,257,103 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as cash:

<u>Fund</u>	<u>Carrying Amount</u>
General	<u>\$ 102,425</u>

The above amounts represent the fair value of the investment pool shares. 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.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2021, the District was billed \$2,684,850 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$554,660. 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.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2021 consisted of:

General Fund	
New York State - excess cost aid	\$ 340,656
Federal and state grants	<u>153,650</u>
	494,306
Special Aid Fund	
Federal and state grants	314,874
School Food Service Fund	
Federal and state food service program reimbursements	28,351
Capital Projects Fund	
Smart Schools Bond Act - State	<u>94,877</u>
	<u>\$ 932,408</u>

District management expects these amounts to be fully collectible.

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

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2021 consisted of:

General Fund	
BOCES aid	\$ 225,403
Other districts - health services	169,614
Other districts - tuition	3,650
Town of Hempstead	110
Medicaid	47,378
NYS - unemployment refund	29,782
	<u>\$ 475,937</u>

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 155,300	\$	\$	\$ 155,300
Construction in progress	594,004	1,837,646		2,431,650
Total capital assets not being depreciated	<u>749,304</u>	<u>1,837,646</u>	<u>-</u>	<u>2,586,950</u>
Capital assets being depreciated:				
Buildings and improvements	18,431,885			18,431,885
Furniture and equipment	1,246,382	46,107		1,292,489
Licensed vehicles	83,008			83,008
Total capital assets being depreciated	<u>19,761,275</u>	<u>46,107</u>	<u>-</u>	<u>19,807,382</u>
Less accumulated depreciation for:				
Buildings	7,973,493	585,552		8,559,045
Furniture and equipment	792,296	121,981		914,277
Licensed vehicles	67,620	4,559		72,179
Total accumulated depreciation	<u>8,833,409</u>	<u>712,092</u>	<u>-</u>	<u>9,545,501</u>
Total capital assets, being depreciated, net	<u>10,927,866</u>	<u>(665,985)</u>	<u>-</u>	<u>10,261,881</u>
Capital assets, net	<u>\$ 11,677,170</u>	<u>\$ 1,171,661</u>	<u>\$ -</u>	<u>\$ 12,848,831</u>

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to governmental functions as follows:

General support	\$ 104,260
Instruction	581,508
Pupil transportation	16,133
Food service program	<u>10,191</u>
Total depreciation expense	<u>\$ 712,092</u>

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2021 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 2,033,431	\$ 1,949,692	\$	\$ 528,768
Special Aid Fund		341,859	39,464	
School Food Service Fund	110,504	116,497	53,209	
Capital Projects Fund	263,470		436,095	
Scholarships Fund	<u>643</u>			
	<u>\$ 2,408,048</u>	<u>\$ 2,408,048</u>	<u>\$ 528,768</u>	<u>\$ 528,768</u>

The District typically transfers from the general fund to the special aid fund, school 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 stated-supported Section 4201 schools. The transfer to the food service fund was to provide support for the program per the approved budget. The transfer to the capital projects fund was a voter approved budgetary transfer.

12. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021
TAN	6/25/2021	0.75%	<u>\$</u>	<u>\$ 3,000,000</u>	<u>\$ (3,000,000)</u>	<u>\$</u>

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town.

Interest on short-term debt for the year was \$14,061.

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NOTES TO FINANCIAL STATEMENTS
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13. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pensions and other postemployment benefits liabilities, for the year are summarized below:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt:					
Energy performance contract	\$ 3,146,537	\$	\$ (292,896)	\$ 2,853,641	\$ 301,632
Other long-term liabilities:					
Compensated absences	1,330,525		(101,403)	1,229,122	75,000
	<u>\$ 4,477,062</u>	<u>\$</u>	<u>\$ (394,299)</u>	<u>\$ 4,082,763</u>	<u>\$ 376,632</u>

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

B. Energy Performance Contract Payable

Energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract	2/8/2017	3/15/2024	2.40%	\$ 476,557
Energy performance contract	11/21/2018	11/15/2033	3.56%	<u>2,377,084</u>
				<u>\$ 2,853,641</u>

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 301,632	\$ 93,844	\$ 395,476
2023	310,641	84,836	395,477
2024	319,928	75,548	395,476
2025	162,920	66,966	229,886
2026	168,771	61,115	229,886
2027-2031	939,256	210,173	1,149,429
2032-2034	<u>650,493</u>	<u>39,165</u>	<u>689,658</u>
Total	<u>\$ 2,853,641</u>	<u>\$ 631,647</u>	<u>\$ 3,485,288</u>

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

C. Interest Expense

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

Interest paid	\$ 102,583
Less interest accrued in the prior year	(10,000)
Plus interest accrued in the current year	<u>13,914</u>
Total interest expense on long-term debt	<u>\$ 106,497</u>

14. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, 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.

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.

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
NOTES TO FINANCIAL STATEMENTS
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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 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 13.78% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021 was \$1,322,667 for TRS at the contribution rate of 9.53% and \$317,646 for ERS at an average contribution rate of 14.35%.

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

At June 30, 2021, 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, 2020, for TRS and March 31, 2021 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	\$ (2,339,982)	\$ (6,113)
District's portion of the Plan's total net pension asset/(liability)	0.084682%	0.0061390%
Change in proportion since the prior measurement date	0.000180	(0.0003930)

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
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(Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$3,247,985 for TRS and \$178,119 for ERS. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 2,050,292	\$ 74,654	\$ 119,920	\$
Changes of assumptions	2,959,532	1,123,955	1,054,918	21,198
Net difference between projected and actual earnings on pension plan investments	1,528,213	109,141		1,755,970
Changes in proportion and differences between the District's contributions and proportionate share of contributions	229,382		9,919	43,173
District contributions subsequent to the measurement date	1,322,667	97,969		
Total	\$ 8,090,086	\$ 1,405,719	\$ 1,184,757	\$ 1,820,341

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

Year Ending June 30,	TRS	ERS
2022	\$ 1,009,098	\$ (76,593)
2023	1,937,661	(14,031)
2024	1,550,394	(85,332)
2025	939,578	(336,635)
2026	39,150	
Thereafter	106,781	
	\$ 5,582,662	\$ (512,591)

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, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net of investment expense, including inflation)	7.10%	5.90%
Cost of living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019, applied on a generational basis. Active

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

member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

For TRS, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. 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.

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 Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2020		March 31, 2021
Asset type				
Domestic equity	33.0%	7.10%	32.0%	4.05%
International equity	16.0%	7.70%	15.0%	6.30%
Global equity	4.0%	7.40%		
Real estate	11.0%	6.80%	9.0%	4.95%
Private equities	8.0%	10.40%	10.0%	6.75%
Alternative investments			10.0%	3.63-5.95%
Domestic fixed income securities	16.0%	1.80%		
Global fixed income securities	2.0%	1.00%		
High-yield fixed income securities	1.0%	3.90%		
Bonds and mortgages			23.0%	0.00%
Private debt	1.0%	5.20%		
Real estate debt	7.0%	3.60%		
Cash and equivalents	1.0%	0.70%		
Cash			1.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

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

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). 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 7.10% 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 (6.10% for TRS and 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
TRS			
District's proportionate share of the net pension asset (liability)	<u>\$ (14,780,858)</u>	<u>\$ (2,339,982)</u>	<u>\$ 8,101,066</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset (liability)	<u>\$ (1,696,690)</u>	<u>\$ (6,113)</u>	<u>\$ 1,552,995</u>

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2020	March 31, 2021
Employers' total pension liability	\$ (123,242,776)	(220,680,157)
Plan fiduciary net position	<u>120,479,505</u>	<u>220,580,583</u>
Employers' net pension liability	<u>\$ (2,763,271)</u>	<u>\$ (99,574)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	97.76%	99.95%

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Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the system in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, 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, 2021 amounted to \$1,322,667 of employer contributions and \$82,315 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$97,969 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions 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, 2021, totaled \$939,255.

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 \$209,027. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$288,218.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through 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 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	115
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	143
	<u>258</u>

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NOTES TO FINANCIAL STATEMENTS
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B. Total OPEB Liability

The District's total OPEB liability of \$36,400,423 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Discount rate	2.16%
Healthcare cost trend rates	5.30% for 2021, 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 the RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-2018, as appropriate with adjustments for mortality improvements projected to date of decrement using Scale MP-2018 (generational mortality).

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, 2020	<u>\$ 34,463,212</u>
Changes for the year	
Service cost	1,281,435
Interest	783,028
Changes of benefit terms	-
Differences between expected and actual experience	(4,025,910)
Changes in assumptions or other inputs	4,529,174
Benefit payments	<u>(630,516)</u>
	<u>1,937,211</u>
Balance at June 30, 2021	<u><u>\$ 36,400,423</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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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 (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	<u>\$ (43,783,731)</u>	<u>\$ (36,400,423)</u>	<u>\$ (30,608,898)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30-3.10%) or 1 percentage point higher (6.30-5.10%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.30% decreasing to 3.10%	Healthcare Cost Trend Rates 5.30% decreasing to 4.10%	1% Increase 6.30% decreasing to 5.10%
Total OPEB liability	<u>\$ (31,001,405)</u>	<u>\$ (36,400,423)</u>	<u>\$ (43,634,854)</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,584,721. At June 30, 2021, 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	\$	\$ 6,570,483
Changes of assumptions or other inputs	<u>8,349,554</u>	<u>4,154,429</u>
Total	<u>\$ 8,349,554</u>	<u>\$ 10,724,912</u>

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (479,742)
2023	(479,742)
2024	(479,742)
2025	(479,742)
2026	(479,742)
Thereafter	<u>23,352</u>
	<u>\$ (2,375,358)</u>

17. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2021, consists of a reserve for excess property taxes, which is associated with unanticipated restored property taxes, and accounts receivable. Reserve for excess property tax levy and unavailable revenues, in the general fund at June 30, 2020, total \$296,524 and \$14,125, respectively.

18. 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, 2021, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was \$16,806,143 at a 2.0% discount rate. The Workers' Compensation Plan has assets of \$23,399,025 to pay these liabilities.

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NOTES TO FINANCIAL STATEMENTS
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19. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$300,000 has been appropriated to reduce taxes for the year ending June 30, 2022.

20. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	May 2018
Number of Years to Fund	10
Maximum Funding	<u>\$ 2,000,000</u>
General Fund	
Funding Provided Since Inception	\$ 2,000,000
Interest Earnings Since Inception	24,701
Use of Reserve Since Inception	<u>-</u>
Balance as of June 30, 2021	<u>\$ 2,024,701</u>

21. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84. The implementation of Statement No. 84 resulted in the reporting of changes in current and other assets and current and other liabilities. The District's net fund balance and net position have been restated as follows:

	General Fund	Scholarship Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Reported	\$ 7,530,942	\$	\$ (15,561,206)
Assets			
Cash	349,924	1,208	351,132
Taxes receivable	(1,005,748)		(1,005,748)
Due from fiduciary fund	(337,788)		(337,788)
	<u>(993,612)</u>	<u>1,208</u>	<u>(992,404)</u>
Liabilities			
Due to fiduciary fund	(16)		(16)
Due to other governments	(1,005,748)		(1,005,748)
Other liabilities	12,152		12,152
	<u>(993,612)</u>	<u>-</u>	<u>(993,612)</u>
Fund Balance/Net Position			
Restricted		<u>1,208</u>	<u>1,208</u>
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Restated	<u>\$ 7,530,942</u>	<u>\$ 1,208</u>	<u>\$ (15,559,998)</u>

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NOTES TO FINANCIAL STATEMENTS
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22. 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 \$1,047,221. The District received payment in lieu of tax (PILOT) payments totaling \$682,349.

23. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as assigned fund balance. At June 30, 2021, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:

General Fund

General Support

\$ 58,977

Instruction

15,817

74,794

Capital Projects Fund

Capital projects

199,675

\$ 274,469

B. Grants

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

C. Litigation

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

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$13,909. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 1,739</u>

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

24. SUBSEQUENT EVENTS

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

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)

In July 2021, the District was awarded CRRSA funding of \$856,587 through the Elementary and Secondary School Emergency Relief Program (ESSER) and \$41,506 through the Governor's Emergency Education Relief Program (GEER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the Special Aid Fund as expended.

SUPPLEMENTARY INFORMATION

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, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 21,754,290	\$ 20,293,160	\$ 20,293,160	\$ -
Other tax items		1,461,130	2,150,776	689,646
Charges for services			194,475	194,475
Use of money and property	30,000	30,000	17,347	(12,653)
Sale of property and compensation for loss			3,335	3,335
Miscellaneous	939,377	939,377	227,481	(711,896)
Total Local Sources	22,723,667	22,723,667	22,886,574	162,907
State Sources	7,428,731	7,428,731	7,272,994	(155,737)
Medicaid Reimbursement			136,061	136,061
Federal Sources			310,656	310,656
Total Revenues	30,152,398	30,152,398	30,606,285	\$ 453,887
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	800,000	800,000		
Prior Year's Encumbrances	41,325	41,325		
Appropriated Reserves		209,028		
Total Appropriated Fund Balance	841,325	1,050,353		
Total Revenues and Appropriated Fund Balance	\$ 30,993,723	\$ 31,202,751		

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, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 44,300	\$ 63,012	\$ 58,207	\$	\$ 4,805
Central administration	371,774	384,975	380,402		4,573
Finance	606,837	612,929	539,393	42,075	31,461
Staff	110,500	153,862	139,397		14,465
Central services	1,738,937	2,030,847	1,901,387	16,902	112,558
Special items	321,842	332,187	318,768		13,419
Total General Support	3,194,190	3,577,812	3,337,554	58,977	181,281
Instruction					
Administration & improvement	1,278,623	1,266,518	1,228,427		38,091
Teaching - regular school	11,152,934	10,206,772	9,564,956	15,817	625,999
Programs for students with disabilities	4,444,219	5,138,965	4,965,180		173,785
Teaching - special schools	121,000	112,473	111,903		570
Instructional media	808,453	1,002,720	1,001,068		1,652
Pupil services	965,807	1,000,707	959,419		41,288
Total Instruction	18,771,036	18,728,155	17,830,953	15,817	881,385
Pupil Transportation	812,000	1,287,123	1,064,766		222,357
Community Services	1,200	9,938	5,700		4,238
Employee Benefits	7,369,820	6,660,879	6,075,678		585,201
Debt Service					
Principal	292,896	292,896	292,896		-
Interest	102,581	116,644	116,644		-
Total Debt Service	395,477	409,540	409,540	-	-
Total Expenditures	30,543,723	30,673,447	28,724,191	74,794	1,874,462
OTHER FINANCING USES					
Operating Transfers Out	450,000	529,304	528,768		536
Total Expenditures and Other Uses	\$ 30,993,723	\$ 31,202,751	29,252,959	\$ 74,794	\$ 1,874,998
Net Change in Fund Balance			1,353,326		
Fund Balances - Beginning of Year			7,530,942		
Fund Balances - End of Year			\$ 8,884,268		

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 Eight Fiscal Years

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset (liability)	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)	\$ (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	\$ 14,373,151	\$ 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 as a percentage of its covered payroll	(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	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0061390%	0.0065320%	0.0066104%	0.0061864%	0.0066236%	0.0066675%	0.0069927%	0.0069927%
District's proportionate share of the net pension liability	\$ (6,113)	\$ (1,729,707)	\$ (468,364)	\$ (199,662)	\$ (622,371)	\$ (1,070,156)	\$ (236,229)	\$ (315,988)
District's covered payroll	\$ 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 liability as a percentage of its covered payroll	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	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%

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.

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

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,322,667	\$ 1,273,461	\$ 1,515,030	\$ 1,354,075	\$ 1,572,375	\$ 1,784,561	\$ 2,421,277	\$ 2,303,452	\$ 1,667,923	\$ 1,545,675
Contributions in relation to the contractually required contribution	1,322,667	1,273,461	1,515,030	1,354,075	1,572,375	1,784,561	2,421,277	2,303,452	1,667,923	1,545,675
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 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	\$ 14,263,444
Contributions as a percentage of covered payroll	10%	9%	11%	10%	11%	13%	17%	16%	12%	11%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 317,646	\$ 305,256	\$ 300,437	\$ 285,922	\$ 300,990	\$ 331,920	\$ 373,403	\$ 394,351	\$ 398,315	\$ 318,840
Contributions in relation to the contractually required contribution	317,646	305,256	300,437	285,922	300,990	331,920	373,403	394,351	398,315	318,840
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,214,221	\$ 2,235,184	\$ 2,147,305	\$ 2,123,555	\$ 2,133,513	\$ 2,043,397	\$ 2,058,202	\$ 2,099,102	\$ 2,137,643	\$ 2,189,819
Contributions as a percentage of covered payroll	14%	14%	14%	13%	14%	16%	18%	19%	19%	15%

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 1,281,435	\$ 1,082,730	\$ 1,327,312	\$ 1,716,671
Interest	783,028	975,304	1,110,298	1,055,431
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(4,025,910)	-	(4,513,435)	(158,849)
Changes of assumptions or other inputs	4,529,174	5,854,994	(6,380,015)	-
Benefit payments	(630,516)	(461,816)	(426,472)	(363,942)
Net change in total OPEB liability	1,937,211	7,451,212	(8,882,312)	2,249,311
Total OPEB liability, beginning	34,463,212	27,012,000	35,894,312	33,645,001
Total OPEB liability, ending	\$ 36,400,423	\$ 34,463,212	\$ 27,012,000	\$ 35,894,312
 Covered employee payroll	 \$ 15,164,119	 \$ 15,176,412	 \$ 15,176,412	 \$ 17,210,217
 Total OPEB liability as a percentage of covered employee payroll	 240.04%	 227.08%	 177.99%	 208.56%
 Discount rate	 2.16%	 2.21%	 3.50%	 3.00%
 Healthcare trend rates	 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 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, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 30,952,398
Additions:	
Prior year's encumbrances	<u>41,325</u>
Original Budget	30,993,723
Budget revision	<u>209,028</u>
Final Budget	<u><u>\$ 31,202,751</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget	<u><u>\$ 31,787,655</u></u>
Maximum allowed (4% of 2021-2022 budget)	<u><u>\$ 1,271,506</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 374,794
Unassigned fund balance	<u>1,271,504</u>
	\$ 1,646,298
Less:	
Appropriated fund balance	300,000
Encumbrances	<u>74,794</u>
Total adjustments	<u>374,794</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 1,271,504</u></u>
Actual Percentage	4.00%

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

For the Year Ended June 30, 2021

[illegible]

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Schedule of Net Investment in Capital Assets
June 30, 2021

Capital assets, net	<u>\$ 12,848,831</u>
Deduct:	
Short-term portion of energy performance contract	301,632
Long-term portion of energy performance contract	<u>2,552,009</u>
	<u>2,853,641</u>
Net Investment in Capital Assets	<u><u>\$ 9,995,190</u></u>



R.S. ABRAMS & CO., LLP

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Robert S. Abrams
(1926–2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA

**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 fiscal year ended June 30, 2021, 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 6, 2021.

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 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 may exist that have not been identified.

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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, NY
October 6, 2021