

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

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

June 30, 2026

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

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of the Valley Stream Union Free School District #24 (the "District") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of the District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*, during the year ended June 30, 2026. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

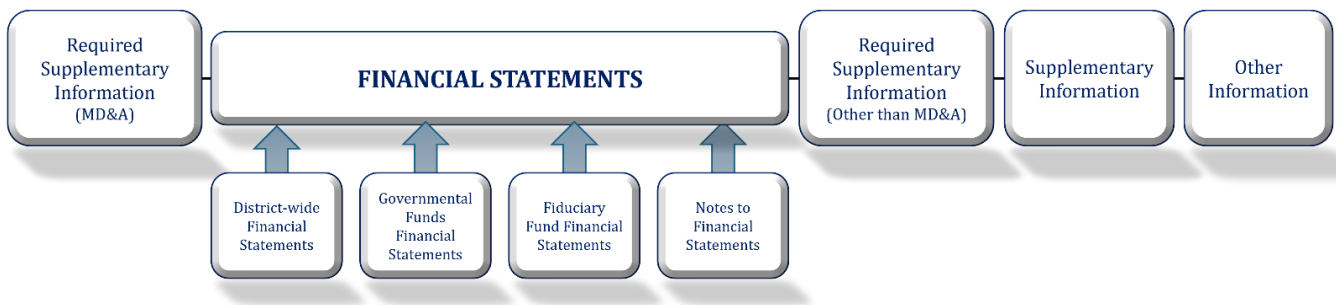
R.S. Abrams & Co., LLP
Islandia, New York
October 7, 2026

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

The Valley Stream Union Free School District Twenty-Four's ("the District") discussion and analysis of the financial performance provides an overall review of the District's financial activities for the year ended June 30, 2026 in comparison with the year ended June 30, 2025, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, required supplementary information (RSI), supplementary information, and other information, which immediately follow this section.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

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

B. Funds Financial Statements

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

Governmental Funds

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental funds 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 funds 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 scholarships fund. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, special aid fund, and capital projects fund, since the District has elected to report them as major funds. Combining information for the nonmajor funds can be found elsewhere in this report.

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

Fiduciary Fund

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

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

2. FINANCIAL SUMMARY AND DETAILED ANALYSIS

A. Net Position

The net position summary has been consolidated and reclassified from the prior year's presentation to align with the reporting format required by the implementation of GASB Statement No. 103, *Financial Reporting Model Improvements*. The District's total net position increased by \$339,440 between fiscal years 2026 and 2025. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2026	2025	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 20,523,744	\$ 20,338,901	\$ 184,843	0.91 %
Capital Assets, Net	12,793,191	11,878,272	914,919	7.70 %
Total Assets	33,316,935	32,217,173	1,099,762	3.41 %
Deferred Outflows of Resources	14,913,482	14,439,213	474,269	3.28 %
Liabilities				
Current and Other Liabilities	4,162,685	4,002,192	160,493	4.01 %
Long-Term Liabilities	40,626,946	37,201,492	3,425,454	9.21 %
Total Liabilities	44,789,631	41,203,684	3,585,947	8.70 %
Deferred Inflows of Resources	15,885,843	18,237,199	(2,351,356)	(12.89)%
Net Position (Deficit)				
Net Investment in Capital Assets	11,154,714	9,874,407	1,280,307	12.97 %
Restricted	14,335,528	13,361,433	974,095	7.29 %
Unrestricted (Deficit)	(37,935,299)	(36,020,337)	(1,914,962)	5.32 %
Total Net Position (Deficit)	\$ (12,445,057)	\$ (12,784,497)	\$ 339,440	(2.66)%

The increase in capital assets, net, is due to capital asset additions in excess of depreciation expense, which is attributable to the increase in construction in progress. The District has a number of ongoing capital projects that include replacement flooring, roofing, and heating, ventilation, and cooling upgrades.

The change in long-term liabilities is primarily related to the increase in the total OPEB liability. The main driver for the change in the OPEB liability is the decrease in the discount rate from 5.20% in 2025 to 4.67% in 2026.

The restricted amount relates to the District's reserves, which includes the restricted amounts related to the New York State and Local Teachers' Retirement System's (TRS) net pension asset, which increased over the prior year. This increase was offset by a decrease in the District's reserves from the prior year, mainly due to the use of reserves exceeding the interest earnings on 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.

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

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements, school tax relief (STAR), revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2026 and 2025 is as follows:

	2026	2025	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 300,951	\$ 263,637	\$ 37,314	14.15 %
Operating Grants & Contributions	1,738,317	2,147,635	(409,318)	(19.06)%
Capital Grants	-	499,831	(499,831)	(100.00)%
General Revenues				
Property Taxes and STAR	23,495,154	23,053,978	441,176	1.91 %
State Sources	14,859,458	13,805,751	1,053,707	7.63 %
Other	1,436,187	1,590,156	(153,969)	(9.68)%
Total Revenues	<u>41,830,067</u>	<u>41,360,988</u>	<u>469,079</u>	1.13 %
Expenses				
General Support	4,843,159	4,856,975	(13,816)	(0.28)%
Instruction	33,185,593	32,551,055	634,538	1.95 %
Pupil Transportation	2,913,261	2,302,836	610,425	26.51 %
Debt Service - Interest	65,555	66,420	(865)	(1.30)%
Food Service Program	483,059	487,563	(4,504)	(0.92)%
Total Expenses	<u>41,490,627</u>	<u>40,264,849</u>	<u>1,225,778</u>	3.04 %
Change in Net Position	<u>\$ 339,440</u>	<u>\$ 1,096,139</u>	<u>\$ (756,699)</u>	(69.03)%

The District's net position increased by \$339,440 and \$1,096,139 for the years ended June 30, 2026 and 2025, respectively.

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

- The increase in state sources is chiefly due to the District receiving more in basic state aid, excess cost aid, and lottery aid.
- Capital grants decreased due to DASNY grant revenues recognized by the District in the prior year. There were no such revenues received in the current year.
- Operating grants and contributions decreased due to the District recognizing less in state and federal grant revenues as compared to the prior year.

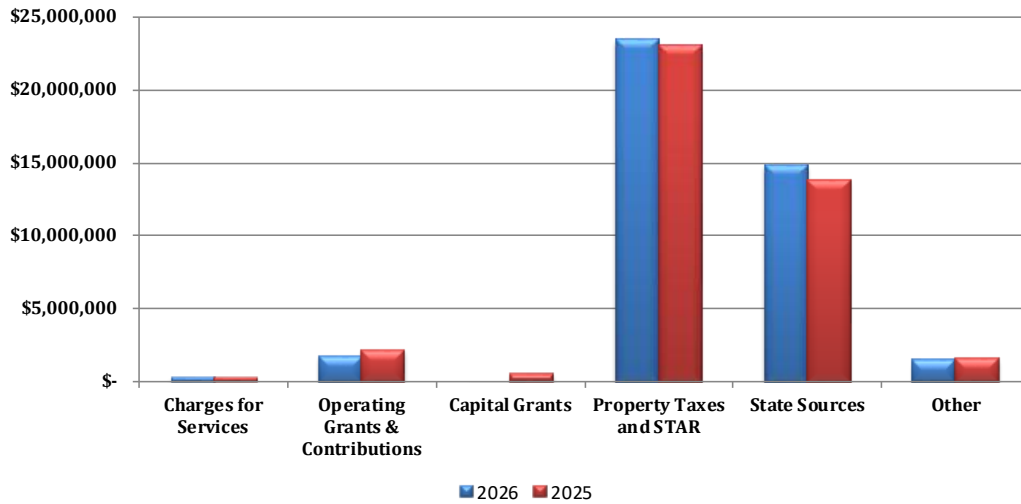
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- Instruction increased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and OPEB costs.
- Pupil transportation expenses increased due to a rise in contract bus expenses.

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

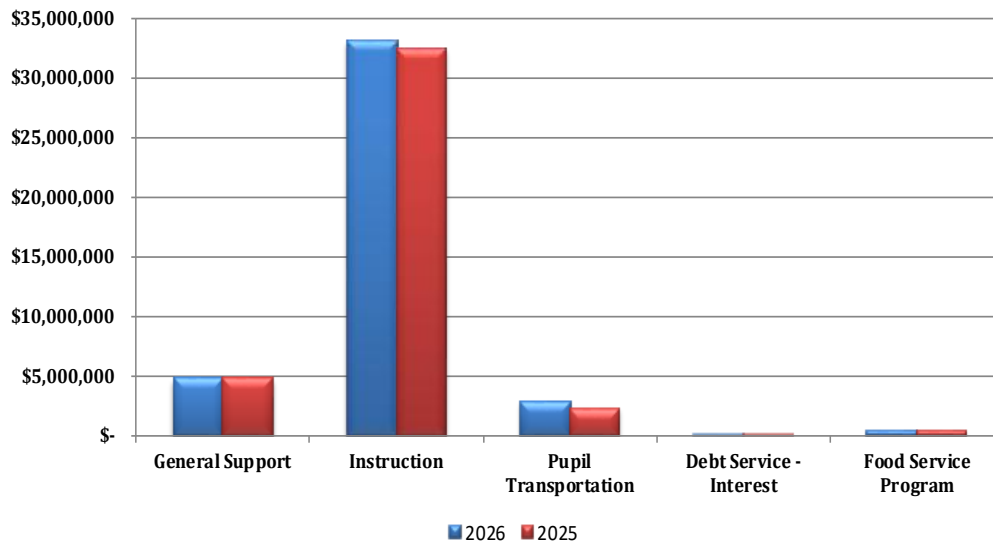
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 56.2% and 55.7% of the total for the years 2026 and 2025, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 79.9% and 80.8% of the total for the years 2026 and 2025, respectively).

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
2026	0.7%	4.2%	0.0%	56.2%	35.5%	3.4%
2025	0.6%	5.2%	1.2%	55.7%	33.4%	3.9%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2026	11.7%	79.9%	7.0%	0.2%	1.2%
2025	12.1%	80.8%	5.7%	0.2%	1.2%

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

3. DETAILED ANALYSIS OF GOVERNMENTAL FUNDS

At June 30, 2026, the District's governmental funds reported a combined fund balance of \$10,424,812, excluding nonmajor funds of \$(72,838), which is a decrease of \$2,470,912 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2026	2025	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Long-term loan receivable	\$ 73,781	\$ 78,233	\$ (4,452)	(5.69)%
Restricted				
Unemployment insurance	26,987	26,114	873	3.34 %
Retirement contribution:				
Teachers' retirement system	1,263,869	1,222,959	40,910	3.35 %
Employees' retirement system	4,305,848	4,166,474	139,374	3.35 %
Employee benefit accrued liability	1,204,395	1,245,476	(41,081)	(3.30)%
Capital	811,849	1,946,729	(1,134,880)	(58.30)%
Assigned				
Appropriated fund balance	1,000,000	1,000,000	-	0.00 %
Unappropriated fund balance	63,205	257,916	(194,711)	(75.49)%
Unassigned: Fund balance	967,028	1,649,699	(682,671)	(41.38)%
	<u>9,716,962</u>	<u>11,593,600</u>	<u>(1,876,638)</u>	(16.19)%
Capital Projects Fund				
Restricted: Capital	1,882,316	2,403,476	(521,160)	(21.68)%
Unassigned: Fund balance (deficit)	(1,174,466)	(1,101,352)	(73,114)	6.64 %
	<u>707,850</u>	<u>1,302,124</u>	<u>(594,274)</u>	(45.64)%
Total Fund Balance	<u>\$ 10,424,812</u>	<u>\$ 12,895,724</u>	<u>\$ (2,470,912)</u>	(19.16)%

A. General Fund

Fund Balance

The general fund – fund balance is a net decrease of \$1,876,638. This resulted from expenditures and other financing uses over revenues.

The following is a summary of the major changes that resulted in revenues increasing by \$1,376,728, or 3.56%, over the prior year.

	2026	2025	Increase (Decrease)	Percentage Change
Real Property Taxes and STAR	\$ 23,495,154	\$ 23,053,978	\$ 441,176	1.91 %
Other Local Sources	1,536,243	1,811,868	(275,625)	(15.21)%
State Sources	14,859,458	13,805,751	1,053,707	7.63 %
Medicaid Reimbursement	200,691	43,221	157,470	364.34 %
	<u>\$ 40,091,546</u>	<u>\$ 38,714,818</u>	<u>\$ 1,376,728</u>	3.56 %

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

- State sources increased mainly due to the District receiving more in basic state aid, excess cost aid, and lottery aid.

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing by \$3,347,560, or 8.67%, over the prior year:

	2026	2025	Increase (Decrease)	Percentage Change
General Support	\$ 4,084,504	\$ 3,983,554	\$ 100,950	2.53 %
Instruction	25,720,441	23,686,025	2,034,416	8.59 %
Pupil Transportation	2,738,813	2,154,680	584,133	27.11 %
Employee Benefits	7,822,481	7,591,452	231,029	3.04 %
Debt Service	266,513	254,565	11,948	4.69 %
Other Financing Uses	1,335,432	950,348	385,084	40.52 %
	<u>\$ 41,968,184</u>	<u>\$ 38,620,624</u>	<u>\$ 3,347,560</u>	8.67 %

- Instruction increased principally due to routine salary and step increases.
- Pupil transportation expenditures increased due to a rise in contract bus expenses.

Restricted Fund Balance

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

	Balance June 30, 2025	Use of Reserves	Interest	Funding	Balance June 30, 2026
Unemployment insurance	\$ 26,114	\$	\$ 873	\$	\$ 26,987
Retirement contribution:					
TRS	1,222,959		40,910		1,263,869
ERS	4,166,474		139,374		4,305,848
EBAL	1,245,476	(82,744)	41,663		1,204,395
Capital	1,946,729	(1,200,000)	65,120		811,849
	<u>\$ 8,607,752</u>	<u>\$ (1,282,744)</u>	<u>\$ 287,940</u>	<u>\$</u>	<u>\$ 7,612,948</u>

Additional detail regarding capital reserves can be found in the "Fund Balance – Governmental Funds" Note.

Change in Unassigned Fund Balance

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

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

Opening, Unassigned Fund Balance	\$ 1,649,699
Revenues Under Budget	(150,934)
Expenditures, Other Financing Uses, and Encumbrances Under Budget	751,751
Net Change in Nonspendable Fund Balance	4,452
Allocation to Reserves	(287,940)
Appropriated to Fund the June 30, 2027 Budget	<u>(1,000,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 967,028</u></u>

B. Special Aid Fund

Revenues and related expenditures decreased by \$408,032 or 22.58% from the prior year. This is mainly due to the District receiving less federal grant revenues.

C. Capital Projects Fund

The capital projects fund – fund balance net decrease is the result of capital outlay expenditures in excess of general fund transfers.

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

Creation Date	Balance June 30, 2025	Use of Reserve	Funding	Balance June 30, 2026
May 2018	\$ 2,127,684	\$ (1,721,160)	\$	\$ 406,524
May 2024	<u>275,792</u>		<u>1,200,000</u>	<u>1,475,792</u>
	<u><u>\$ 2,403,476</u></u>	<u><u>\$ (1,721,160)</u></u>	<u><u>\$ 1,200,000</u></u>	<u><u>\$ 1,882,316</u></u>

4. SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

A. Capital Assets and Intangible Assets

At June 30, 2026, 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 outlays and other additions of \$1,816,665 in excess of depreciation expense of \$901,746 for the year ended June 30, 2026. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2026 and 2025 is as follows:

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

	2026	2025	Increase (Decrease)
Land	\$ 155,300	\$ 155,300	\$ -
Construction in progress	1,990,514	239,335	1,751,179
Buildings and improvements	8,966,784	9,639,899	(673,115)
Furniture and equipment	1,636,859	1,792,968	(156,109)
Licensed vehicles	36,362	42,299	(5,937)
Leased equipment	7,372	8,471	(1,099)
Capital assets, net	<u>\$ 12,793,191</u>	<u>\$ 11,878,272</u>	<u>\$ 914,919</u>

B. Debt Administration

At June 30, 2026, the District had combined total debt of \$1,638,477. The decreases in outstanding debt represent principal payments made throughout the year. A summary of the outstanding debt at June 30, 2026 and 2025 is as follows:

Issue/ Commencement Date	Interest Rate	2026	2025	Increase (Decrease)
Installment Purchase Debt				
9/1/2021	0.00%	\$ 6,553	\$ 28,134	\$ (21,581)
8/26/2024	7.50%	40,641	47,494	(6,853)
		<u>\$ 47,194</u>	<u>\$ 75,628</u>	<u>\$ (28,434)</u>
Energy Performance Contract Payable				
11/21/2018	3.56%	<u>\$ 1,589,750</u>	<u>\$ 1,758,521</u>	<u>\$ (168,771)</u>
Lease Liabilities				
3/30/2023	2.82%	<u>\$ 1,533</u>	<u>\$ 4,535</u>	<u>\$ (3,002)</u>

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 total OPEB liability and net pension liabilities – proportionate share, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2026 and 2025 is as follows:

	2026	2025	Increase (Decrease)
Compensated absences	\$ 1,748,997	\$ 1,795,117	\$ (46,120)
Total OPEB liability	36,851,941	32,448,053	4,403,888
Net pension liabilities - proportionate share	<u>387,531</u>	<u>1,119,638</u>	<u>(732,107)</u>
	<u>\$ 38,988,469</u>	<u>\$ 35,362,808</u>	<u>\$ 3,625,661</u>

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

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, was approved by the voters on May 19, 2026.

The District increased budgeted revenues other than property taxes and STAR over the prior year's estimate, which is principally due to an estimated increase in state aid. Appropriated reserves of \$1,000,000 represent amounts to be used from the retirement contribution reserves. There were no such appropriated reserves included within the budget for the previous year. A property tax increase was needed to meet the funding shortfall and cover the increase in appropriations. The following is a summary of these changes:

	2026	2027	Change
Property Taxes & STAR	\$ 23,489,677	\$ 23,969,533	\$ 479,856
State Aid	15,215,066	15,573,420	358,354
Appropriated Reserves		1,000,000	1,000,000
Appropriated Fund Balance	1,000,000	1,000,000	-
Other Revenues	1,537,737	1,588,686	50,949
Adopted Budget	\$ 41,242,480	\$ 43,131,639	\$ 1,889,159
<i>Change in Budget</i>	<i>4.99%</i>	<i>4.58%</i>	
Change in Tax Levy	2.18%	2.04%	
Tax Levy Limit	\$ 23,493,609	\$ 23,969,533	
Over/(Under) limit	(3,932)	-	
Property Tax Cap	2.19%	2.04%	

B. Tax Cap

New York State law limits the annual increase in the property tax levy of school districts to the lesser of 2% plus additional statutory adjustments to the tax levy limit, or the rate of inflation plus additional statutory adjustments to the tax levy limit. School districts may override the tax levy limit (tax cap) by presenting a budget to the voters, which requires a tax levy that exceeds the statutory limit; however, that budget must be approved by at least 60% of the votes cast. The District's 2026-2027 property tax increase was within New York State tax cap regulations.

C. Future Budgets

Factors to consider that could influence future budgets:

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

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

- Legal and intergovernmental factors constraining tax increases, forbidding particular revenue sources, and mandating some services.

D. State Budget Enacted

- Tier VI Reform: Effective October 1, 2026, New York State and Local Retirement System (NYSLRS) Tier VI members making over \$45,000 will see a reduction in retirement contribution rates. Additionally, the overtime ceiling used in calculating final average salary will increase to \$30,000 starting January 1, 2027. The reform package excludes overtime from contribution rates calculations through March 31, 2028.
- Education Aid: Total increases include a guaranteed 2% in Foundation Aid to every district. Also, the mandate to purchase electric buses was pushed back from 2027 to 2032.

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:

Victoria Galante
Interim 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, 2026

ASSETS

Cash and cash equivalents	
Unrestricted	\$ 2,592,730
Restricted	9,496,207
Receivables	
Taxes receivable	485,608
Due from state and federal	2,566,750
Due from other governments	543,128
Capital assets:	
Not being depreciated	2,145,814
Being depreciated, net of accumulated depreciation	10,647,377
Net pension asset - proportionate share	<u>4,839,321</u>
 Total Assets	 <u>33,316,935</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	6,784,029
Other postemployment benefits	<u>8,129,453</u>
 Total Deferred Outflows of Resources	 <u>14,913,482</u>

LIABILITIES

Payables	
Accounts payable	735,123
Accrued liabilities	56,799
Due to other governments	1,239,031
Due to teachers' retirement system	1,804,456
Due to employees' retirement system	180,124
Compensated absences	82,744
Other liabilities	38,175
Unearned credits	
Collections in advance	26,233
Long-term liabilities	
Due and payable within one year	
Installment purchase debt	15,620
Energy performance contract payable	174,833
Lease liabilities	1,533
Compensated absences payable	87,450
Total other postemployment benefits liability	946,479
Due and payable after one year	
Installment purchase debt	31,574
Energy performance contract payable	1,414,917
Compensated absences payable	1,661,547
Total other postemployment benefits liability	35,905,462
Net pension liabilities - proportionate share	<u>387,531</u>
 Total Liabilities	 <u>44,789,631</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	4,653,707
Other postemployment benefits	<u>11,232,136</u>
 Total Deferred Inflows of Resources	 <u>15,885,843</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>11,154,714</u>
 Restricted:	
Governmental	9,496,207
Pension	<u>4,839,321</u>
	<u>14,335,528</u>
 Unrestricted (Deficit)	 <u>(37,935,299)</u>
 Total Net Position (Deficit)	 <u><u>\$ (12,445,057)</u></u>

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

Statement of Activities

For the Year Ended June 30, 2026

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
	Expenses	Services	& Contributions	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 4,843,159	\$	\$	\$ (4,843,159)
Instruction	33,185,593	300,951	1,313,911	(31,570,731)
Pupil transportation	2,913,261			(2,913,261)
Debt service - interest	65,555			(65,555)
Food service program	483,059		424,406	(58,653)
Total Functions and Programs	<u>\$ 41,490,627</u>	<u>\$ 300,951</u>	<u>\$ 1,738,317</u>	<u>(39,451,359)</u>
GENERAL REVENUES				
Real property taxes				22,644,309
Other tax items				1,593,091
Use of money and property				386,033
Sale of property and compensation for loss				6,009
Miscellaneous				101,208
State sources				14,859,458
Medicaid reimbursement				<u>200,691</u>
Total General Revenues				<u>39,790,799</u>
Change in Net Position				<u>339,440</u>
Total Net Position (Deficit) - Beginning of Year				<u>(12,784,497)</u>
Total Net Position (Deficit) - End of Year				<u><u>\$ (12,445,057)</u></u>

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

Balance Sheet - Governmental Funds

June 30, 2026

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents					
Unrestricted	\$ 2,591,069	\$ 882	\$	\$ 779	\$ 2,592,730
Restricted	9,495,707		200	300	9,496,207
Receivables					
Taxes receivable	485,608				485,608
Due from other funds	967,304		707,740	643	1,675,687
Due from state and federal	414,643	917,841	1,176,838	57,428	2,566,750
Due from other governments	543,128				543,128
Total Assets	<u>\$ 14,497,459</u>	<u>\$ 918,723</u>	<u>\$ 1,884,778</u>	<u>\$ 59,150</u>	<u>\$ 17,360,110</u>
LIABILITIES					
Payables					
Accounts payable	\$ 678,406	\$ 28,729	\$	\$ 27,988	\$ 735,123
Accrued liabilities	49,179	546			49,725
Due to other funds	708,382	889,113		78,192	1,675,687
Due to other governments	1,239,031				1,239,031
Due to teachers' retirement system	1,804,456				1,804,456
Due to employees' retirement system	180,124				180,124
Compensated absences payable	82,744				82,744
Other liabilities	38,175				38,175
Unearned credits					
Collections in advance		335	90	25,808	26,233
Total Liabilities	<u>4,780,497</u>	<u>918,723</u>	<u>90</u>	<u>131,988</u>	<u>5,831,298</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues			1,176,838		1,176,838
FUND BALANCES					
Nonspendable	73,781				73,781
Restricted	7,612,948		1,882,316	943	9,496,207
Assigned	1,063,205				1,063,205
Unassigned (Deficit)	967,028		(1,174,466)	(73,781)	(281,219)
Total Fund Balances	<u>9,716,962</u>	<u>-</u>	<u>707,850</u>	<u>(72,838)</u>	<u>10,351,974</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,497,459</u>	<u>\$ 918,723</u>	<u>\$ 1,884,778</u>	<u>\$ 59,150</u>	<u>\$ 17,360,110</u>

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2026

Total Governmental Fund Balances	\$ 10,351,974
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building, acquiring, and the right-to-use capital and intangible assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost or present value of capital and intangible assets	\$ 27,111,601	
Less: Accumulated depreciation/amortization	<u>(14,318,410)</u>	
		12,793,191

Proportionate share of long-term assets and liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or assets and liabilities and are not reported in the funds.

Deferred outflows of resources	6,784,029	
Net pension asset - teachers' retirement system	4,839,321	
Net pension liability - employees' retirement system	(387,531)	
Deferred inflows of resources	<u>(4,653,707)</u>	
		6,582,112

Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement, are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	8,129,453	
Total other postemployment benefits liability	(36,851,941)	
Deferred inflows of resources	<u>(11,232,136)</u>	
		(39,954,624)

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.	1,176,838
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Accrued interest on debt	(7,074)	
Installment purchase debt payable	(47,194)	
Energy performance contract payable	(1,589,750)	
Lease liabilities	(1,533)	
Compensated absences payable	<u>(1,748,997)</u>	
		(3,394,548)

Total Net Position (Deficit)	<u><u>\$ (12,445,057)</u></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, 2026

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes	\$ 22,644,309	\$	\$	\$	\$ 22,644,309
Other tax items	1,593,091				1,593,091
Charges for services	300,951				300,951
Use of money and property	385,829			204	386,033
Sale of property and compensation for loss	6,009				6,009
Miscellaneous	101,208				101,208
State sources	14,859,458	740,117		179,131	15,778,706
Medicaid reimbursement	200,691				200,691
Federal sources		573,794		245,275	819,069
Total Revenues	40,091,546	1,313,911	-	424,610	41,830,067
EXPENDITURES					
General support	4,084,504				4,084,504
Instruction	25,720,441	1,245,325			26,965,766
Pupil transportation	2,738,813	154,018			2,892,831
Employee benefits	7,822,481				7,822,481
Debt service					
Principal	200,207				200,207
Interest	66,306				66,306
Food service program				470,153	470,153
Capital outlay			1,794,274		1,794,274
Total Expenditures	40,632,752	1,399,343	1,794,274	470,153	44,296,522
Deficiency of Revenues Over Expenditures	(541,206)	(85,432)	(1,794,274)	(45,543)	(2,466,455)
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in		85,432	1,200,000	50,000	1,335,432
Operating transfers (out)	(1,335,432)				(1,335,432)
Total Other Financing Sources and (Uses)	(1,335,432)	85,432	1,200,000	50,000	-
Net Change in Fund Balances	(1,876,638)	-	(594,274)	4,457	(2,466,455)
Fund Balances (Deficit) - Beginning of Year	11,593,600	-	1,302,124	(77,295)	12,818,429
Fund Balances (Deficit) - End of Year	\$ 9,716,962	\$ -	\$ 707,850	\$ (72,838)	\$ 10,351,974

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, 2026

Net Change in Fund Balances \$ (2,466,455)

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

Long-Term Revenue and Expense Differences

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) 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	46,120	
		46,120

Capital Related Differences

Capital outlays to purchase, build, and the right-to-use capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions	1,816,665	
Depreciation/amortization expense	(901,746)	
		914,919

Long-Term Debt Transactions Differences

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Installment purchase debt	28,434	
Energy performance contract payable	168,771	
Lease liabilities	3,002	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2025 to June 30, 2026.

	751	
		200,958

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' retirement system	1,836,243	
Employees' retirement system	(24,532)	
Other postemployment benefits	(167,813)	
		1,643,898

Change in Net Position (Deficit) of Governmental Activities		\$ 339,440
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VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2026

	<u>Custodial</u>
ASSETS	
Due from other governments	\$ 642,230
LIABILITIES	
Due to other governments	<u>642,230</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u><u>\$ -</u></u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2026

	<u>Custodial</u>
ADDITIONS	
Real property taxes and PILOT collected for other governments:	
Central High School District - real property taxes	\$ 25,320,152
Central High School District - PILOT	<u>776,771</u>
	26,096,923
DEDUCTIONS	
Disbursement of real property taxes and PILOT to the Central High School District	<u>26,096,923</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</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 ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education ("the Board") consisting of 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 the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the New York State Education Law ("the Education Law"). A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of Education Law. All BOCES property is held by the BOCES board as a corporation under §1950(6). In addition, BOCES boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law (GML). A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital costs is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

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 eliminate the double counting of interfund transactions. Governmental activities are generally financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants and contributions reflect capital-specific grants and contributions, if any.

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

Governmental Funds Financial Statements

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

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental funds 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 government that provides the funds or outside parties.

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

The following are the District's nonmajor governmental funds:

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

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 and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

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

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

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

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

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

E. Real Property Taxes and Other Tax Items

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 ("the Town") and remitted to the District from October to June.

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

Enforcement

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

School Tax Relief (STAR) Aid

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

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 Central High School District are remitted to the Valley Stream Central High School District. These pass-through amounts are not included in the District's other tax items revenue; however, the amounts are recorded within the custodial fund.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. In response to the New York State Public Authorities Law §1020-q ("the LIPA Reform Act"), certain properties owned by LIPA were removed from the assessment and tax rolls and, instead, allowed LIPA to make PILOT payments instead of property taxes. These LIPA PILOT payments are not a result of tax abatement agreements as defined by GASB, but were designed to compensate local taxing jurisdictions for property tax revenue lost due to LIPA's tax-exempt status.

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.

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

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 flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements, eliminations have been made for all interfund receivables and payables among the funds.

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

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

I. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, lease liabilities, compensated absences, OPEB, pension costs, potential contingent liabilities, and useful lives of capital assets.

J. Cash and Cash Equivalents

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

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

K. Receivables

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

L. Capital Assets

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

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

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives and intangible assets are amortized on a straight-line basis over the term of their underlying agreements, as follows:

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

M. Deferred Outflows of Resources

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

N. Short-Term Debt

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

No short-term debt was issued during the year ended June 30, 2026.

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 in the school food service fund, grant monies in the special aid fund, and smart school bond monies in the capital projects fund. These amounts are recorded as liabilities in the financial statements. The liabilities are reduced and revenues are recognized in subsequent periods when the District has legal claim to the resources.

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

P. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated sick leave and vacation leave.

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

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

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

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

In the governmental funds 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 (TRS) or the New York State and Local Employees' Retirement System (ERS).

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

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

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

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

R. Long-Term Debt

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

S. Lease Liabilities

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term; the intangible right-to-use lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease liability is reduced by the principal portion of lease payments made and the intangible lease asset is amortized on a straight-line basis over the lease term.

T. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. The first is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables for reimbursable operating and capital grant expenditures. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the district-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

U. Equity Classifications

District-Wide Statements

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

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

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

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

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

Governmental Funds Statements

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

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of the long-term portion of loans receivable related to the nonmajor funds deficit, which is recorded in the general fund.

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

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

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

Capital Reserve

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

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the nonmajor funds.

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

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

Fund Balance Classification

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

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

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

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

2. ADOPTION OF GASB STATEMENTS

For the year ended June 30, 2026, the District adopted the following GASB Statements, which had no impact on opening fund balance or net position on the financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Impact of the adoption of GASB Statement No. 103 can be seen in the Management's Discussion and Analysis section of the financial statements, as well as in the "Notes to Required Supplementary Information – Budgetary Comparisons" supplemental schedule.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale. There was no material impact of the adoption of GASB Statement No. 104 on the financial statements.

3. FUTURE ACCOUNTING STANDARDS

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

Effective for the Year Ending	Statement
June 30, 2027	GASB No. 105 – <i>Subsequent Events</i>

GASB Statement No. 105 was issued to improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events, and by specifying the information items that are required to be disclosed about subsequent events.

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

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

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

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

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

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

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

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.

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

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

5. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

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

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

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Transfer to the capital projects fund funded by a voter-approved expenditure from the capital reserve	\$ 1,200,000
Employee payouts funded by the employee benefit accrued liability reserve	<u>82,744</u>
	<u><u>\$ 1,282,744</u></u>

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

B. Encumbrances

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

C. Capital Projects Fund Deficit

The capital projects fund has an unassigned fund balance deficit of \$1,174,466. This will be funded when the District obtains grant funds from the Dormitory Authority of the State of New York (DASNY).

D. Nonmajor Funds Deficit

The nonmajor funds has an unassigned fund balance deficit of \$73,781. This is expected to be funded by a budgeted or Board-authorized subsequent year transfer from the general fund.

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

E. Unrestricted Net Position Deficit

As of June 30, 2026, the governmental activities reported a deficit in unrestricted net position of \$37,935,299. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liability on the Statement of Net Position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liabilities on a “pay as you go” basis, has resulted in a negative unrestricted net position. The District remains committed to its employees and retirees by continuing to make all required contributions to the pension plans and including these amounts in its annual budget to cover its share of the costs of postemployment health insurance coverage.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

Investment Pool:

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

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

The District's investments in NYCLASS consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. The dollar weighted average days to maturity (WAM) of NYCLASS at June 30, 2026, was 48 days and the weighted average life (WAL) was 77 days. These investments are included in cash as follows:

Fund	Carrying Amount
General	<u>\$ 2,337,753</u>

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

7. PARTICIPATION IN BOCES

During the year ended June 30, 2026, the District was billed \$5,817,640 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$588,817. 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, 2026 consisted of:

General Fund	
New York State - excess cost aid	\$ 414,643
Special Aid Fund	
State and federal grants	917,841
Capital Projects Fund	
Dormitory Authority of the State of New York	1,176,838
Nonmajor Funds	
State and federal food service program reimbursements	<u>57,428</u>
	<u>\$ 2,566,750</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, 2026 consisted of:

General Fund	
BOCES aid	\$ 268,684
Town of Hempstead IDA - PILOT	110,857
Other districts - health services	113,332
Nassau BOCES reimbursement	805
E-Rate reimbursement	10,020
Other districts - transportation services	5,946
Medicaid	33,484
	<u>\$ 543,128</u>

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

A. Changes

Capital assets balances and activity for the year ended June 30, 2026, were as follows:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026
Governmental activities				
Capital assets not being depreciated/ amortized:				
Land	\$ 155,300	\$	\$	\$ 155,300
Construction in progress	239,335	1,794,274	(43,095)	1,990,514
Total capital assets not being depreciated/amortized	<u>394,635</u>	<u>1,794,274</u>	<u>(43,095)</u>	<u>2,145,814</u>
Capital assets being depreciated:				
Buildings and improvements	21,344,515	43,095		21,387,610
Furniture and equipment	3,414,295	22,391		3,436,686
Licensed vehicles	130,502			130,502
Leased equipment	10,989			10,989
Total capital assets being depreciated/amortized	<u>24,900,301</u>	<u>65,486</u>	<u>-</u>	<u>24,965,787</u>
Less accumulated depreciation/amortization for:				
Buildings	11,704,616	716,210		12,420,826
Furniture and equipment	1,621,327	178,500		1,799,827
Licensed vehicles	88,203	5,937		94,140
Leased equipment	2,518	1,099		3,617
Total accumulated depreciation/amortization	<u>13,416,664</u>	<u>901,746</u>	<u>-</u>	<u>14,318,410</u>
Total capital assets, being depreciated/amortized, net	<u>11,483,637</u>	<u>(836,260)</u>	<u>-</u>	<u>10,647,377</u>
Capital assets, net	<u>\$ 11,878,272</u>	<u>\$ 958,014</u>	<u>\$ (43,095)</u>	<u>\$ 12,793,191</u>

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

General support	\$ 132,027
Instruction	736,383
Pupil transportation	20,430
Food service program	<u>12,906</u>
Total depreciation/amortization expense	<u><u>\$ 901,746</u></u>

B. Lease Assets

The District has entered into a lease agreement whose term is 48 months with an interest rate of 2.816%. This lease is included in leased equipment as shown in the previous table. The District has not provided any residual value guarantees related to the leased capital asset. The District is not aware of any impairments for lease assets.

C. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2026, the District has not recorded any such impairment losses.

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2026, were as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
Governmental Funds				
General Fund	\$ 967,304	\$ 708,382	\$	\$ 1,335,432
Special Aid Fund		889,113	85,432	
Capital Projects Fund	707,740		1,200,000	
Nonmajor Funds	<u>643</u>	<u>78,192</u>	<u>50,000</u>	
Total Governmental Funds	<u><u>\$ 1,675,687</u></u>	<u><u>\$ 1,675,687</u></u>	<u><u>\$ 1,335,432</u></u>	<u><u>\$ 1,335,432</u></u>

The District typically transfers from the general fund to the special aid fund and nonmajor funds per the approved budget. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the capital projects fund included amounts that were a voter-approved use of the capital reserve, which represents a general fund budget revision.

The transfer to the nonmajor funds consisted of the transfer to the school food service fund to provide support for the food service program.

Interfund receivables and payables are expected to be repaid within one year, with the exception of the amounts payable to the general fund from the nonmajor funds.

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12. LONG-TERM LIABILITIES

A. Changes

At June 30, 2026, the long-term liabilities schedule was updated to include the District's proportionate share of the net pension liability. Long-term liabilities balances and activities for the year are summarized below:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026	Amounts Due Within One Year
Long-term debt:					
Installment purchase debt	\$ 75,628	\$	\$ (28,434)	\$ 47,194	\$ 15,620
Energy performance contract payable	1,758,521		(168,771)	1,589,750	174,833
Lease liabilities	4,535		(3,002)	1,533	1,533
Other long-term liabilities:					
Compensated absences	1,795,117		(46,120)	1,748,997	87,450
Total OPEB liability	32,448,053	5,350,367	(946,479)	36,851,941	946,479
Net pension liability - proportionate share	1,119,638		(732,107)	387,531	
	<u>\$ 37,201,492</u>	<u>\$ 5,350,367</u>	<u>\$ (1,924,913)</u>	<u>\$ 40,626,946</u>	<u>\$ 1,225,915</u>

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

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

For total OPEB liability, see "Postemployment Healthcare Benefits" Note for additional information. For net pension liability – proportionate share, see "Pension Plans – New York State" Note for additional information.

B. Installment Purchase Debt

Installment purchase debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2026
Copiers	9/1/2021	2/28/2027	0.00%	\$ 6,553
Chevy Cargo Van	8/26/2024	2/1/2030	7.50%	40,641
				<u>\$ 47,194</u>

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(Continued)

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 15,620	\$ 2,880	\$ 18,500
2028	9,760	2,187	11,947
2029	10,506	1,442	11,948
2030	11,308	640	11,948
Total	<u>\$ 47,194</u>	<u>\$ 7,149</u>	<u>\$ 54,343</u>

C. Energy Performance Contract

Energy performance contract is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2026</u>
Energy performance contract	11/21/2018	11/15/2033	3.56%	<u>\$ 1,589,750</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 174,833	\$ 55,053	\$ 229,886
2028	181,113	48,773	229,886
2029	187,618	42,268	229,886
2030	194,356	35,530	229,886
2031	201,337	28,549	229,886
2032-2034	650,493	39,165	689,658
Total	<u>\$ 1,589,750</u>	<u>\$ 249,338</u>	<u>\$ 1,839,088</u>

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

D. Lease Liabilities

Lease liabilities are comprised of the following:

<u>Description</u>	<u>Commencement Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2026</u>
Postage machine	3/30/2023	3/30/2027	2.816%	<u>\$ 1,533</u>

The following is a summary of principal and interest requirements for lease liabilities:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	<u>\$ 1,533</u>	<u>\$ 16</u>	<u>\$ 1,549</u>

There were no additional lease commitments entered into by the District after June 30, 2026.

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NOTES TO FINANCIAL STATEMENTS
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E. Interest Expense

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

Interest paid	\$ 66,306
Less interest accrued in the prior year	(7,825)
Plus interest accrued in the current year	<u>7,074</u>
Total interest expense on long-term debt	<u><u>\$ 65,555</u></u>

13. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

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 ("the 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
(Continued)

C. Funding Policies

Chapter 58 of the Laws of 2026 amended the New York State Tier 6 benefits structures by lowering employee contribution rates effective October 1, 2026, increasing pensionable overtime caps effective January 1, 2027, for ERS, and reducing the unreduced retirement age from 63 to 58 for TRS members with 30 years of service effective April 1, 2026.

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 and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.11% of covered payroll for the TRS' fiscal year ended June 30, 2025. The District's average contribution rate was 15.40% of covered payroll for the ERS' fiscal year ended March 31, 2026.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2026 was \$1,584,314 for TRS at the contribution rate of 9.59% and \$460,480 for ERS at an average contribution rate of 12.39%.

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

At June 30, 2026, 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, 2025, for TRS and March 31, 2026 for ERS. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2025	March 31, 2026
District's proportionate share of the net pension asset/(liability)	\$ 4,839,321	\$ (387,531)
District's portion of the Plan's net pension liability	0.081731%	0.0068690%
Change in proportion since the prior measurement date	0.002992	0.0003389

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For the year ended June 30, 2026, the District recognized a pension expense (credit) of \$(241,867) for TRS and \$484,381 for ERS. At June 30, 2026, 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	\$ 2,536,883	\$ 221,768	\$	\$
Changes of assumptions	1,915,736	66,522	52,176	
Net difference between projected and actual earnings on pension plan investments			3,779,497	694,865
Changes in proportion and differences between the District's contributions and proportionate share of contributions	110,835	167,847	111,508	15,661
District contributions subsequent to the measurement date	1,584,314	180,124		
Total	<u>\$ 6,147,768</u>	<u>\$ 636,261</u>	<u>\$ 3,943,181</u>	<u>\$ 710,526</u>

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. 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
2027	\$ 2,466,623	\$ 198,054
2028	(1,012,016)	(209,883)
2029	(1,090,056)	(106,097)
2030	(233,718)	(136,463)
2031	405,540	
Thereafter	83,900	
	<u>\$ 620,273</u>	<u>\$ (254,389)</u>

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, 2025	March 31, 2026
Actuarial valuation date	June 30, 2024	April 1, 2025
Inflation	2.50%	2.90%
Salary increases	2.04 - 5.80%	5.20%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.40%	1.50%

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For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021 for June 30, 2025, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For TRS, the demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2024. TRS runs one year and five-year experience studies annually in order to gauge the appropriateness of the assumptions. For full details, please refer to the Recommended Actuarial Assumptions 2025 Report, which can be found on the TRS' website located at www.nystrs.org.

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

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Demographic assumptions used in the April 1, 2025 actuarial valuation are based on the results of an actuarial experience study completed March 31, 2025. Demographic assumptions are primarily based on system experience over the period April 1, 2020 – March 31, 2025.

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2025		March 31, 2026
Asset class				
Domestic equity	33.0%	6.70%	25.0%	3.29%
International equity	15.0%	7.40%	14.0%	5.85%
Global equity	4.0%	7.00%		
Real estate equity	11.0%	6.50%	12.0%	5.20%
Private equity	9.0%	9.80%	15.0%	7.00%
Alternative investments			11.0%	5.10-5.54%
Domestic fixed income	16.0%	2.60%		
High-yield bonds	1.0%	4.70%		
Global bonds	2.0%	2.40%		
Fixed income			22.0%	1.75%
Private debt	2.0%	6.10%		
Real estate debt	6.0%	3.80%		
Cash equivalents	1.0%	0.60%		
Cash			1.0%	0.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.5% for TRS and 2.5% for ERS.

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Discount Rate

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

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

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

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (9,298,816)</u>	<u>\$ 4,839,321</u>	<u>\$ 16,735,827</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>\$ (2,646,734)</u>	<u>\$ (387,531)</u>	<u>\$ 1,501,262</u>

Pension Plan Fiduciary Net Position

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

	TRS <i>(Dollars in Thousands)</i> June 30, 2025	ERS March 31, 2026
Measurement date		
Employers' total pension liability	\$ (148,272,069)	\$ (253,773,040)
Plan fiduciary net position	<u>154,193,125</u>	<u>248,131,290</u>
Employers' net pension asset/(liability)	<u>\$ 5,921,056</u>	<u>\$ (5,641,750)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	103.99%	97.78%

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Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2026, are paid to the system in September, October, and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026, represent employer and employee contributions for the fiscal year ended June 30, 2026, 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, 2026 amounted to \$1,584,314 of employer contributions and \$220,142 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, 2026, represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to \$180,124 of employer contributions. Employee contributions are remitted monthly.

14. 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. Contributions made by the District and the employees for the year ended June 30, 2026, totaled \$82,744 and \$1,059,913, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions to this Plan. The amounts deferred by eligible employees for the year ended June 30, 2026 totaled \$47,974.

15. 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.

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, 2024 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	107
Active employees	143
	<u>250</u>

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B. Total OPEB Liability

The District's total OPEB liability of \$36,851,941 was measured as of June 30, 2026, and was determined by an actuarial valuation as of July 1, 2024. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

Inflation	2.40%	
Discount rate	4.67%	
Healthcare cost trend rates - pre 65	6.60%	decreasing to an ultimate rate of 3.80% over 49 years
Healthcare cost trend rates - post 65	7.30%	decreasing to an ultimate rate of 3.80% over 49 years
Healthcare cost trend rates - Medicare part B	6.00%	decreasing to an ultimate rate of 3.80% over 65 years

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

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for teaching positions and PubG-2010 Headcount-Weighted Mortality Table for non-teaching positions, both generationally projected using the MP-2021 Ultimate Scale.

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2025	<u>\$ 32,448,053</u>
Changes for the year	
Service cost	925,507
Interest on total OPEB liability	1,711,128
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	2,713,732
Benefit payments	<u>(946,479)</u>
	<u>4,403,888</u>
Balance at June 30, 2026	<u><u>\$ 36,851,941</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 5.20% in 2025 to 4.67% in 2026.

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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 (3.67%) or 1 percentage point higher (5.67%) than the current discount rate:

OPEB	1% Decrease 3.67%	Discount Rate 4.67%	1% Increase 5.67%
Total OPEB liability	<u>\$ (42,890,666)</u>	<u>\$ (36,851,941)</u>	<u>\$ (31,968,807)</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 (5.60% decreasing to 2.80%) or 1 percentage point higher (7.60% decreasing to 4.80%) than the current healthcare cost trend rate:

OPEB	1% Decrease 5.60% decreasing to 2.80%	Healthcare Cost Trend Rates 6.60% decreasing to 3.80%	1% Increase 7.60% decreasing to 4.80%
Total OPEB liability	<u>\$ (30,801,676)</u>	<u>\$ (36,851,941)</u>	<u>\$ (44,623,348)</u>

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

For the year ended June 30, 2026, the District recognized OPEB expense of \$1,114,292. At June 30, 2026, 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	\$ 1,258,967	\$ 2,177,945
Changes of assumptions or other inputs	<u>6,870,486</u>	<u>9,054,191</u>
Total	<u>\$ 8,129,453</u>	<u>\$ 11,232,136</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>
2027	\$ (1,089,783)
2028	(984,347)
2029	(612,340)
2030	(46,455)
2031	(329,894)
Thereafter	<u>(39,864)</u>
	<u><u>\$ (3,102,683)</u></u>

16. DEFERRED INFLOWS OF RESOURCES

In the governmental funds financial statements, deferred inflows of resources, at June 30, 2026, consists of amounts due from the Dormitory Authority of the State of New York. At June 30, 2026, unavailable revenues in the capital projects fund were \$1,176,838.

17. RISK MANAGEMENT

A. General Information

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

B. Public Entity Risk Pool

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, 2026, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was \$19,236,126 at a 2.00% discount rate. The Workers' Compensation Plan has assets of \$31,314,518 to pay these liabilities. At June 30, 2026, the District's open claims, discounted at 2.00%, were \$293,543.

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

18. FUND BALANCE – GOVERNMENTAL FUNDS

A. Fund Balance

The following is a summary of fund balance classifications by fund:

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Long-term loan receivable	\$ 73,781	\$	\$	\$ 73,781
Restricted				
Unemployment insurance	26,987			26,987
Retirement contribution:				
TRS	1,263,869			1,263,869
ERS	4,305,848			4,305,848
EBAL	1,204,395			1,204,395
Capital	811,849	1,882,316		2,694,165
Scholarships			943	943
	<u>7,612,948</u>	<u>1,882,316</u>	<u>943</u>	<u>9,496,207</u>
Assigned				
Appropriated FB	1,000,000			1,000,000
Unappropriated FB	63,205			63,205
	<u>1,063,205</u>	<u>-</u>	<u>-</u>	<u>1,063,205</u>
Unassigned: FB (Deficit)	<u>967,028</u>	<u>(1,174,466)</u>	<u>(73,781)</u>	<u>(281,219)</u>
Total Fund Balance (Deficit)	<u>\$ 9,716,962</u>	<u>\$ 707,850</u>	<u>\$ (72,838)</u>	<u>\$ 10,351,974</u>

B. Restricted for Capital Reserves

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

Date Created	May 2018	May 2024	
Number of Years to Fund	10	10	
Maximum Funding	<u>\$ 2,000,000</u>	<u>\$ 5,000,000</u>	
			<u>Total</u>
General Fund			
Funding Provided	\$ 2,000,000	\$ 2,188,641	\$ 4,188,641
Interest Earnings	164,276	158,932	323,208
Use of Reserve	<u>(2,164,276)</u>	<u>(1,535,724)</u>	<u>(3,700,000)</u>
Total General Fund	<u>-</u>	<u>811,849</u>	<u>811,849</u>
Capital Projects Fund			
Funding Provided	2,164,276	1,535,724	3,700,000
Use of Reserve	<u>(1,757,752)</u>	<u>(59,932)</u>	<u>(1,817,684)</u>
Total Capital Projects Fund	<u>406,524</u>	<u>1,475,792</u>	<u>1,882,316</u>
Balance as of June 30, 2026	<u>\$ 406,524</u>	<u>\$ 2,287,641</u>	<u>\$ 2,694,165</u>

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

19. FUND BALANCE APPROPRIATED FOR THE 2026-2027 BUDGET

A. Restricted Fund Balance – Appropriated Reserves

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2026 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2027:

Retirement Contribution -TRS	\$ 500,000
Retirement Contribution -ERS	500,000
	<hr/>
	\$ 1,000,000
	<hr/>

B. Assigned - Appropriated Fund Balance

The amount of \$1,000,000 has been appropriated to reduce taxes for the year ending June 30, 2027.

20. 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 by \$1,220,788. The District received payments totaling \$318,715.

In addition, the District recognized \$402,705 in LIPA PILOT, which is included in other tax items revenue; however, these payments are not the result of a tax abatement.

21. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2026, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	
Capital projects	\$ 234,281
	<hr/>
Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	57,653
Instruction	5,552
	<hr/>
	63,205
	<hr/>
	\$ 297,486
	<hr/>

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.

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

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.

22. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 7, 2026, 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.

SUPPLEMENTARY INFORMATION

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget (Over) Under Final Budget	Actual	Final Budget Variance with Actual
REVENUES					
Local Sources					
Real property taxes	\$ 21,593,503	\$ 21,593,503	\$ -	\$ 22,644,309	\$ 1,050,806
Other tax items	2,583,101	2,583,101	-	1,593,091	(990,010)
Charges for services	254,495	254,495	-	300,951	46,456
Use of money and property	260,000	260,000	-	385,829	125,829
Sale of property and compensation for loss			-	6,009	6,009
Miscellaneous	250,000	250,000	-	101,208	(148,792)
Total Local Sources	24,941,099	24,941,099	-	25,031,397	90,298
State Sources	15,215,066	15,215,066	-	14,859,458	(355,608)
Medicaid Reimbursement	86,315	86,315	-	200,691	114,376
Total Revenues	40,242,480	40,242,480	-	\$ 40,091,546	\$ (150,934)
APPROPRIATED FUND BALANCE					
Prior Years' Surplus	1,000,000	1,000,000	-		
Prior Year's Encumbrances	257,916	257,916	-		
Appropriated Reserves		1,282,744	1,282,744		
Total Appropriated Fund Balance	1,257,916	2,540,660	1,282,744		
Total Revenues and Appropriated Fund Balance	\$ 41,500,396	\$ 42,783,140	\$ 1,282,744		

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) (Unaudited)
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget (Over) Under Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES						
General Support						
Board of education	\$ 91,670	\$ 92,633	\$ 963	\$ 83,384	\$	\$ 9,249
Central administration	411,823	397,294	(14,529)	380,776	849	15,669
Finance	734,790	706,676	(28,114)	657,409	40,190	9,077
Staff	175,800	206,394	30,594	195,366		11,028
Central services	2,496,152	2,525,197	29,045	2,362,988	16,614	145,595
Special items	398,635	410,747	12,112	404,581		6,166
Total General Support	4,308,870	4,338,941	30,071	4,084,504	57,653	196,784
Instruction						
Administration & improvement	1,433,312	1,457,389	24,077	1,423,583		33,806
Teaching - regular school	11,895,239	11,688,318	(206,921)	11,583,919	4,536	99,863
Programs for students with disabilities	9,341,492	9,745,917	404,425	9,725,899		20,018
Teaching - special schools	200,786	216,723	15,937	215,658	589	476
Instructional media	1,222,743	1,253,465	30,722	1,228,554	427	24,484
Pupil services	1,366,559	1,613,902	247,343	1,542,828		71,074
Total Instruction	25,460,131	25,975,714	515,583	25,720,441	5,552	249,721
Pupil Transportation	2,172,370	2,745,033	572,663	2,738,813		6,220
Community Services	1,200	1,200				1,200
Employee Benefits	9,272,087	8,120,239	(1,151,848)	7,822,481		297,758
Debt Service						
Principal	168,771	200,207	31,436	200,207		-
Interest	66,967	66,306	(661)	66,306		-
Total Debt Service	235,738	266,513	30,775	266,513	-	-
Total Expenditures	41,450,396	41,447,640	(2,756)	40,632,752	63,205	751,683
OTHER FINANCING USES						
Operating Transfers Out	50,000	1,335,500	1,285,500	1,335,432		68
Total Expenditures and Other Uses	<u>\$ 41,500,396</u>	<u>\$ 42,783,140</u>	<u>\$ 1,282,744</u>	<u>41,968,184</u>	<u>\$ 63,205</u>	<u>\$ 751,751</u>
Net Change in Fund Balance				(1,876,638)		
Fund Balances - Beginning of Year				11,593,600		
Fund Balances - End of Year				<u>\$ 9,716,962</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

The original budget reported includes the voter-approved budget for June 30, 2026, plus prior year encumbrances (valid legal commitments) carried forward from June 30, 2025.

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Notes to Required Supplementary Information
Budgetary Comparisons (Unaudited)
For the Year Ended June 30, 2026

Budgetary Basis of Accounting

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The variance explanations and related operational commentary presented in this comparison represent the analysis and view of management.

General Fund Original Budget to Final Budget Highlights

Fund Balance

The following significant, additional fund balance amounts were appropriated during the year:

Restricted for capital related to ongoing capital projects	\$ 1,200,000
Restricted for employee benefit accrued liability	82,744

Revenues

The District did not have any budget to budget revenue changes during the year.

Expenditures

The following is a brief summary of significant budget to budget expenditure changes:

Pupil transportation: More bus routes and BOCES transportation expenditures were more than anticipated.	572,663
Employee benefits: hospital, medical, and dental benefits. Rate increases were less than anticipated.	(1,151,848)
Operating transfers out: transfer to capital projects and special aid funds. Capital projects transfer was to fund approved capital projects expenditures. Transfer to special aid fund was to cover the District's share of the costs for the summer program for students with disabilities and the state-supported section 4201 schools.	1,285,500

General Fund Budget to Actual Highlights

Final Budget Compared to Actual Revenues

The following is a brief summary of actual revenue amounts that were greater than anticipated:

Real property taxes were more than anticipated due to the allocation of the tax revenues and STAR in the budget.	1,050,806
Other tax items were less than anticipated due to the allocation of the tax revenues and STAR in the budget.	(990,010)

Final Budget Compared to Actual Expenditures

The District did not have any significant final budget to actual expenditure variances during the year.

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

Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net pension asset/(liability)										
District's proportion	0.081731%	0.078739%	0.079498%	0.080550%	0.081754%	0.084682%	0.084502%	0.084483%	0.084530%	0.085757%
District's proportionate share	\$ 4,839,321	\$ 2,349,267	\$ (909,130)	\$ (1,545,674)	\$ 14,167,178	\$ (2,339,982)	\$ 2,195,373	\$ 1,527,678	\$ 642,512	\$ (918,498)
District's covered payroll	\$ 16,218,135	\$ 15,034,078	\$ 14,677,131	\$ 14,269,712	\$ 13,876,269	\$ 14,373,151	\$ 14,104,793	\$ 13,761,359	\$ 13,785,097	\$ 13,768,416
District's proportionate share as a percentage of its covered payroll	29.84%	15.63%	6.19%	10.83%	102.10%	16.28%	15.56%	11.10%	4.66%	6.67%
Plan fiduciary net position as a percentage of the total pension liability	103.99%	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%
Discount Rate	6.95%	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%

Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net pension asset/(liability)										
District's proportion	0.0068690%	0.0065301%	0.0064106%	0.0067901%	0.0068928%	0.0061390%	0.0065320%	0.0066104%	0.0061864%	0.0066236%
District's proportionate share	\$ (387,531)	\$ (1,119,638)	\$ (943,894)	\$ (1,456,081)	\$ 563,462	\$ (6,113)	\$ (1,729,707)	\$ (468,364)	\$ (199,662)	\$ (622,371)
District's covered payroll	\$ 2,856,051	\$ 2,743,602	\$ 2,545,996	\$ 2,458,055	\$ 2,181,207	\$ 2,227,006	\$ 2,126,380	\$ 2,174,021	\$ 2,009,020	\$ 2,131,030
District's proportionate share as a percentage of its covered payroll	13.57%	40.81%	37.07%	59.24%	25.83%	0.27%	81.35%	21.54%	9.94%	29.21%
Plan fiduciary net position as a percentage of the total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
Discount Rate	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%

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

	<i>Teachers' Retirement System</i>									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,584,314	\$ 1,622,429	\$ 1,467,326	\$ 1,510,277	\$ 1,398,435	\$ 1,322,667	\$ 1,273,461	\$ 1,515,030	\$ 1,354,075	\$ 1,572,375
Contributions in relation to the contractually required contribution	<u>1,584,314</u>	<u>1,622,429</u>	<u>1,467,326</u>	<u>1,510,277</u>	<u>1,398,435</u>	<u>1,322,667</u>	<u>1,273,461</u>	<u>1,515,030</u>	<u>1,354,075</u>	<u>1,572,375</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,518,856	\$ 16,218,135	\$ 15,034,078	\$ 14,677,131	\$ 14,269,712	\$ 13,876,269	\$ 14,373,151	\$ 14,104,793	\$ 13,761,359	\$ 13,785,097
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	10%	9%	11%	10%	11%

	<i>Employees' Retirement System</i>									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 460,480	\$ 419,411	\$ 326,531	\$ 285,984	\$ 321,223	\$ 317,646	\$ 305,256	\$ 300,437	\$ 285,922	\$ 300,990
Contributions in relation to the contractually required contribution	<u>460,480</u>	<u>419,411</u>	<u>326,531</u>	<u>285,984</u>	<u>321,223</u>	<u>317,646</u>	<u>305,256</u>	<u>300,437</u>	<u>285,922</u>	<u>300,990</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,715,976	\$ 3,368,278	\$ 3,166,531	\$ 3,083,609	\$ 2,667,969	\$ 2,214,221	\$ 2,235,184	\$ 2,147,305	\$ 2,123,555	\$ 2,133,513
Contributions as a percentage of covered payroll	12%	12%	10%	9%	12%	14%	14%	14%	13%	14%

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	\$ 925,507	\$ 1,288,072	\$ 1,298,340	\$ 991,580	\$ 1,519,614	\$ 1,281,435	\$ 1,082,730	\$ 1,327,312	\$ 1,716,671
Interest on total OPEB liability	1,711,128	1,432,632	1,324,401	1,089,216	811,960	783,028	975,304	1,110,298	1,055,431
Changes in benefit terms	-	1,708,597	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	(1,548,078)	-	(4,025,910)	-	(4,513,435)	(158,849)
Changes of assumptions or other inputs	2,713,732	(6,697,138)	(1,625,428)	5,404,154	(7,941,683)	4,529,174	5,854,994	(6,380,015)	-
Benefit payments	(946,479)	(890,950)	(747,496)	(708,001)	(662,162)	(630,516)	(461,816)	(426,472)	(363,942)
Net change in total OPEB liability	4,403,888	(3,158,787)	249,817	5,228,871	(6,272,271)	1,937,211	7,451,212	(8,882,312)	2,249,311
Total OPEB liability, beginning	32,448,053	35,606,840	35,357,023	30,128,152	36,400,423	34,463,212	27,012,000	35,894,312	33,645,001
Total OPEB liability, ending	<u>\$ 36,851,941</u>	<u>\$ 32,448,053</u>	<u>\$ 35,606,840</u>	<u>\$ 35,357,023</u>	<u>\$ 30,128,152</u>	<u>\$ 36,400,423</u>	<u>\$ 34,463,212</u>	<u>\$ 27,012,000</u>	<u>\$ 35,894,312</u>
Covered employee payroll	\$ 16,433,746	\$ 16,433,746	\$ 15,521,245	\$ 15,521,245	\$ 15,164,119	\$ 15,164,119	\$ 15,176,412	\$ 15,176,412	\$ 17,210,217
Total OPEB liability as a percentage of covered employee payroll	224.25%	197.45%	229.41%	227.80%	198.68%	240.04%	227.08%	177.99%	208.56%
Discount rate	4.67%	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%

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

Note to Required Supplementary Information

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

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2026

	School Food Service	Scholarships	Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents			
Unrestricted	\$ 779	\$	\$ 779
Restricted		300	300
Receivables			
Due from other funds		643	643
Due from state and federal	57,428		57,428
	<u>57,428</u>	<u>643</u>	<u>57,428</u>
Total Assets	<u>\$ 58,207</u>	<u>\$ 943</u>	<u>\$ 59,150</u>
LIABILITIES			
Payables			
Accounts payable	\$ 27,988	\$	\$ 27,988
Due to other funds	78,192		78,192
Unearned credits			
Collections in advance	25,808		25,808
	<u>25,808</u>		<u>25,808</u>
Total Liabilities	<u>131,988</u>	<u>-</u>	<u>131,988</u>
FUND BALANCES (DEFICIT)			
Restricted: Scholarships		943	943
Unassigned: Fund balance (Deficit)	(73,781)		(73,781)
	<u>(73,781)</u>	<u>943</u>	<u>(72,838)</u>
Total Fund Balances (Deficit)	<u>(73,781)</u>	<u>943</u>	<u>(72,838)</u>
Total Liabilities and Fund Balances	<u>\$ 58,207</u>	<u>\$ 943</u>	<u>\$ 59,150</u>

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2026

	School Food Service	Scholarships	Nonmajor Governmental Funds
REVENUES			
Use of money and property	\$ 199	\$ 5	\$ 204
State sources	179,131		179,131
Federal sources	245,275		245,275
	<u>424,605</u>	<u>5</u>	<u>424,610</u>
EXPENDITURES			
Food service program	470,153		470,153
	<u>470,153</u>	<u>-</u>	<u>470,153</u>
Excess (Deficiency) of Revenues Over Expenditures	(45,548)	5	(45,543)
OTHER FINANCING SOURCES AND (USES)			
Operating transfers in	50,000		50,000
Net Change in Fund Balances	4,452	5	4,457
Fund Balances (Deficit) - Beginning of Year	(78,233)	938	(77,295)
Fund Balances (Deficit) - End of Year	<u>\$ (73,781)</u>	<u>\$ 943</u>	<u>\$ (72,838)</u>

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, 2026

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 41,242,480
Additions:	
Prior year's encumbrances	<u>257,916</u>
Original Budget	41,500,396
Budget revisions	<u>1,282,744</u>
Final Budget	<u><u>\$ 42,783,140</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-2027 voter-approved expenditure budget	<u><u>\$ 43,131,639</u></u>
Maximum allowed (4% of 2026-2027 budget)	<u><u>\$ 1,725,266</u></u>

General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$ 1,063,205	
Unassigned fund balance	<u>967,028</u>	
		\$ 2,030,233
Less:		
Appropriated fund balance	1,000,000	
Encumbrances	<u>63,205</u>	
Total adjustments		<u>1,063,205</u>

General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 967,028</u></u>
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Actual Percentage	2.24%
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VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2026

PROJECT TITLE	Budget June 30, 2025	Budget June 30, 2026	Expenditures			Unexpended Balance	Proceeds of Debt	Methods of Financing			Fund Balance June 30, 2026
			Prior Years	Current Year	Total			State Aid	Local Sources	Total	
Field Renovations - RWC/WLB	\$ 549,066	\$ 549,066	\$ 547,269	\$	\$ 547,269	\$ 1,797	\$	\$ 363,000	\$ 186,066	\$ 549,066	\$ 1,797
Turf Replacement & Irrigation Installation	171,950	171,950	170,736		170,736	1,214		125,000	46,950	171,950	1,214
District-Wide Door Replacement	574,455	574,455	568,763		568,763	5,692		125,000	449,455	574,455	5,692
District-Wide Security Cameras & LED Signs	125,000	125,000	73,618		73,618	51,382		125,000		125,000	51,382
Brooklyn Avenue HVAC Upgrades	95,055	23,192	23,192		23,192	-			23,192	23,192	-
District-Wide Flooring Replacement	98,600	97,350	94,069		94,069	3,281			97,350	97,350	3,281
Smart School Bond Act	30,539	30,539	24,498		24,498	6,041		30,539		30,539	6,041
Brooklyn Avenue Flooring Replacement - Capital Reserve	100,000	19,903	19,903		19,903	-			19,903	19,903	-
Roofing Project - Capital Reserve	325,000	325,000	22,648	280,639	303,287	21,713			325,000	325,000	21,713
A/C & Electrical - Capital Reserve 2023-2024	425,000	576,960	20,016	586,530	606,546	(29,586)			576,960	576,960	(29,586)
Door & Fire Alarm - Capital Reserve 2023-2024	800,000	800,000	33,957	494,993	528,950	271,050			800,000	800,000	271,050
Inclusive Playground Equipment	474,281	474,281	474,281		474,281	-		474,281		474,281	-
Water Filtration Systems - Districtwide	25,719	25,719	25,550		25,550	169		25,719		25,719	169
District-Wide Door Control Access/Alarms	410,000	410,000		14,619	14,619	395,381			410,000	410,000	395,381
District-Wide Roofing Replacement & Repairs	280,000	281,250		264,003	264,003	17,247			281,250	281,250	17,247
Vision 2030 Classrooms - Capital Reserve	160,000	160,000		153,490	153,490	6,510			160,000	160,000	6,510
Reno 3 Classrooms, Parking Lot Resurfacing, and Playground at William L. Buck- Capital Reserve		1,200,000			-	1,200,000			1,200,000	1,200,000	1,200,000
Totals	<u>\$ 4,644,665</u>	<u>\$ 5,844,665</u>	<u>\$ 2,098,500</u>	<u>\$ 1,794,274</u>	<u>\$ 3,892,774</u>	<u>\$ 1,951,891</u>	<u>\$ -</u>	<u>\$ 1,268,539</u>	<u>\$ 4,576,126</u>	<u>\$ 5,844,665</u>	<u>1,951,891</u>
Less: State sources revenue not yet recognized											<u>(1,244,041)</u>
											<u>\$ 707,850</u>

VALLEY STREAM UNION FREE SCHOOL DISTRICT TWENTY-FOUR
Schedule of Net Investment in Capital Assets
June 30, 2026

Capital assets, net	<u>\$ 12,793,191</u>
Deduct:	
Short-term portion of installment purchase debt	15,620
Long-term portion of installment purchase debt	31,574
Short-term portion of energy performance contract payable	174,833
Long-term portion of energy performance contract payable	1,414,917
Short-term portion of lease liabilities	<u>1,533</u>
	<u>1,638,477</u>
Net Investment in Capital Assets	<u><u>\$ 11,154,714</u></u>

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

To the Board of Education
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, the aggregate remaining fund information, and the fiduciary fund of the Valley Stream Union Free School District #24 (the "District"), as of and for the year ended June 30, 2026, 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 7, 2026.

Report on Internal Control over Financial Reporting

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

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

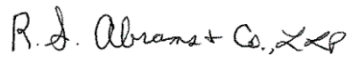
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on Compliance and Other Matters

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

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

R.S. Abrams & Co., LLP
Islandia, New York
October 7, 2026