# VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT

# MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

# BASIC FINANCIAL STATEMENTS

For the Year Ended
June 30, 2026

VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT
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# Independent Auditor's Report

Board of Education
Valley Stream Central High School District

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

***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley Stream Central High School 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 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 Valley Stream Central High School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Valley Stream Central High School 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 Valley Stream Central High School District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 Valley Stream Central High School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relate 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 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 13, 2026, on our consideration of the Valley Stream Central High School 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 Valley Stream Central High School 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 Valley Stream Central High School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

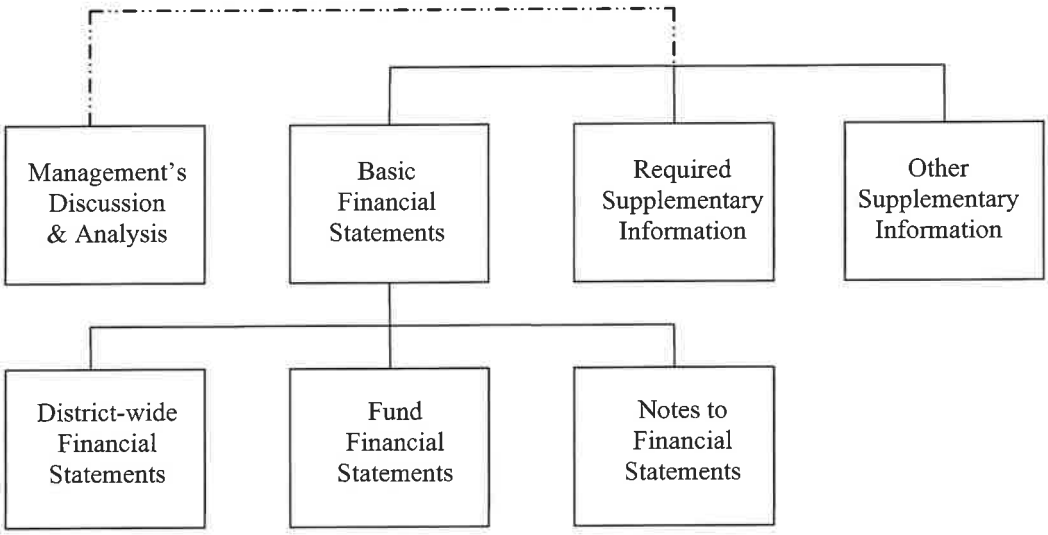
October 13, 2026

Utica, New York

The following is a discussion and analysis of the Valley Stream Central High School District's (the "District") financial performance for the fiscal year ended June 30, 2026. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

## 1. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the 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 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, deferred outflows and inflows of resources, and liabilities, 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, respectively.

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. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

## B. Fund Financial Statements

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

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

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

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

The District maintains three individual major governmental funds: General fund, Special Aid Fund, and Capital Projects fund. Each major fund is presented separately in the fund financial statements. The District also maintains three nonmajor governmental funds: School Lunch fund, Miscellaneous Special Revenue Fund, and a Debt Service Fund. These funds are grouped together categorically in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as an agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

## 2. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### A. Net Position

The District's total net position was a balance of $24,339,087 at June 30, 2026. The District's total net position increased by $10,586,805 in the fiscal year ended June 30, 2026 as detailed in Table A-1. The increase is primarily due to an increase in net investment in capital assets of $13.7 million and an increase in restricted net position of $5.9 million, offset by a $9 million decrease in the unrestricted net deficit.

Table A-1: Condensed Statement of Net Position-Governmental Activities

| | 2026 | 2025 | Increase/ (Decrease) | Percentage Change |
|---|---|---|---|---|
| Current and Other Assets | $ 68,482,560 | $ 76,630,532 | $ (8,147,972) | (10.6%) |
| Net Pension Asset - Proportionate Share | 20,414,284 | 10,030,149 | 10,384,135 | 103.5% |
| Capital Assets, Net | 120,341,208 | 109,652,506 | 10,688,702 | 9.7% |
| Total Assets | 209,238,052 | 196,313,187 | 12,924,865 | 6.6% |
| Deferred Outflows of Resources | 50,694,331 | 40,811,098 | 9,883,233 | 24.2% |
| Current and Other Liabilities | 12,758,656 | 13,826,219 | (1,067,563) | (7.7%) |
| Net Pension Liability - Proportionate Share | 1,272,353 | 3,261,140 | (1,988,787) | (61.0%) |
| Other Noncurrent Liabilities | 165,825,648 | 153,753,932 | 12,071,716 | 7.9% |
| Total Liabilities | 179,856,657 | 170,841,291 | 9,015,366 | 5.3% |
| Deferred Inflows of Resources | 55,736,639 | 52,530,712 | 3,205,927 | 6.1% |
| Net Position | | | | |
| Net Investment in Capital Assets | 96,739,894 | 83,028,005 | 13,711,889 | 16.5% |
| Restricted | 32,803,166 | 26,890,604 | 5,912,562 | 22.0% |
| Unrestricted (Deficit) | (105,203,973) | (96,166,327) | (9,037,646) | (9.4%) |
| Total Net Position (Deficit) | $ 24,339,087 | $ 13,752,282 | $ 10,586,805 | 77.0% |

The net pension asset – proportionate share represents the District's share of the TRS System's net pension asset, which increased by $10,384,135 at June 30, 2026.

The net pension liability – proportionate share represents the District's share of the ERS System's liability, which decreased by $1,988,787 at June 30, 2026.

Deferred inflows and outflows changed from the prior year as a result of amounts provided by the actuaries for pensions and OPEB. The net impact was a net increase to unrestricted net position of $6.7 million.

The net investment in capital assets relates to the investment in capital assets at cost such as land, buildings & improvements, licensed vehicles and furniture & equipment, net of depreciation and related debt.

The restricted portion of net position at June 30, 2026 is $32,803,166, which represents the amount of the District's reserves in the General Fund and other restricted funds for scholarships and debt service.

The unrestricted portion of net position at June 30, 2026 is a deficit of $105,203,973, which represents the amount by which the District's liabilities and deferred inflows of resources, excluding debt related to capital construction, exceeded the District's assets and deferred outflows of resources, other than capital assets and restricted assets. This deficit is primarily due to the accrual of $121,751,588 in a liability for OPEB as required by GASB 75.

## 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. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2026 and 2025 are as detailed in Table A-2.

Table A-2: Change in Net Position from Operating Results Governmental Activities

| | 2026 | Percentage of Total | 2025 | Percentage of Total | Increase/ (Decrease) | Percentage Change |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | $ 890,277 | 0.5% | $ 877,062 | 0.5% | $ 13,215 | 1.5% |
| Operating Grants | 8,786,045 | 4.9% | 8,402,492 | 4.8% | 383,553 | 4.6% |
| General Revenues | | | | | | |
| Property Taxes and STAR | 99,951,616 | 55.2% | 97,850,726 | 56.0% | 2,100,890 | 2.1% |
| State and Federal Sources | 68,135,751 | 37.6% | 63,176,466 | 36.1% | 4,959,285 | 7.8% |
| Other | 3,330,166 | 1.8% | 4,555,986 | 2.6% | (1,225,820) | (26.9%) |
| Total Revenues | 181,093,855 | 100.0% | 174,862,732 | 100.0% | 6,231,123 | 3.6% |
| **Expenses** | | | | | | |
| General Support | 22,958,583 | 13.5% | 22,037,215 | 13.1% | 921,368 | 4.2% |
| Instruction | 131,560,619 | 77.2% | 131,459,263 | 77.9% | 101,356 | 0.1% |
| Pupil Transportation | 10,197,353 | 6.0% | 9,723,402 | 5.8% | 473,951 | 4.9% |
| Community Service | 19,600 | 0.0% | 7,978 | 0.0% | 11,622 | 145.7% |
| Debt Service-Unallocated Interest | 710,285 | 0.4% | 744,063 | 0.4% | (33,778) | (4.5%) |
| Food Service Program | 5,060,610 | 3.0% | 4,837,031 | 2.9% | 223,579 | 4.6% |
| Total Expenses | 170,507,050 | 100.0% | 168,808,952 | 100.0% | 1,698,098 | 1.0% |
| Total Change in Net Position | 10,586,805 | | 6,053,780 | | 4,533,025 | |
| Net Position, Beginning of Period | 13,752,282 | | 7,698,502 | | 6,053,780 | |
| Net Position, End of Period | $ 24,339,087 | | $13,752,282 | | $ 10,586,805 | |

The above tables shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. Various items contributed to this increase:

The District's fiscal year 2026 revenues totaled $181,093,855, which is an increase of $6,231,123 or 3.6%. Significant changes to the District's revenues from year to year were:

- The District's state and federal aid increased $4,959,285. State and federal aid is the second largest source of revenues for the District at 37.6% in 2026.The increase is primarily due to a $4.0 million increase in foundation aid. Building Aid also increased by $521,549 in 2025-26 and BOCES Aid increased by $455,272.
- Property taxes and STAR experienced an increase of $2.1 million. Property taxes and STAR is the largest percentage of total revenues at 55.2% in 2026. The District budgeted for a 2.2% increase, which was below the tax levy cap.
- The above increases were partially offset by a decrease in other revenues. Other revenues decreased by $1,225,820 or 26.9%. In 2025, the District received several property tax refunds of 2023-24 taxes from the elementary districts, and had more accounts payable write-offs than 2026, for accounts that were no longer valid.

The District's fiscal year 2026 expenditures totaled $170,507,050, which is an increase of $1,698,098 or 1.0% over the prior year. This increase is primarily the result of:

- Expenditures in the General Support category increased by $921,368. The District budgeted an additional $520 thousand in General Support non-instructional salaries for 2026, and, additionally, had an increase of $216 thousand in General Support instructional salaries, which included a new Deputy Superintendent position. In addition, the District experienced an increase in maintenance expenses of $260 thousand.
- Expenditures in the Pupil Transportation category increased by $473,951. The increase is primarily due to increases in handicapped private carrier contractual transportation which increased $550 thousand.

## 3. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

As of June 30, 2026, the District's combined governmental funds reported a total fund balance of $55,759,662, which is a decrease of $7,270,188 from the prior year. A summary of the change in fund balance by fund is as follows:

| | 2026 | 2025 | Increase/ (Decrease) |
|---|---|---|---|
| **General Fund** | | | |
| **Nonspendable** | $ | $ 945 | $ (945) |
| **Restricted** | | | |
| Workers' Compensation | 3,226,273 | 3,132,982 | 93,291 |
| Unemployment Insurance | 820,334 | 796,613 | 23,721 |
| Retirement Contribution - ERS | 7,494,933 | 7,278,208 | 216,725 |
| Retirement Contribution - TRS | 6,132,291 | 5,954,970 | 177,321 |
| Employee Benefit Accrued Liability | 7,995,649 | 7,635,024 | 360,625 |
| Insurance | 214,378 | 208,179 | 6,199 |
| Capital | 6,243,900 | 1,221,504 | 5,022,396 |
| Total Restricted | 32,127,758 | 26,227,480 | 5,900,278 |
| **Assigned** | | | |
| Encumbrances | 475,175 | 704,058 | (228,883) |
| **Unassigned** | | | |
| Unassigned | 6,944,035 | 6,673,947 | 270,088 |
| **Total General Fund** | 39,546,968 | 33,606,430 | 5,940,538 |
| **Capital Projects Fund** | | | |
| Assigned | 12,024,048 | 24,041,718 | (12,017,670) |
| Unassigned (Deficit) | (23,628) | (23,628) | |
| **Total Capital Projects Fund** | 12,000,420 | 24,018,090 | (12,017,670) |
| **Nonmajor Funds** | | | |
| School Lunch Fund | 3,536,866 | 4,742,206 | (1,205,340) |
| Misc. Special Revenue Fund | 553,453 | 544,350 | 9,103 |
| Debt Service Fund | 121,955 | 118,774 | 3,181 |
| **Total Nonmajor Funds** | 4,212,274 | 5,405,330 | (1,193,056) |
| **Total Fund Balances** | $ 55,759,662 | $ 63,029,850 | $ (7,270,188) |

The District reclassified the School Lunch Fund, Misc. Special Revenue Fund, and Debt Service Fund as nonmajor funds as of July 1, 2025. They are reclassified as of June 30, 2025 in the above chart for comparative purposes.

### A. General Fund

The District's reserves reflected an overall net increase of $5,900,278, which includes interest on earnings and a $4,173,035 Board approved addition to the capital reserves, a $133,277 Board approved addition to the employee benefit accrued liability reserve, and, also, $812,988 was returned to the capital reserves for unspent funds from the Capital Project Fund.

### B. Capital Projects Fund

The overall decrease in fund balance for the Capital Projects fund can be attributed to expenditures on capital projects exceeding net transfers from the General Fund (as approved by the voters). The District also returned $845,130 to the General Fund for unspent funds on completed projects.

## 4. MAJOR FUND ANALYSIS

The District reports three major funds individually in the governmental fund financial statements. Those funds are the General Fund, Special Aid Fund, and the Capital Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. Those three major funds are shown in Table A-3 and are discussed in more detail below.

Table A-3: Revenues, Expenditures, and Changes in Fund Balances.

| | Major Funds | | | | | |
|---|---|---|---|---|---|---|
| | General Fund | | Special Aid Fund | | Capital Fund | |
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| **Total Revenues** | $171,166,245 | $165,163,466 | $ 3,332,581 | $ 3,367,644 | $ | $ |
| **Total Expenditures** | 163,220,265 | 156,071,616 | 3,883,152 | 3,717,596 | 15,613,560 | 7,265,970 |
| Excess (Deficit) Revenues Over Expenditures | 7,945,980 | 9,091,850 | (550,571) | (349,952) | (15,613,560) | (7,265,970) |
| **Other Financing Sources (Uses)** | | | | | | |
| Proceeds of Debt | | | | | | 1,942,269 |
| Transfers from Other Funds | 845,130 | 862,350 | 550,571 | 349,952 | 4,441,020 | 13,772,652 |
| Transfers to Other Funds | (2,850,572) | (13,695,252) | | | (845,130) | (862,350) |
| Total Other Financing Sources (Uses) | (2,005,442) | (12,832,902) | 550,571 | 349,952 | 3,595,890 | 14,852,571 |
| **Revenues Over Expenditures and Other Financing Sources (Uses)** | 5,940,538 | (3,741,052) | | | (12,017,670) | 7,586,601 |
| **Fund Balance (Deficit), Beginning of Year** | 33,606,430 | 37,347,482 | | | 24,018,090 | 16,431,489 |
| **Fund Balance, End of Year** | $ 39,546,968 | $ 33,606,430 | $ | $ | $ 12,000,420 | $ 24,018,090 |

### A. General Fund

The fund balance of the General Fund increased by $5,940,538 during 2025-26. The General Fund is the chief operating fund of the District and is always reported as a major fund. The increase is attributed to:

- State Aid ended $2.9 million over budget as previously mentioned and discussed.
- The District returned $845,130 in local monies from the Capital Project Fund back to the General Fund, which was not budgeted.
- Expenditures overall were $1.575 million under budget in 2025-26.

### B. Special Aid Fund

The Special Aid Fund revenues and expenditures remained relatively consistent with the prior year.

### C. Capital Projects Fund

Outlays for capital projects increased $1.9 million in 2026, increasing from $7.3 million in 2025 to $9.2 million in 2026. Significant capital outlays in 2026 were spent on the 2023-24 District-wide Capital Reserve Project ($1.5 million), the 2023-24 Proposition Project for various renovations ($2.5 million), the 2024-25 Cafeteria Projects ($2.1 million), and the 2025-26 District-wide Projects ($1.7 million).

In addition, the District purchased a building for approximately $6.4 million in 2026, which was authorized by the voters of the District. This building will serve as the new home for our District's central offices, as well as additional space for future in-District career and technical education (CTE) programs. In addition, it will provide additional classroom space in-District for our highest need special education students that are currently being serviced out-of-district at significant cost and to provide dedicated classroom space (which does not currently exist) for our Twilight School students.

## 6. CAPITAL ASSET AND DEBT ADMINISTRATION

### A. Capital Assets

At June 30, 2026 the District had invested $120.3 million in a broad range of capital assets, including land, land improvements, buildings and building improvements, furniture, equipment, and licensed vehicles. Overall, the carrying value of capital assets increased by $10.7 million in 2026. The net increase is due to amounts expended for capital additions exceeding depreciation for the year.

The District spent $15.6 million in the Capital Projects Fund for building improvements and equipment purchases during the year. This amount also includes purchase of a building for $6.4 million as discussed under the Capital Projects Fund section above. The District also reduced the construction in progress account by $10.7 million for completed projects.

### B. Long-Term Debt

At June 30, 2026, the District had total bonds payable of $18,955,000 and an energy performance contract of $3,007,964. This amount is a total decrease of $2,798,602 from the balances at June 30, 2025. There was no new long-term financing in the 2026 fiscal year and the decrease is for repayments on existing debt.

Pursuant to the Local Finance Law, the District has the power to contract indebtedness provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. At June 30, 2026, the District was in compliance with this limit.

## 7. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

District management is aware of certain facts, decisions, and conditions that are expected to affect the District's financial position and results of operations in future periods. These matters include economic conditions, budgetary factors, planned capital investments, long-term obligations, and changes in funding, regulatory requirements, and other external factors that may impact District operations.

**Economic and Demographic Trends**

The District continues to monitor economic and demographic conditions that may affect future operations, including enrollment trends, inflationary pressures, labor market conditions, and changes in the cost of educational services. Rising costs associated with employee salaries and benefits, utilities, transportation, special education services, insurance, supplies, and contractual services continue to influence the District's financial planning.

Inflationary pressures continue to impact operating costs, particularly in the areas of transportation, utilities, and employee benefits. The District also continues to monitor the availability of transportation personnel and other service providers, as workforce shortages may affect future operations and costs.

The District continues to evaluate enrollment trends, which may affect future staffing needs, program planning, and State aid revenues. District enrollment has declined by approximately **2%**. Enrollment levels continue to be monitored because changes in student population may affect State aid revenues as well as future staffing and program decisions. The District also continues to monitor enrollment trends and demographic projections when evaluating staffing levels, educational programming, and facility utilization. While enrollment has declined, many operational and instructional costs remain fixed or continue to increase regardless of modest changes in student population, creating additional pressure on future budgets.

**Factors Considered in Developing the Subsequent Year's Budget**

In developing the subsequent year's budget, the District considered projected State aid, the allowable tax levy pursuant to New York State tax cap legislation, contractual salary obligations, employee benefit costs, transportation expenses, special education costs, and anticipated operating and capital needs. The budget also reflects management's efforts to maintain educational programs and services while addressing inflationary increases in operating expenditures.

The District noted decreases in certain grant allocations and the expiration of federal COVID-19 stimulus funding previously received through the Special Aid Fund. As a result, certain expenditures previously supported through grant sources may require support from General Fund resources in future years.

The District continues to expand the use of technology, including artificial intelligence tools, within its instructional and operational environments. To support these initiatives, the District has provided training to educators and administrators and will continue to evaluate acceptable use practices, data privacy considerations, and guidance for staff and students as technology evolves.

Capital improvement projects have been approved to address infrastructure, educational, and safety needs throughout the District. In addition, the District anticipates receiving funding through the U.S. Department of Housing and Urban Development's Community Project Funding Program related to disaster recovery and infrastructure improvements. Management will continue to monitor these known conditions and make adjustments as necessary to maintain the District's financial stability while supporting its educational mission.

Salaries and employee benefits continue to increase due to contractual wage adjustments and staffing requirements. In addition, special education expenditures continue to rise due to increasing service needs and the complexity of services required by eligible students.

The District continues to experience expenditure growth in several major operating areas. During the most recent fiscal year, expenditures for Special Education services, pupil transportation, and salaries each increased by approximately 5%. In addition, the District has experienced increased costs associated with utilities, including electricity and natural gas, reflecting broader inflationary and energy market pressures. These rising costs are expected to continue placing pressure on future operating budgets as contractual salary obligations, employee benefits, transportation expenses, utility costs, and mandated student services continue to increase.

**Expected Changes in Budgetary Fund Balance**

The District's adopted budget includes planned revenues and expenditures based upon information available at the time the budget was prepared. Actual operating results may differ due to changes in State aid, student enrollment, employee benefit costs, contractual obligations, special education expenditures, transportation costs, inflationary pressures, and other economic factors.

The District remains in a stable financial position and maintains fund balance and reserve levels that management believes are adequate to address operational needs and long-term financial planning objectives.

Reserve balances continue to be evaluated to ensure long-term financial sustainability while providing flexibility to address emerging needs and unforeseen circumstances.

The District's long-range financial plan includes the strategic use of reserve funds and appropriated fund balance to support operations, maintain tax levy stability, and address capital and operational needs. The District's adopted budget includes approximately $1,988,992 in appropriated reserves and fund balance. While reserve levels remain healthy, continued reliance on reserves to balance future budgets may reduce financial flexibility and requires ongoing monitoring as part of the District's long-term financial planning.

**Actions Related to Assets and Liabilities**

The District continues to evaluate and implement facility improvements, capital projects, technology upgrades, and other investments necessary to maintain and enhance District operations. These efforts include improvements to instructional spaces, infrastructure, safety and security systems, and technology resources. The District also continues to monitor and manage its long-term obligations, including retirement-related liabilities, compensated absences, and other postemployment benefit obligations (OPEB), as part of its overall financial planning process. No significant changes to the District's capital asset improvement plans, lease obligations, subscription-based information technology arrangements (SBITAs), or other long-term financing arrangements are currently anticipated beyond those already approved or disclosed.

**Actions by Other Parties That May Affect the District**

The District may be affected by actions taken by New York State, federal agencies, retirement systems, health insurance providers, and other regulatory bodies. Changes in State aid formulas, retirement contribution rates, healthcare costs, laws, regulations, grant funding, or other mandates could affect future revenues, expenditures, and overall financial condition.

Funding levels, grant allocations, and regulatory requirements continue to evolve and may affect future District operations and finances. The District will continue to monitor these developments and evaluate their impact on educational programs and services.

The District continues to benefit from New York State's hold harmless provisions as a significant component of Foundation Aid. While State aid remains the District's largest revenue source, future State budget conditions, legislative actions, and potential revisions to Foundation Aid formulas or hold harmless provisions create uncertainty regarding future funding levels. Changes in State aid could have a material impact on future revenues, budget development, and long-term financial planning.

The District also continues to monitor broader economic conditions, including inflation, energy costs, labor market conditions, supply chain challenges, and overall economic activity, all of which could influence future operating and capital expenditures. Management will continue to evaluate these developments and adjust financial plans as necessary to support the District's educational mission and long-term fiscal stability.

## 8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Valley Stream Central High School District
Thomas McDaid, Jr. Esq.
Assistant Superintendent for Finance and Operations
One Kent Road
Valley Stream, New York 11582

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**STATEMENT OF NET POSITION-GOVERNMENTAL ACTIVITIES**
**June 30, 2026**

| | |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | |
| Unrestricted | $ 9,321,247 |
| Restricted | 46,129,655 |
| Receivables | |
| State and Federal Aid | 4,380,112 |
| Other Governments | 8,594,449 |
| Other Receivables | 7,537 |
| Other Assets | 49,560 |
| Capital Assets (Net of Accumulated Depreciation) | 120,341,208 |
| Net Pension Asset - Proportionate Share | 20,414,284 |
| Total Assets | 209,238,052 |
| **Deferred Outflows of Resources** | |
| Other Post-Employment Benefits | 23,261,410 |
| Pensions | 27,432,921 |
| Total Deferred Outflows of Resources | 50,694,331 |
| **Total Assets and Deferred Outflows of Resources** | $ 259,932,383 |
| **Liabilities** | |
| Accounts Payable | $ 3,565,167 |
| Accrued Liabilities | 313,555 |
| Retained Percentages Payable | 13,918 |
| Due To | |
| Other Governments | 17,226 |
| Teachers' Retirement System | 7,901,703 |
| Employees' Retirement System | 419,130 |
| Compensated Absences | 484,616 |
| Deferred Credits -Unearned Revenue | 43,341 |
| Noncurrent Liabilities | |
| Due Within One Year | 6,667,524 |
| Due in More Than One Year | 160,430,477 |
| Total Liabilities | 179,856,657 |
| **Deferred Inflows of Resources** | |
| Other Post-Employment Benefits | 36,494,974 |
| Pensions | 19,241,665 |
| Total Deferred Inflows of Resources | 55,736,639 |
| **Total Liabilities and Deferred Inflows of Resources** | 235,593,296 |
| **Net Position** | |
| Net Investment in Capital Assets | 96,739,894 |
| Restricted | 32,803,166 |
| Unrestricted (Deficit) | (105,203,973) |
| Total Net Position | 24,339,087 |
| **Total Liabilities, Deferred Inflows of Resources, and Net Position** | $ 259,932,383 |

The Accompanying Notes are an Integral Part of These Financial Statement.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**
**GOVERNMENTAL ACTIVITIES**
**For the Year Ended June 30, 2026**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets |
|---|---|---|---|---|
| General Support | $ 22,958,583 | $ | $ | $ (22,958,583) |
| Instruction | 131,560,619 | 174,664 | 3,332,581 | (128,053,374) |
| Pupil Transportation | 10,197,353 | | | (10,197,353) |
| Community Service | 19,600 | | | (19,600) |
| Debt Service - Unallocated Interest | 710,285 | | | (710,285) |
| School Lunch Program | 5,060,610 | 715,613 | 5,453,464 | 1,108,467 |
| Total Functions/Programs | $ 170,507,050 | $ 890,277 | $ 8,786,045 | (160,830,728) |
| **General Revenues** | | | | |
| Real Property Taxes | | | | 86,575,220 |
| Other Tax Items - Including STAR Reimbursement | | | | 13,376,396 |
| Use of Money and Property | | | | 1,855,593 |
| State and Federal Sources | | | | 68,135,751 |
| Miscellaneous | | | | 1,474,573 |
| Total General Revenues | | | | 171,417,533 |
| Change in Net Position | | | | 10,586,805 |
| Net Position, Beginning of Year | | | | 13,752,282 |
| Net Position, End of Year | | | | $ 24,339,087 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2026**

| | Major Funds | | | | |
|---|---|---|---|---|---|
| | General | Special Aid | Capital | Non-Major Funds | Total |
| **Assets** | | | | | |
| Cash and Cash Equivalents | | | | | |
| Unrestricted | $ 5,869,399 | $ 123,362 | $ | $ 3,328,486 | $ 9,321,247 |
| Restricted | 32,127,758 | | 13,326,489 | 675,408 | 46,129,655 |
| Receivables | | | | | |
| State and Federal Aid | 2,104,060 | 1,599,886 | | 676,166 | 4,380,112 |
| Due From Other Governments | 8,594,449 | | | | 8,594,449 |
| Due from Other Funds | 2,198,561 | | | | 2,198,561 |
| Other Receivables | | | | 7,537 | 7,537 |
| Inventory | | | | 902 | 902 |
| Other Assets | 48,658 | | | | 48,658 |
| Total Assets | $ 50,942,885 | $ 1,723,248 | $ 13,326,489 | $ 4,688,499 | $ 70,681,121 |
| **Liabilities** | | | | | |
| Payables | | | | | |
| Accounts Payable | $ 2,281,527 | $ 83,869 | $ 766,887 | $ 432,884 | $ 3,565,167 |
| Accrued Liabilities | 243,057 | | | | 243,057 |
| Due To | | | | | |
| Other Governments | 17,226 | | | | 17,226 |
| Other Funds | | 1,639,379 | 559,182 | | 2,198,561 |
| Teachers' Retirement System | 7,901,703 | | | | 7,901,703 |
| Employees' Retirement System | 419,130 | | | | 419,130 |
| Compensated Absences | 484,616 | | | | 484,616 |
| Deferred Credits - Unearned Revenue | | | | 43,341 | 43,341 |
| Total Liabilities | 11,347,259 | 1,723,248 | 1,326,069 | 476,225 | 14,872,801 |
| **Deferred Inflows of Resources** | | | | | |
| Unavailable Revenue | 48,658 | | | | 48,658 |
| **Fund Balance** | | | | | |
| Nonspendable | | | | 902 | 902 |
| Restricted | 32,127,758 | | | 675,408 | 32,803,166 |
| Assigned | 475,175 | | 12,024,048 | 3,535,964 | 16,035,187 |
| Unassigned (Deficit) | 6,944,035 | | (23,628) | | 6,920,407 |
| Total Fund Balance | 39,546,968 | | 12,000,420 | 4,212,274 | 55,759,662 |
| **Total Liabilities, Deferred Inflows, and Fund Balance** | $ 50,942,885 | $ 1,723,248 | $ 13,326,489 | $ 4,688,499 | $ 70,681,121 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**RECONCILIATION OF GOVERNMENTAL FUNDS**
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**
**June 30, 2026**

| | | |
|---|---|---|
| Total Governmental Fund Balances | | $ 55,759,662 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Assets includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives. | | |
| Original Cost of Capital Assets | 176,220,433 | |
| Accumulated Depreciation | (55,879,225) | 120,341,208 |
| The proportionate share of long-term assets and liabilities associated with the participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds. | | |
| Net Pension Asset - Proportionate Share | 20,414,284 | |
| Net Pension Liability - Proportionate Share | (1,272,353) | 19,141,931 |
| Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. Deferred outflows of resources at year-end consisted of: | | |
| Other Post-Employment Benefits | 23,261,410 | |
| Pensions | 27,432,921 | 50,694,331 |
| Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources at year-end consisted of: | | |
| Other Post-Employment Benefits | (36,494,974) | |
| Pensions | (19,241,665) | (55,736,639) |
| Unavailable revenue - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. | | 48,658 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | | |
| Accrued Interest on Bonds Payable | (70,498) | |
| Claims Payable | (1,173,137) | |
| Retainage Payable | (13,918) | |
| Compensated Absences Payable | (19,299,609) | |
| Net Other Post-Employment Benefits Obligation | (121,751,588) | |
| Serial Bonds Payable | (18,955,000) | |
| Premium Bond Payable | (1,638,350) | |
| Energy Performance Contract Payable | (3,007,964) | (165,910,064) |
| Total Net Position | | $ 24,339,087 |

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2026**

| | Major Funds | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | General | Special Aid | Capital | School Lunch | Misc Special Revenue | Debt Service | Non-Major Funds | Total |
| **Revenues** | | | | | | | | |
| Real Property Taxes | $ 86,575,220 | $ | $ | $ | $ | $ | $ | $ 86,575,220 |
| Other Real Property Tax Items | 13,376,396 | | | | | | | 13,376,396 |
| Charges for Services | 174,664 | | | | | | | 174,664 |
| Use of Money and Property | 1,783,505 | | | | | | 72,088 | 1,855,593 |
| Sale of Property and Compensation for Loss | 348,069 | | | | | | | 348,069 |
| Miscellaneous | 772,640 | | | | | | 353,949 | 1,126,589 |
| State Aid | 68,062,959 | 1,463,037 | | | | | 1,644,452 | 71,170,448 |
| Federal Aid | 72,792 | 1,869,544 | | | | | 3,809,012 | 5,751,348 |
| School Lunch Sales | | | | | | | 715,613 | 715,613 |
| Total Revenues | 171,166,245 | 3,332,581 | | | | | 6,595,114 | 181,093,940 |
| **Expenditures** | | | | | | | | |
| General Support | 19,244,043 | | | | | | 568,301 | 19,812,344 |
| Instruction | 100,190,678 | 3,368,290 | | | | | | 103,558,968 |
| Pupil Transportation | 9,698,505 | 514,159 | | | | | | 10,212,664 |
| Community Service | 14,855 | | | | | | | 14,855 |
| Food Service Program | | | | | | | 4,952,913 | 4,952,913 |
| Employee Benefits | 30,332,317 | 703 | | | | | 125,937 | 30,458,957 |
| Capital Outlay | | | 15,613,560 | | | | | 15,613,560 |
| Debt Service - Principal | 2,798,602 | | | | | | | 2,798,602 |
| Debt Service - Interest | 941,265 | | | | | | | 941,265 |
| Total Expenditures | 163,220,265 | 3,883,152 | 15,613,560 | | | | 5,647,151 | 188,364,128 |
| Excess (Deficit) Revenues Over Expenditures | 7,945,980 | (550,571) | (15,613,560) | | | | 947,963 | (7,270,188) |
| **Other Financing Sources (Uses)** | | | | | | | | |
| Transfers from Other Funds | 845,130 | 550,571 | 4,441,020 | | | | | 5,836,721 |
| Transfers to Other Funds | (2,850,572) | | (845,130) | | | | (2,141,019) | (5,836,721) |
| Total Other Financing Sources (Uses) | (2,005,442) | 550,571 | 3,595,890 | | | | (2,141,019) | |
| **Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)** | 5,940,538 | | (12,017,670) | | | | (1,193,056) | (7,270,188) |
| **Fund Balance, Beginning of Year** | 33,606,430 | | 24,018,090 | 4,742,206 | 544,350 | 118,774 | | 63,029,850 |
| **Reclassification of Major Funds to Nonmajor** | | | | (4,742,206) | (544,350) | (118,774) | 5,405,330 | |
| **Fund Balance, Beginning of Year (Restated)** | 33,606,430 | | 24,018,090 | | | | 5,405,330 | 63,029,850 |
| **Fund Balance, End of Year** | $ 39,546,968 | $ | $ 12,000,420 | $ | $ | $ | $ 4,212,274 | $ 55,759,662 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
**For the Year Ended June 30, 2026**

| | | |
|---|---|---|
| Net Changes in Fund Balance - Total Governmental Funds | | $ (7,270,188) |
| Capital Outlays to lease, purchase, or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation or amortization expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Capital Outlays and Equipment Purchases | 15,581,594 | |
| Depreciation Expense | (4,893,720) | 10,687,874 |
| Proceeds from the disposal of assets are recorded as revenue in the Governmental Funds, while net gains or losses are reported in the Statement of Activities. | | |
| Loss on Disposal of Assets | | 828 |
| Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of debt principal and obligations on an energy performance contract are expenditures in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of payments on the energy performance contract, repayments of debt principal, as well as the amortization of bond premiums in the current year. | | |
| Amortization of Premiums on Bonds | 224,585 | |
| Repayment Bond Principal | 2,232,269 | |
| Payments on Energy Performance Contract | 566,333 | 3,023,187 |
| Revenues in the governmental funds that provide current financial resources are recognized when measurable and available and are deferred until that time. This is the amount of revenues recognized in the governmental funds in the current year that were previously deferred. | | (85) |
| Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Change in Retainage Payable | 183,469 | |
| Change in Accrued Interest | 6,395 | |
| Change in Compensated Absences | (408,226) | |
| Change in Workers Comp Claims Payable | 61,765 | |
| Change in Other Postemployment Benefits | (3,507,234) | (3,663,831) |
| (Increases) decreases in the proportionate share of the net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. | | |
| Teachers' Retirement System | (237,170) | |
| Employees' Retirement System | 8,046,190 | 7,809,020 |
| Change in Net Position Governmental Activities | | $ 10,586,805 |

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**STATEMENT OF FIDUCIARY NET POSITION**
**June 30, 2026**

| | Custodial Fund |
|---|---|
| **Assets** | |
| Cash - Restricted | $ 308,975 |
| Total Assets | $ 308,975 |
| **Net Position** | |
| Restricted for Extraclassroom | $ 308,975 |
| Total Net Position | $ 308,975 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**
**For the Year Ended June 30, 2026**

| | Custodial Fund |
|---|---|
| Additions | |
| Extraclasroom Fundraising | $ 457,080 |
| Total Additions | 457,080 |
| Deductions | |
| Extraclassroom Expenditures | 437,880 |
| Total Deductions | 437,880 |
| Change in Net Position | 19,200 |
| **Net Position- Beginning of Year** | 289,775 |
| **Net Position- End of Year** | $ 308,975 |

The Accompanying Notes are an Integral Part of These Financial Statements.

## 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

***Reporting Entity***

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

The reporting entity of the District is based upon 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 and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. Inclusion of 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, the following is a brief description of certain entities included in the District's reporting entity:

***Extraclassroom Activity Funds***

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The District accounts for assets held as an agent for various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

***Joint Venture***

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

***Basis of Presentation***

***(a) District-Wide Financial Statements:***

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

The Statement of Net Position presents the financial position of the District at 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. Indirect expenses, principally employee benefits and depreciation expense for the year, are allocated to functional areas in proportion to the payroll expended and total expenditures, respectively, for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***(b) Fund Financial Statements:***

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

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 District reports the following major governmental funds:

***General Fund***: This is the District's primary operating fund. It accounts for and reports all financial resources that are not accounted for in another fund.

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

***Capital Projects Fund***: This fund is used to account for and report the financial resources that are restricted or assigned to expenditure used for acquisition, construction, or major repair of capital facilities.

The District reports the following non-major governmental funds:

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

***Miscellaneous Special Revenue Fund:*** This fund is used to account for and report transactions of the District's scholarship funds. The District has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits. Also included in this fund are other student activities the district has control over.

***Debt Service Fund***: This fund accounts for and reports the accumulation of financial resources that are restricted to expenditures for principal and interest on long-term general obligation debt of governmental activities. Debt service funds should be used to report resources if legally mandated.

**Change in Major Funds** – Effective July 1, 2025 the District reclassified the School Lunch, Miscellaneous Special Revenue and Debt Service funds from major to nonmajor governmental funds. This reclassification is reported as a change within the financial reporting entity and is reflected as an adjustment to beginning fund balance of each fund and the aggregate nonmajor governmental funds column in the governmental fund financial statements.

*(c) **Fiduciary Funds:***

Fiduciary funds are used to account for and report fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent 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. There is one class of fiduciary funds:

***Custodial Funds***: These funds are strictly custodial in nature. Assets are held by the district as agent for various student groups or extraclassroom activity funds.

***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. 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.

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 Financial Statements and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 120 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, claims and judgments, other post-employment benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

***Property Taxes***

***(a) Calendar***

Real property taxes for the District, together with the property taxes for the three component school districts of the District are levied by Nassau County (the "County"), and are collected by the town tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively.

The town tax receiver pays to each of the three component districts (Valley Stream #13, Valley Stream #24 and Valley Stream #30) of the District the amounts collected for such component district together with the applicable share of the District levy. From such receipts, each of the component school districts then pays the District its proportionate share.

***(b) Enforcement***

Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

***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.

***Interfund Transactions***

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be 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.

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, other post-employment benefits, workers' compensation claims liability, potential contingent liabilities and useful lives of long-lived assets.

***Cash and Cash Equivalents***

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

***Accounts Receivable***

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

***Inventories***

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

***Capital Assets***

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Financial Statements are as follows:

| | Capitalization Threshold | Lives | Method |
|---|---|---|---|
| Building & Building Improvements | $ 50,000 | 20-50 Years | Straight Line |
| Land Improvements | $ 25,000 | 20 Years | Straight Line |
| Furniture & Equipment | $ 5,000 | 5-15 Years | Straight Line |
| Intangibles | $ 100,000 | 5-15 Years | Straight Line |

***Unearned Revenue***

Unearned revenues arise when the District receives resources before it has legal claim to them such as prepaid school lunch fund balances or when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. It represents the effect of the net change in the District's proportion of the collective net pension asset (TRS System) or liability (ERS System) and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. This also includes the District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The second item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position and government funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item which qualifies for reporting in this category, which arises only under a modified accrual basis of accounting, is unavailable revenue. This item is reported only in the governmental funds Balance Sheet. The second item is related to pensions reported in the District-wide Statement of Net Position. It represents the effect of the net change in the District's proportion of the collective net pension asset (TRS System) or liability (ERS System) and the difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to other post-employment benefits reported in the District-Wide Statement of Net Position. It represents the effect of the net change in the District's other post-employment benefits obligation and the decrease in the expense from the recognition of the effects of the differences between expected and actual experience.

***Unavailable Revenue***

Unavailable revenues in the governmental funds are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when recognition criteria is met, the deferred inflow is removed and revenues are recorded.

***Compensated Absences***

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

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

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

In accordance with GASB Statement No. 101, *Compensated Absences*, 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 liability is measured at the employee's rate of pay at the reporting date, including salary-related payments such as social security and Medicare taxes.

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

***Other Benefits***

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid.

***Short-Term Debt***

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

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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.

***Accrued Liabilities and long-Term Obligations***

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the Fund Financial Statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

***Equity Classifications***

***(a) District-Wide Financial Statements***

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

Net investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

Unrestricted – reports all other amounts that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

***(b) Fund Financial Statements:***

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

***Non-Spendable Fund Balance***

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes prepaid expenses in the general fund and inventory recorded in the school lunch fund.

***Restricted Fund Balance***

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Currently, New York State laws still use the terminology "reserves" and Districts are only allowed to use reserves authorized by law. The District has classified the following reserves in the general fund as restricted:

| General Fund Reserves | | Ending Balance |
|---|---|---|
| Workers Compensation | $ | 3,226,273 |
| Unemployment | | 820,334 |
| Retirement Contribution Reserve ERS | | 7,494,933 |
| Retirement Contribution Reserve - TRS | | 6,132,291 |
| Insurance | | 214,378 |
| Employee Benefit Accrued Liability Reserve | | 7,995,649 |
| Capital Reserves | | 6,243,900 |
| Total General Fund Reserves | $ | 32,127,758 |

- ***Workers' Compensation Reserve***

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

- ***Unemployment Insurance Reserve***

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

- ***Retirement Contribution Reserves***

  Retirement Contribution Reserve (GML §6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

- ***Capital Reserves***

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

  In 2018 the Board and voters established a capital reserve fund to reserve up to $10 million for the purpose of capital improvements. The reserve was established with a term of ten years. The funds can be used to offset the local share of future capital project work. This proposition only established the capital reserve fund and does not obligate the district to fund it at any specific level at any time. The district will determine the level at which it is funded based on current and future financial conditions. As of June 30, 2026, the District has fully funded this reserve.

  In 2026, the Board and voters established a new capital reserve fund to reserve up to $15 million, plus accumulated interest, with a term of fifteen years. The purpose of the reserve is for financing future capital improvements to District facilities and sites. During the year ended June 30, 2026, the District funded $3 million of this reserve.

- ***Insurance Reserve***

  Insurance reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve

may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance reserve, however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund under restricted fund balance.

- ***Reserve for Employee Benefit Accrued Liability***

  Reserve for employee benefit accrued liability (GML §6-p), is used to reserve funds for the payment of accrued employee benefits 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. This reserve is accounted for in the General Fund under restricted fund balance.

- ***Miscellaneous Special Revenue Fund***

  This fund is used to account for various endowment and scholarship funds as well as other student activity funds the district has control over.

- ***Capital Projects Fund***

  This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

***Committed Fund Balance***

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision-making authority, (i.e., the Board of Education). The District has no committed fund balances as of June 30, 2026.

***Assigned Fund Balance***

Includes amounts that are constrained by the school district's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies.

The District has established a Fund Balance policy that allows the Board of Education or their designated official to set forth the fund balance that is assigned.

This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

***Designated for Subsequent Year's Expenditure***

The district has not designated any current year fund balance toward expenditures for the year ending June 30, 2026.

***Encumbrances***

Encumbrances have been assigned based upon the District's intent to be used for a specific purpose such as general support, instruction and capital projects. See Note 3 for further detail regarding accountability and Note 17 for further detail regarding significant encumbrances.

***Unassigned Fund Balance***

Includes the residual fund balance for the General Fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

***(c) Restricted for Extraclassroom***

This reserve is used to account for extraclassroom activities and is accounted for in the Custodial Fund.

*(d) Order of Use of Fund Balance*

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

*New Accounting Standards*

Effective for the fiscal year ended June 30, 2026, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This standard establishes changes to certain components of the financial reporting model, including management's discussion and analysis, the presentation of unusual or infrequent items, proprietary fund reporting, major component unit information, and budgetary comparison information.

For the District, the implementation of GASB 103 resulted primarily in changes to the presentation and content of management's discussion and analysis and budgetary comparison information. Budgetary comparison schedules for the General Fund are presented as required supplementary information and include separate original-to-final budget and final budget-to-actual variances, with significant variances explained in the accompanying notes. The implementation did not result in a material change to the District's reported net position or fund balance.

Effective for the fiscal year ended June 30, 2026, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 104, *Disclosure of Certain Capital Assets*. This standard requires certain types of capital assets, including lease assets and subscription assets, and related accumulated amortization to be disclosed separately within the capital asset note. The District applied the provisions of GASB 104 retroactively, as applicable and practicable. The implementation of this standard did not have a material effect on total capital assets or net position as it does not change how capital assets are recognized or measured.

*Future Changes in Accounting Standards*

GASB Statement No. 105, *Subsequent Events*, effective for the year ending June 30, 2027.

The District will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

## 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

***Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities***

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

***Statement of Revenues, Expenditures and Changes in Fund Balance Compared to Statement of Activities***

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

***(a) Long-Term Revenue and Expense Differences***

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

*(b) Capital Related Differences*

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

*(c) Long-Term Debt Transaction Differences*

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

*(d) Employee Benefit Allocations*

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balance based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

*(e) Pension Differences*

Pension differences occur as a result of changes in the District's portion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

*(f) Other Postemployment Differences*

Other postemployment benefit (OPEB) differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

## 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

***Budgetary Procedures and Budgetary Accounting***

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

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). 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 supplemental appropriations are described in the supplemental schedule on page 53.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2026.

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

***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 assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

***General Fund- Statutory Unassigned Fund Balance Limit***

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in the assigned fund balance are also excluded from the 4% limitation. At June 30, 2026 the District's unassigned fund balance was 4.0% of the 2026-2027 budget.

***Statutory Debt Limit***

At June 30, 2026 the District was in compliance with the statutory debt limit.

***NYS Real Property Tax Cap***

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments (including school districts) can levy. The District was in compliance with the tax cap for the year ended June 30, 2026.

## 4. CASH AND CASH EQUIVALENTS

***Custodial Credit Risk***

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. 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 with securities held by the pledging financial institution in the District's name; or
C) Collateralized with 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 of $39,939,450 were covered by depository insurance or pledged collateral held in a trust department in an account in the District's name.

***Investment Policy***

The District follows an investment policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state, and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Treasurer of the District, in consultation with the Assistant Superintendent of Finance and Operations.

***Restricted Cash and Cash Equivalents***

Restricted cash and cash equivalents of $32,127,758 in the General Fund represents amounts in the following reserves: $3,226,273 for Worker's Compensation, $820,334 for Unemployment Insurance, $13,627,224 for Retirement Contributions (ERS and TRS), $6,243,900 for Capital Reserves, $214,378 for Insurance Reserve and $7,995,649 for Employee Benefit Accrued Liability Reserve.

Restricted cash of $553,453 in the Miscellaneous Special Revenue Fund represents various expendable trust funds held by the District for scholarships, awards and other student activities.

Restricted cash of $121,955 in the Debt Service Fund represents district reserves for future debt service.

Restricted cash of $308,975 in the Custodial Fund represents extraclassroom funds.

Restricted cash of 13,326,489 in the Capital Fund is restricted for capital projects.

***Investment Pool***

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2026, the District held $25,316,613 in these investments consisting of various investments in securities issued by the United States and its agencies. This amount represents the cost of the investment pool share and is considered to approximate market value.

The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NYLAF available by writing to NYLAF Administration, 2135 CityGate Lane, 7th Floor, Naperville, IL 60563.

## 5. PARTICIPATION IN BOCES

During the year ended June 30, 2026, the District was billed $20,874,318 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $5,179,909.

Financial statements for the BOCES are available from the BOCES administrative office at 71 Clinton Road, Garden City, New York 11530.

## 6. STATE AND FEDERAL AID RECEIVABLE

State and federal aid receivable at June 30, 2026 consisted of the following:

| | |
|---|---|
| General Fund | |
| New York State General Aid | $ 799,725 |
| New York State Excess Cost Aid | 1,304,335 |
| | $ 2,104,060 |
| Special Aid Fund | |
| Federal Grants | $ 536,983 |
| State Grants | 1,062,903 |
| | $ 1,599,886 |
| School Lunch Fund | |
| New York State – April May, and June Claims | $ 357,373 |
| Federal – June Claims | 318,793 |
| | $ 676,166 |

## 7. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2026 consisted of the following:

| | |
|---|---|
| General Fund | |
| September BOCES Aid | $ 2,810,957 |
| Other BOCES | 682 |
| Valley Stream UFSD#13 | 728,075 |
| Valley Stream UFSD#24 | 678,107 |
| Valley Stream UFSD#30 | 4,319,372 |
| Other | 57,256 |
| | $ 8,594,449 |

## 8. OTHER ASSETS

The District has provided a former Superintendent with a split dollar life insurance policy which calls for the reimbursement of all previously paid claims to the District upon the demise of the insured. These premiums are recorded in the General Fund as other assets. As of June 30, 2026, the cash surrender value of the policy was $48,658.

## 9. CAPITAL ASSETS

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

| | Beginnning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | |
| Land | $ 488,600 | $ | $ | $ 488,600 |
| Construction in Progress | 18,515,505 | 15,430,090 | 26,288,778 | 7,656,817 |
| Total | 19,004,105 | 15,430,090 | 26,288,778 | 8,145,417 |
| **Capital Assets Being Depreciated** | | | | |
| Land Improvements | 5,239,740 | 5,210,113 | | 10,449,853 |
| Buildings and Improvements | 122,482,646 | 18,795,997 | | 141,278,643 |
| Furniture, Equipment and Vehicles | 13,962,236 | 2,435,828 | 51,544 | 16,346,520 |
| Total | 141,684,622 | 26,441,938 | 51,544 | 168,075,016 |
| **Accumulated Depreciation** | | | | |
| Land Improvements | 2,250,184 | 299,188 | | 2,549,372 |
| Buildings and Improvements | 42,342,989 | 3,630,578 | | 45,973,567 |
| Furniture, Equipment and Vehicles | 6,443,048 | 963,954 | 50,716 | 7,356,286 |
| Total | 51,036,221 | 4,893,720 | 50,716 | 55,879,225 |
| Net Capital Assets Being Depreciated | 90,648,401 | 21,548,218 | 828 | 112,195,791 |
| **Net Capital Assets** | $ 109,652,506 | $ 36,978,308 | $ 26,289,606 | $ 120,341,208 |

Depreciation expense was allocated based on estimated usage by function and is charged as follows:

| Function/Program | |
|---|---|
| General Support | $ 734,058 |
| Instructional Support | 4,159,662 |
| | $ 4,893,720 |

## 10. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

The following is a summary of interfund transactions and balances during the year ended June 30, 2026:

| Fund Type | Interfund Receivables | Interfund Payables | Interfund Revenues | Interfund Expenditures |
|---|---|---|---|---|
| General | $ 2,198,561 | $ | $ 845,130 | $ 2,850,572 |
| School Lunch | | | | 2,141,019 |
| Special Aid | | 1,639,379 | 550,571 | |
| Capital Projects | | 559,182 | 4,441,020 | 845,130 |
| Total | $ 2,198,561 | $ 2,198,561 | $ 5,836,721 | $ 5,836,721 |

The District typically transfers from the General Fund to the Capital Projects Fund to finance capital construction projects of which $2,300,000 was transferred for 2025-26 in accordance with the budget.

Also, the District typically transfers from the General Fund to the Special Aid Fund to fund the District's 20% share of summer school handicap expenses required by State Law.

The School Lunch Fund transferred $2,141,019 to the capital fund to fund a Capital Project.

The Capital Fund transferred $845,130 to the General Fund to return unspent local funding for closed capital projects.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

## 11. UNAVAILABLE REVENUE

Unavailable revenue for the year ended June 30, 2026 was as follows and is reported as a deferred inflow of resources on the governmental funds balance sheet:

| | |
|---|---|
| General Fund | |
| Split Dollar Life Insurance | $ 48,658 |

## 12. SHORT-TERM DEBT

For the year ended June 30, 2026, the District did not issue any short-term debt.

## 13. LONG-TERM DEBT OBLIGATIONS

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

| Description | Beginning Balance | Issued | Paid | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Bonds Payable | | | | | |
| Serial Bonds | $ 21,187,269 | $ | $ 2,232,269 | $ 18,955,000 | $ 2,330,000 |
| Unamortized Bond Premiums | 1,862,935 | | 224,585 | 1,638,350 | 224,584 |
| Energy Performance Contract | 3,574,297 | | 566,333 | 3,007,964 | 577,773 |
| Other Liabilities | | | | | |
| Claims Payable | 1,234,902 | | 61,765 | 1,173,137 | 300,936 |
| Net Pension Liability - Proportionate Share | 3,261,140 | | 1,988,787 | 1,272,353 | |
| Compensated Absences | 18,891,383 | 408,226 | | 19,299,609 | 3,234,231 |
| Other Postemployment Benefits | 107,003,146 | 17,746,937 | 2,998,495 | 121,751,588 | |
| Total Noncurrent Liabilities | $ 157,015,072 | $ 18,155,163 | $ 8,072,234 | $ 167,098,001 | $ 6,667,524 |

The general fund has typically been used to liquidate long-term liabilities such as compensated absences.

**Serial Bonds** - The District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy 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 for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due. In the event of default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

***Energy Performance Contract Payable***

The District in May, 2016, entered into a $7,719,367 contractual agreement to install energy savings equipment and /or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over 15 years, with annual installments of $635,345, including interest, through May, 2031. Payment includes interest at 2.01% per annum. The contract provides that the savings in energy cost resulting from these upgrades will equal or exceed the payments terms. The net present value of the contract at June 30, 2026 was $3,007,964. Interest expense of $69,012 was recorded in the General Fund.

Details relating to the general obligation (serial) bond and the energy performance contract of the District outstanding at June 30, 2026 are summarized as follows:

| Payable From/Description | Original Issue | Original Amount | Final Maturity | Interest Rate (%) | Outstanding Amount |
|---|---|---|---|---|---|
| General Fund | | | | | |
| Energy Performance Contract | 05/12/16 | $ 7,719,367 | 5/12/2031 | 2.01 | $ 3,007,964 |
| Construction Serial Bond | 06/20/18 | $ 19,125,000 | 6/15/2033 | 1.65-4.00 | 10,870,000 |
| Construction Serial Bond | 06/20/19 | $ 10,015,000 | 6/15/2034 | 1.19-4.00 | 6,385,000 |
| Construction Serial Bond | Feb-2025 | $ 1,055,068 | Feb-2032 | 5.00 | 920,000 |
| Construction Serial Bond | Feb-2025 | $ 887,201 | Feb-2032 | 6.00 | 780,000 |
| Total | | | | | $ 21,962,964 |

The following is a schedule of future principal and interest payments of the energy performance contract as of June 30, 2026:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 577,773 | $ 57,571 | $ 635,344 |
| 2028 | 589,445 | 45,900 | 635,345 |
| 2029 | 601,352 | 33,992 | 635,344 |
| 2030 | 613,500 | 21,844 | 635,344 |
| 2031 | 625,894 | 9,451 | 635,345 |
| | $ 3,007,964 | $ 168,758 | $ 3,176,722 |

The following is a schedule of future principal and interest payments for all serial bonds as of June 30, 2026:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 2,330,000 | $ 783,000 | $ 3,113,000 |
| 2028 | 2,415,000 | 686,050 | 3,101,050 |
| 2029 | 2,515,000 | 585,600 | 3,100,600 |
| 2030 | 2,620,000 | 481,000 | 3,101,000 |
| 2031 | 2,720,000 | 371,950 | 3,091,950 |
| 2032-2034 | 6,355,000 | 436,150 | 6,791,150 |
| | $ 18,955,000 | $ 3,343,750 | $ 22,298,750 |

Interest expense on the district-wide financial statements is calculated as follows:

| | |
|---|---|
| Interest Paid on Long Term Debt | $ 941,265 |
| Amortization of Bond Premiums | (224,585) |
| Less: Interest Accrued in the Prior Year | (76,893) |
| Plus: Interest Accrued in the Current Year | 70,498 |
| Total Interest Expense | $ 710,285 |

***Special Provisions Affecting Remedies Upon Default***

In the event of a default in the payment of the principal of and/or interest of the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

## 14. PENSION PLANS

### A) New York State and Local Employees' Retirement System (ERS)

#### *(a) Plan Description*

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost –sharing multi-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System 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 at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

***(b) Contributions***

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 but before April 1, 2012 are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 contribute at a rate ranging from 3% to 6% based on their total annualized salary. Subsequent to the System fiscal year ended March 31, 2026, the approved fiscal year 2027 New York State Budget includes new laws which reduce contribution rates for Tier 6 members. Effective October 1, 2026, the new contribution rate varies from 3 percent to 5.75 percent depending on salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2026, were paid.

The required contributions for the current year and two preceding years were:

| | Amount |
|---|---|
| 2024 | $ 868,732 |
| 2025 | $ 1,060,569 |
| 2026 | $ 1,319,569 |

***(c) Pensions Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2026, the District reported a liability of $1,272,353 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2026 and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of April 1,2025. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2026, the District's proportion was 0.0225525 percent, which was an increase of 0.0035324 percent from its proportion measured as of June 30, 2025.

For the year ended June 30, 2026 the District recognized pension expense of $1,605,357. At June 30, 2026, the District reported deferred outflows of resources to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 728,115 | $ |
| Change of assumptions | 218,407 | |
| Net difference between projected and actual earnings on Pensions plan investments | | 2,281,399 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 563,567 | 7,503 |
| Contributions subsequent to the measurement date | 419,130 | |
| Total | $ 1,929,219 | $ 2,288,902 |

Amounts reported as deferred outflows related to pensions resulting from the District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2027.

Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | Amount |
|---|---|
| 2027 | $ 677,876 |
| 2028 | $ (686,495) |
| 2029 | $ (350,480) |
| 2030 | $ (419,714) |

***(d) Actuarial Assumptions***

The total pension liability at March 31, 2026 was determined by using an actuarial valuation as of April 1, 2025, with update procedures used to roll forward the total pension liability to March 31, 2026.

Significant actuarial assumptions used in the April 1, 2025 valuation were as follows:

| | |
|---|---|
| Investment rate of return (net of investment expense, including inflation) | 5.90% |
| Cost of living adjustments | 1.50% |
| Salary scale | 5.20% |
| Inflation rate | 2.90% |

Demographic assumptions used in the April 1, 2025 valuation are based on the result of an actuarial experience study completed March 31, 2025 and primarily based on System experience for the period April 1, 2020 – March 31, 2025.

Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP – 2021.

The Long –term expected rate of return on pension plan investment was determined using a building-block method in which best –estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimate of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2026 are summarized below:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|---|---|---|
| Domestic equity | 25% | 3.29% |
| International equity | 14% | 5.85% |
| Private equity | 15% | 7.00% |
| Real estate | 12% | 5.20% |
| Opportunistic/ARS portfolio | 3% | 5.13% |
| Credit | 4% | 5.10% |
| Real assets | 4% | 5.54% |
| Fixed Income | 22% | 1.75% |
| Cash | 1% | 0.25% |
| | 100% | |

* The real rate of return is net of the long-term inflation assumption of 2.5 percent.

*(e) Discount Rate*

The discount rate used to calculate the total pension liability was 5.9 percent. 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*(f) Sensitivity of Proportionate Share of Net Pension Liability to the Discount Rate Assumption*

The following presents the District's proportionate share of the net pension liability calculated using the current-period discount rate assumption of 5.9% percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percent-point lower (4.9 percent) or one percentage–point higher (6.9 percent) than the current assumption (dollars in thousands).

| | 1% Decrease (4.9%) | Current Discount (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| Proportionate share of the net pension liability (asset) | $ 8,689,823 | $ 1,272,353 | $ (4,928,980) |

*(g) Pension Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

*h) Payables to the Pension Plan*

The District has recorded an amount due to ERS in the amount of $419,130 at June 30, 2026. This amount represents the three months of the District's fiscal year that will be covered in the ERS 2026-27 billing cycle and has been accrued as an expenditure in the current year.

**B) New York State Teachers' Retirement System (TRS)**

*(a) Plan Description*

The District participates in the New York Teachers' Retirement System (TRS). This is a cost –sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the System and governed by a ten-member board to provide those benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefits payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

*(b) Contributions*

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required to contribute 3.5% of salary throughout their active membership. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tier 5 and 6, the member

contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make membership contributions under certain conditions pursuant to the provision of Article 11 of the Education Law and Article 11 of the Retirement and Social Security law. Upon termination of membership such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required contributions for the current year and two preceding years were:

| | Amount |
|---|---|
| 2024 | $ 6,264,722 |
| 2025 | $ 6,844,110 |
| 2026 | $ 6,719,042 |

***(c) Pension Asset or Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2026, the District reported an asset of $20,414,284 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2024. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2026, the District's proportion was 0.344774 percent, which was an increase of 0.008599 percent from its proportion measured as of June 30, 2025.

For the year ended June 30, 2026 the District recognized a pension credit of $1,284,900.

At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 10,701,637 | $ |
| Changes of assumptions | 8,081,380 | 220,100 |
| Net difference between projected and actual earnings on Pensions plan investments | | 15,943,505 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 1,643 | 789,158 |
| Contributions subsequent to the measurement date | 6,719,042 | |
| Total | $ 25,503,702 | $ 16,952,763 |

At June 30, 2026, $6,719,042 was reported as deferred outflows/of resources related to pensions resulting from the District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset or liability in the year ended June 30, 2027.

Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | Amount |
|---|---|
| 2026 | $ 10,124,259 |
| 2027 | $ (4,531,060) |
| 2028 | $ (4,746,369) |
| 2029 | $ (1,075,987) |
| 2030 | $ 1,698,767 |
| Thereafter | $ 362,287 |

***(d) Actuarial Assumptions***

The total pension liability at June 30, 2025 measurement date was determined by using an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total pension liability to June 30, 2025.

The actuarial valuation used the following significant assumptions:

| | |
|---|---|
| Investment Rate of Return | 6.95% compounded annually, net of pension plan investment expense, including inflation. |
| Salary scale | Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience. |
| Projected COLAs | 1.4% compounded annually |
| Inflation rate | 2.50% |

| Service | 2025 Rate |
|---|---|
| 5 | 5.80% |
| 15 | 3.66% |
| 25 | 2.68% |
| 35 | 2.04% |

Annuitant and active mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis.

The demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2024.

The long term expected rate of return on pension plan investment was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No.27 provides guidance on the selection of an appropriate assumed investment rate. Consideration was given to expect 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.

Best estimate of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2025 is summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|---|---|---|
| Domestic equity | 33.0% | 6.7% |
| International equity | 15.0% | 7.4% |
| Global equity | 4.0% | 7.0% |
| Real estate equity | 11.0% | 6.5% |
| Private equity | 9.0% | 9.8% |
| Domestic fixed income securities | 16.0% | 2.6% |
| Global bonds | 2.0% | 2.4% |
| Private debt | 2.0% | 6.1% |
| Real estate debt | 6.0% | 3.8% |
| High-yield bonds | 1.0% | 4.7% |
| Cash Equivalents | 1.0% | 0.6% |
| | 100.0% | |

*Real rates of return are net of pension plan investment expenses and long-term inflation expectations.

***(c) Discount Rate***

The discount rate used to calculate the total pension liability was 6.95 percent. 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 school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***(f) Sensitivity of Proportionate Share of Net Pension Asset to the Discount Rate Assumption***

The following presents the collective net pension liability (asset) of the District as of June 30, 2025 calculated using a discount rate of 6.95 percent as well as what the Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage–point lower (5.95 percent) or 1 percentage-point higher (7.95 percent) than the current rate:

| | 1% Decrease (5.95%) | Current Assumption (6.95%) | 1% Increase (7.95%) |
|---|---|---|---|
| Proportionate share of the net pension liability (asset) | $ 39,226,306 | $ (20,414,284) | $ (70,598,738) |

***(g) Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

***(h) Payables to the pension plan***

The District has recorded an amount due to TRS in the amount of $6,719,042, excluding employee share, at June 30, 2026. This amount represents the contribution for the 2025-2026 fiscal year that will be made in 2026-27 and the employer share has been accrued as an expenditure in the current year.

## 15. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

### *(a) Plan Description*

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

### *(b) Benefits Provided*

The District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the District has in place with different classifications of employees.

The District acquires health insurance through a consortium known as the New York State Health Insurance Program (NYSHIP). Benefits provided by NYSHIP are administered by the Empire BlueCross BlueShield, United Healthcare, GHI/Value Options and Empire BlueCross BlueShield/Caremark. The NYSHIP plan covers medical and pharmaceutical costs. Refer to the plan documents for the specifics and limitations of the coverage offered to retirees. Many of the services in the NYSHIP plan require co-payments at various levels depending on the nature of the service.

| | Total |
|---|---|
| Active employees | 662 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Inactive employees currently receiving benefit payments* | 398 |
| Total | 1,060 |

*Includes retirees, spouses of retirees, and beneficiaries

### *(c) Total OPEB Liability*

The District's total OPEB liability of $121,751,588 was measured as of June 30, 2026 and determined by an actuarial valuation as of July 1, 2025. It was calculated based on the discount rate and actuarial assumptions show below, and then was projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

### *(d) Changes in Total OPEB Liability*

Changes in the District's total OPEB liability were as follows:

| | Total OPEB Liability |
|---|---|
| Balance at June 30, 2025 | $ 107,003,146 |
| Changes recognized for the year: | |
| Service cost | 3,969,957 |
| Interest on total OPEB liability | 5,693,629 |
| Effect of demographic gains or losses | (5,611,717) |
| Changes of Assumptions and Other Inputs | 13,695,068 |
| Benefit payments | (2,998,495) |
| Net changes | 14,748,442 |
| Balance at June 30, 2026 | $ 121,751,588 |

*(e) 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 percent) or 1 percentage point higher (5.67 percent) than the current discount rate:

| | 1% Decrease (3.67%) | Current Assumption (4.67%) | 1% Increase (5.67%) |
|---|---|---|---|
| Total OPEB liability | $ 141,973,658 | $ 121,751,588 | $ 105,445,369 |

*(f) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

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

| | 1% Decrease | Current Assumption | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 102,510,723 | $ 121,751,588 | $ 146,466,636 |

*(g) 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 $6,936,544. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 1,763,870 | $ 16,453,338 |
| Changes of assumptions or other inputs | 21,497,540 | 20,041,636 |
| Total | $ 23,261,410 | $ 36,494,974 |

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

| Year ended June 30: | Amount |
|---|---|
| 2027 | $ (2,059,141) |
| 2028 | $ (2,418,011) |
| 2029 | $ (3,962,117) |
| 2030 | $ (2,482,596) |
| 2031 | $ (2,220,165) |
| Thereafter | $ (91,534) |

*(h) Actuarial Assumptions and Other Inputs*

The total OPEB liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | | |
|---|---|---|
| Healthcare Cost Trend Rates | 5.90% (pre-65) and 6.10% (post-65) for 2026, decreasing each year to an ultimate rate of 3.8 percent for 2073 and later years. | |
| Salary Changes | 2.40% | |
| Discount Rate | 4.67% | (2026) |
| | 5.20% | (2025) |
| Retirees' Share of Benefit-Related Costs | 50% (20% for the Superintendent) of the projected health insurance premiums for retirees and 65% (20% for the Superintendent) of the projected health insurance premiums for retirees' eligible dependents | |

The discount rate is consistent with GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The mortality tables used for this valuation are the PubT-2016 Headcount-Weighted Mortality Table for teaching positions and PubG-2016 Headcount-Weighted Mortality Table for non-teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

## 16. RISK MANAGEMENT

*(a) General*

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

*(b) Consortiums and Self-Insured Plans*

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2026. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims, which were incurred on or before year-end but not reported (IBNR). As of June 30, 2026, the District has recorded potential workers' compensation claims of $1,173,137 and has a workers' compensation reserve balance of $3,226,273.

The following is the details of the amounts paid from this fund:

| | 2026 | 2025 |
|---|---|---|
| Unpaid Claims at Beginning of Year | $ 1,234,902 | $ 1,567,275 |
| Incurred Claims and Claim Adjustment Expenses | 100,311 | (23,335) |
| Claim Payments | (162,076) | (309,038) |
| Unpaid Claims at Year End | $ 1,173,137 | $ 1,234,902 |

## 17. COMMITMENTS AND CONTINGENCIES

### *(a) Grants*

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

### *(b) Litigation*

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

### *(c) Encumbrances*

Significant encumbrances included in governmental fund balances have been classified as assigned fund balance and are as follows:

***General Fund*** - Total encumbrances of the General Fund as of June 30, 2026 were $475,175. Significant encumbrances of $302,975 were assigned to general support, $170,333 to instruction, and $1,867 to pupil transportation.

## 18. TAX ABATEMENTS

The District is subject to tax abatements that are granted by the Town of Hempstead Industrial Development Agency (TOHIDA). Article 18-A of the New York State General Municipal Law, "New York State Industrial Development Agency Act" was enacted to provide for the creation of Industrial Development Agencies (IDA's) to facilitate economic development in specific localities, and delineate their powers and status as public benefit corporations. The legislation establishes the power of New York IDA's, including the authority to grant tax abatements and enter into agreements to require payments in lieu of taxes. Each IDA must adopt and follow a tax exemption policy with input from the effected taxing jurisdictions, however once created the IDA can independently grant abatements in conformity with their policy. The TOHIDA enters into agreements to abate property tax for the purpose of increasing or retaining employment in the County.

Property abatements may be partially offset by an agreement that requires payments in lieu of taxes. These agreements specify the annual amount to be remitted by the property owner and are allocated to the effected jurisdiction based on the proportion of taxes abated. The District has chosen to disclose information about its tax abatement by purpose.

| Name | Purpose | Gross Tax Reducation |
|---|---|---|
| 676 West Merrick Road | Economic Development and Job Creation | $ 88,743 |
| 599 & 621 West Merrick Road | Economic Development and Job Creation | 181,853 |
| 364-370West MerrickRoad | Economic Development and Job Creation | 99,009 |
| 396West Merrick Road | Economic Development and Job Creation | 77,404 |
| Green Acres Mall | Economic Development and Job Creation | 8,049,410 |
| Green Acres Adjacent | Economic Development and Job Creation | 999,237 |
| 49 N. Central Ave(Promenade) | Economic Development and Job Creation | 69,391 |
| 750West Merrick Road | Economic Development and Job Creation | 241,482 |
| 148 & 164 Sunrise Hwy | Economic Development and Job Creation | 111,960 |
| 130 SunriseHwy | Economic Development and Job Creation | 41,545 |
| Zeus Cottage(Hawthorne) | Economic Development and Job Creation | 266,802 |
| Vantage on Roosevelt | Economic Development and Job Creation | 25,924 |
| Total | | 10,252,760 |
| PILOTS received | | (7,455,841) |
| Net Revenue Reduction | | $ 2,796,919 |

## 19. DISTRICT-WIDE UNRESTRICTED NET POSITION DEFICIT

The District-wide Statement of Net Position had an unrestricted deficit at June 30, 2026 of $105,203,984. The deficit is primarily the result of GASB 75 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which required the recognition of an unfunded liability of $121,751,588 at June 30, 2026. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2026**

| | Original Budget | Final Budget | Variance between Original and Final Budget | Actual | Final Budget Variance With Actual |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Local Sources | | | | | |
| Real Property Taxes | $ 84,512,301 | $ 86,253,749 | $ 1,741,448 | $ 86,575,220 | $ 321,471 |
| Other Real Property Tax Items | 15,276,035 | 13,534,587 | (1,741,448) | 13,376,396 | (158,191) |
| Charges for Services | 180,000 | 180,000 | | 174,664 | (5,336) |
| Use of Money and Property | 1,401,500 | 1,401,500 | | 1,783,505 | 382,005 |
| Sale of Property and Compensation for Loss | 25,000 | 118,222 | 93,222 | 348,069 | 229,847 |
| Miscellaneous | 150,000 | 150,000 | | 772,640 | 622,640 |
| State Aid | 65,128,845 | 65,128,845 | | 68,062,959 | 2,934,114 |
| Federal Aid | 175,000 | 175,000 | | 72,792 | (102,208) |
| Total Revenues | 166,848,681 | 166,941,903 | 93,222 | 171,166,245 | 4,224,342 |
| **Other Financing Sources** | | | | | |
| Transfers from Other Funds | | | | 845,130 | 845,130 |
| Appropriated Fund Balance | 704,058 | 704,058 | | | (704,058) |
| Total Revenues and Other Financing Sources | $ 167,552,739 | $ 167,645,961 | $ 93,222 | 172,011,375 | $ 4,365,414 |

| | Original Budget | Final Budget | Variance between Original and Final Budget | Actual | Final Budget Variance With Actual |
|---|---|---|---|---|---|
| **Expenditures** | | | | | |
| General Support | | | | | |
| Board of Education | $ 51,592 | $ 51,592 | $ | 38,941 | $ 12,651 |
| Central Administration | 517,734 | 796,758 | 279,024 | 784,528 | 12,230 |
| Finance | 1,630,861 | 1,466,576 | (164,285) | 1,405,378 | 61,198 |
| Staff | 1,128,574 | 1,470,523 | 341,949 | 1,458,216 | 12,307 |
| Central Services | 12,680,658 | 13,812,892 | 1,132,234 | 13,283,572 | 529,320 |
| Special Items | 2,364,500 | 2,277,407 | (87,093) | 2,273,408 | 3,999 |
| Total General Support | 18,373,919 | 19,875,748 | 1,501,829 | 19,244,043 | 631,705 |
| Instruction | | | | | |
| Instruction, Administration, and Improvement | 8,095,951 | 7,473,426 | (622,525) | 7,372,959 | 100,467 |
| Teaching - Regular School | 47,012,964 | 46,667,233 | (345,731) | 46,380,106 | 287,127 |
| Programs for Children With Special Needs | 26,313,089 | 27,620,217 | 1,307,128 | 27,538,919 | 81,298 |
| Occupational Education | 2,198,668 | 2,354,469 | 155,801 | 2,263,161 | 91,308 |
| Teaching - Special School | 998,000 | 1,252,435 | 254,435 | 1,232,654 | 19,781 |
| Instructional Media | 3,730,283 | 3,362,042 | (368,241) | 3,336,817 | 25,225 |
| Pupil Services | 13,240,346 | 12,258,164 | (982,182) | 12,066,062 | 192,102 |
| Total Instruction | 101,589,301 | 100,987,986 | (601,315) | 100,190,678 | 797,308 |
| Pupil Transportation | 9,915,649 | 9,727,399 | (188,250) | 9,698,505 | 28,894 |
| Community Services | 19,650 | 23,505 | 3,855 | 14,855 | 8,650 |
| Employee Benefits | 31,334,351 | 30,440,863 | (893,488) | 30,332,317 | 108,546 |
| Debt Service - Principal | 2,798,603 | 2,798,603 | | 2,798,602 | 1 |
| Debt Service - Interest | 971,266 | 941,266 | (30,000) | 941,265 | 1 |
| Total Expenditures | 165,002,739 | 164,795,370 | (207,369) | 163,220,265 | 1,575,105 |
| **Other Financing Uses** | | | | | |
| Transfers to Other Funds | 2,550,000 | 2,850,591 | 300,591 | 2,850,572 | 19 |
| Total Expenditures and Other Financing Uses | $ 167,552,739 | $ 167,645,961 | $ 93,222 | 166,070,837 | $ 1,575,124 |
| **Net Change in Fund Balances** | | | | 5,940,538 | |
| **Fund Balances - Beginning of Year** | | | | 33,606,430 | |
| **Fund Balances - End of Year** | | | | $ 39,546,968 | |

See Notes to Budgetary Comparison Schedule on next page.

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

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

**BUDGETARY REVENUES**

| **Differences- Final Budget to Actual:** | Final Budget | Actual | Over (Under) |
|---|---|---|---|
| Use of Money and Property: The District made a $6 million building acquisition lowering their cash balance in the 2025-26 school year, but the sale was later than anticipated in the school year (March 2026) resulting in more interest on these funds than expected. | $ 1,401,500 | $ 1,783,505 | $ 382,005 |
| Sale of Property and Compensation for Loss: The budget was amended to include $93 thousand from NYSIR related to water and mold damage. In addition, $152 thousand was received related to workers compensation claims (compared to $64 thousand in the prior year), and there were an additional $91 thousand in property claims. | $ 118,222 | $ 348,069 | $ 229,847 |
| Miscellaneous: This was primarily due to the BOCES Surplus for the prior year coming in higher than expected as the District received over $532 thousand in the current year. | $ 150,000 | $ 772,640 | $ 622,640 |
| Transfers from Other Funds: A number of Capital Fund projects were closed out, the substantial portion totalling $712 thousand related to North and South Turf Field completions. | $ | $ 845,130 | $ 845,130 |

**BUDGETARY EXPENDITURES**

| **Differences- Original Budget to Final Budget:** | Original Budget | Final Budget | Increase (Decrease) |
|---|---|---|---|
| Central Administration: The Deputy Superintendent was created as a new position for the District (salary $273 thousand). | $ 517,734 | $ 796,758 | $ 279,024 |
| Staff: There was an unexpected settlement with a former employee ($178 thousand) and additional costs associated with building acquisition ($142 thousand). | $ 1,128,574 | $ 1,470,523 | $ 341,949 |
| Teaching - Special School: The District is paying salary for coordinators to BOCES in 25-26 compared to prior year Twilight program was overseen by District employee and our student enrollment is up with 9th grade classes added for the first year. | $ 998,000 | $ 1,252,435 | $ 254,435 |

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**
**For the Year Ended June 30, 2026**

| Measurement Date | 6/30/2026 | 6/30/2025 | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|---|---|---|---|---|---|---|---|---|
| Total OPEB Liability | | | | | | | | | |
| Service cost | $ 3,969,957 | $ 4,810,710 | $ 5,086,841 | $ 4,392,773 | $ 4,395,804 | $ 4,548,504 | $ 4,682,785 | $ 4,655,120 | $ 4,519,534 |
| Interest on Total OPEB Liability | 5,693,629 | 4,890,186 | 4,404,713 | 3,652,232 | 2,711,120 | 2,667,245 | 3,524,325 | 3,138,710 | 2,969,183 |
| Effect of plan changes | | 1,391,446 | | | | | 44,419 | | |
| Effect of demographic gains or losses | (5,611,717) | | 2,725,982 | | (27,552,909) | | (1,863,307) | | (12,749) |
| Effect of assumption changes or inputs | 13,695,068 | (22,259,267) | (5,507,994) | 11,268,125 | 530,040 | 944,695 | 17,693,911 | (8,786,579) | |
| Benefit payments | (2,998,495) | (2,875,155) | (2,486,809) | (2,514,608) | (2,345,669) | (4,010,364) | (3,884,314) | (2,061,019) | (1,861,733) |
| Net change in total OPEB Liability | 14,748,442 | (14,042,080) | 4,222,733 | 16,798,522 | (22,261,614) | 4,150,080 | 20,197,819 | (3,053,768) | 5,614,235 |
| Total OPEB Liability - Beginning | 107,003,146 | 121,045,226 | 116,822,493 | 100,023,971 | 122,285,585 | 118,135,505 | 97,937,686 | 100,991,454 | 95,377,219 |
| Total OPEB Liability - Ending | $ 121,751,588 | $ 107,003,146 | $ 121,045,226 | $ 116,822,493 | $ 100,023,971 | $ 122,285,585 | $ 118,135,505 | $ 97,937,686 | $ 100,991,454 |
| Covered payroll | $ 73,224,934 | $ 62,136,252 | $ 62,136,252 | $ 60,619,938 | $ 60,619,938 | $ 54,689,312 | $ 54,689,132 | $ 54,378,000 | $ 54,378,000 |
| Total OPEB Liability as a percentage of covered payroll | 166.27% | 172.21% | 194.81% | 192.71% | 165.00% | 223.60% | 216.01% | 180.11% | 185.72% |

10 years of historical information will not be available upon implementation. 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.

**Notes to Required Supplementary Information:**
The District does not have net assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes of benefit terms: N/A

Changes of Assumptions: The discount rate was changed from 5.2% to 4.67% which is a prescribed discount rate under GASB 75 (taken from the rate for a 20-year high-quality tax-exempt municipal bond index).
The medical trend assumption was updated to better reflect anticpated future experience.
The assumed withdrawal and retirement rates were updated to reflect those used in the 2025 Annual Report to the Comptroller on Actuarial Assumptions in the New York State and Local Retirement System and the recommended actuarial assumptions 2025 Report for the New York State Teachers' Retirement System.
The mortality assumption was updated to use the Pub-2016 Mortality Tables.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS**
**For the Year Ended June 30, 2026**

**ERS Pension Plan**

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 1,319,569 | $ 1,060,569 | $ 868,732 | $ 787,652 | $ 883,452 | $ 889,600 | $ 884,757 | $ 899,829 | $ 960,519 | $ 975,473 |
| Contributions in Relation to the Contractually Required Contributions | 1,319,569 | 1,060,569 | 868,732 | 787,652 | 883,452 | 889,600 | 884,757 | 899,829 | 960,519 | 975,473 |
| Contribution Deficiency (Excess) | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| School District's Covered - ERS Employee Payroll | $ 8,965,420 | $ 7,768,609 | $ 7,315,960 | $ 7,555,109 | $ 7,278,187 | $ 6,466,157 | $ 6,387,508 | $ 6,475,229 | $ 6,363,657 | $ 6,601,848 |
| Contributions as a Percentage of Employee Payroll | 14.7% | 13.7% | 11.9% | 10.4% | 12.1% | 13.8% | 13.9% | 13.9% | 15.1% | 14.8% |

**TRS Pension Plan**

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 6,719,042 | $ 6,844,110 | $ 6,264,722 | $ 6,277,334 | $ 5,623,902 | $ 5,230,300 | $ 4,715,571 | $ 5,551,016 | $ 5,024,579 | $ 5,866,379 |
| Contributions in Relation to the Contractually Required Contributions | 6,719,042 | 6,844,110 | 6,264,722 | 6,277,334 | 5,623,902 | 5,230,300 | 4,715,571 | 5,551,016 | 5,024,579 | 5,866,379 |
| Contribution Deficiency (Excess) | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| School District's Covered - TRS Employee Payroll | $ 70,063,003 | $ 67,696,439 | $ 64,213,999 | $ 61,194,980 | $ 57,690,169 | $ 53,222,402 | $ 53,450,727 | $ 52,269,454 | $ 51,271,214 | $ 50,054,426 |
| Contributions as a Percentage of Employee Payroll | 9.59% | 10.11% | 9.76% | 10.26% | 9.75% | 9.83% | 8.82% | 10.62% | 9.80% | 11.72% |

See Independent Auditor's Report.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET**
**For the Year Ended June 30, 2026**

**ERS Pension Plan**

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| District's Proportion of Net Pension Asset/Liability | 0.0225525% | 0.0190201% | 0.0190459% | 0.0191931% | 0.0169747% | 0.0164171% | 0.0173791% | 0.0176707% | 0.0185036% | 0.0190519% |
| District's Proportion Share of Net Pension (Asset)/Liability | $ 1,272,353 | $ 3,261,140 | $ 2,804,326 | $ 4,115,783 | $ (1,387,611) | $ 16,347 | $ 4,602,094 | $ 1,252,022 | $ 597,194 | $ 1,790,154 |
| District's Covered - Employee Payroll | $ 8,965,420 | $ 7,768,609 | $ 7,315,960 | $ 7,555,109 | $ 7,278,187 | $ 6,466,157 | $ 6,387,508 | $ 6,475,229 | $ 6,363,657 | $ 6,601,848 |
| District's Proportion Share of Net Pension Asset/Liability as a Percentage of its Covered - Employee Payroll | 14.19% | 41.98% | 38.33% | 54.48% | 19.07% | 0.25% | 72.05% | 19.34% | 9.38% | 27.12% |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 97.78% | 93.08% | 93.88% | 90.78% | 103.65% | 99.95% | 86.40% | 96.30% | 98.20% | 94.70% |

**TRS Pension Plan**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| District's Proportion of Net Pension Asset/Liability | 0.344774% | 0.336175% | 0.330151% | 0.323935% | 0.323348% | 0.313568% | 0.313148% | 0.314762% | 0.315826% | 0.320690% |
| District's Proportion Share of Net Pension (Asset)/Liability | $ (20,414,284) | $ (10,030,149) | $ 3,775,561 | $ 6,215,968 | $ (56,033,064) | $ 8,664,728 | $ (8,135,600) | $ (5,691,729) | $ (2,400,590) | $ 3,434,719 |
| District's Covered - Employee Payroll | $ 67,696,439 | $ 64,213,999 | $ 61,194,980 | $ 57,690,169 | $ 53,222,402 | $ 53,450,727 | $ 52,269,454 | $ 51,271,214 | $ 50,054,426 | $ 50,003,054 |
| District's Proportion Share of Net Pension Asset/Liability as a Percentage of its Covered - Employee Payroll | 30.16% | 15.62% | 6.17% | 10.77% | 105.28% | 16.21% | 15.56% | 11.10% | 4.80% | 6.87% |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 104.00% | 102.10% | 99.20% | 98.60% | 113.20% | 97.80% | 102.20% | 101.53% | 100.66% | 99.01% |

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**SCHEDULES OF CHANGES FROM ADOPTED BUDGET TO REVISED BUDGET**
**AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**
**For the Year Ended June 30, 2026**

**Change from Adopted Budget to Revised Budget**

| | |
|---|---|
| Adopted Budget | $ 166,848,681 |
| Add: Prior Year's Encumbrances | 704,058 |
| Original Budget | 167,552,739 |
| Add: Budget Amendment to increase budget for NYSIR Insurance Payment | 93,222 |
| Final Budget | $ 167,645,961 |

**Section 1318 of Real Property Tax Law Limit Calculation**

| | | |
|---|---|---|
| 2026-27 voter-approved expenditure budget | | $ 173,600,882 |
| Maximum allowed (4% of 2026-27 budget) | | $ 6,944,035 |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law : | | |
| Unrestricted fund balance: | | |
| Assigned fund balance | 475,175 | |
| Unassigned fund balance | 6,944,035 | |
| Total unrestricted fund balance | 7,419,210 | |
| Less: | | |
| Encumbrances included in assigned fund balance | 475,175 | |
| Total adjustments | 475,175 | |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | | $ 6,944,035 |
| Actual Percentage | | 4.00% |

See Independent Auditor's Report.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**
**For the Year Ended June 30, 2026**

| Project Title | Original Appropriation | Revised Appropriation | Expenditures to Date | | | Unexpended Balance | Revenue Sources to Date | | | Fund Balance 6/30/2026 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total | | SSBA | Local Sources | Total | |
| 2017 SSBA | $ | $ 1,954,631 | $ 1,936,221 | $ | $ 1,936,221 | $ 18,410 | $ 1,912,593 | $ | $ 1,912,593 | $ (23,628) |
| 2019-2020 Capital Reserve-District wide Projects | 3,750,000 | 3,750,000 | 2,645,465 | 150,245 | 2,795,710 | 954,290 | | 3,750,000 | 3,750,000 | 954,290 |
| 2021-2022 District Wide Projects | 955,000 | 955,000 | 954,897 | 14,169 | 969,066 | (14,066) | | 969,084 | 969,084 | 18 |
| 2022-2023 Capital Reserve District Wide | 5,900,000 | 5,900,000 | 5,189,541 | (1,969) | 5,187,572 | 712,428 | | 5,187,572 | 5,187,572 | |
| 2022-2023 Proposition #2 | 4,000,000 | 5,082,298 | 5,070,647 | (20,491) | 5,050,156 | 32,142 | | 5,050,156 | 5,050,156 | |
| 2022-2023 District Wide Projects | 1,905,000 | 1,859,872 | 1,847,640 | | 1,847,640 | 12,232 | | 1,847,640 | 1,847,640 | |
| 2023-2024 Capital Reserve District Wide | 1,950,000 | 1,950,000 | 121,919 | 1,467,036 | 1,588,955 | 361,045 | | 1,950,000 | 1,950,000 | 361,045 |
| 2023-2024 Proposition | 6,750,000 | 6,567,702 | 713,560 | 2,459,030 | 3,172,590 | 3,395,112 | | 6,567,702 | 6,567,702 | 3,395,112 |
| 2023-2024 District Wide Projects | 2,235,000 | 2,235,000 | 1,886,979 | 226,458 | 2,113,437 | 121,563 | | 2,246,843 | 2,246,843 | 133,406 |
| 2024-25 Gym Window Replacement - DW | 1,156,000 | 1,156,000 | 995,509 | 59,932 | 1,055,441 | 100,559 | | 1,055,441 | 1,055,441 | |
| 2024-25 Fund Balance Capital Project - Memorial | 2,550,000 | 2,550,000 | 66,637 | 601,837 | 668,474 | 1,881,526 | | 2,550,000 | 2,550,000 | 1,881,526 |
| 2024-2025 District Wide Projects | 2,263,000 | 2,263,000 | 1,611,614 | 327,786 | 1,939,400 | 323,600 | | 2,197,405 | 2,197,405 | 258,005 |
| 2024-2025 Cafeteria Projects | 427,352 | 2,568,371 | 427,352 | 2,141,019 | 2,568,371 | | | 2,568,371 | 2,568,371 | |
| 2025-26 Fund Balance Capital Project | 4,500,000 | 4,500,000 | 34,650 | 125,948 | 160,598 | 4,339,402 | | 4,500,000 | 4,500,000 | 4,339,402 |
| 2025 Building Purchase | 6,400,000 | 6,400,000 | | 6,400,000 | 6,400,000 | | | 6,400,000 | 6,400,000 | |
| 2025-2026 District Wide Projects | 2,300,000 | 2,300,000 | | 1,662,560 | 1,662,560 | 637,440 | | 2,363,804 | 2,363,804 | 701,244 |
| | $ 47,041,352 | $ 51,991,874 | $ 23,502,631 | $ 15,613,560 | $ 39,116,191 | $ 12,875,683 | $ 1,912,593 | $ 49,204,018 | $ 51,116,611 | $ 12,000,420 |

See Independent Auditor's Report.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**NET INVESTMENT IN CAPITAL ASSETS**
**For the Year Ended June 30, 2026**

| | |
|---|---|
| Capital Assets, Net | $ 120,341,208 |
| Deduct: | |
| Premium on Bonds Payable | 1,638,350 |
| Serial Bonds Payable | 18,955,000 |
| Energy Performance Contract | 3,007,964 |
| | 23,601,314 |
| Investment in Capital Assets, Net of Related Debt | $ 96,739,894 |

See Independent Auditor's Report.

**VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT**
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**
**June 30, 2026**

| | School Lunch | Misc Special Rev | Debt Service | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and Cash Equivalents | | | | |
| Unrestricted | $ 3,328,486 | $ | $ | $ 3,328,486 |
| Restricted | | 553,453 | 121,955 | 675,408 |
| Receivables | | | | |
| State and Federal Aid | 676,166 | | | 676,166 |
| Other Receivables | 7,537 | | | 7,537 |
| Inventory | 902 | | | 902 |
| Total Assets | $ 4,013,091 | $ 553,453 | $ 121,955 | $ 4,688,499 |
| **Liabilities** | | | | |
| Payables | | | | |
| Accounts Payable | $ 432,884 | $ | $ | $ 432,884 |
| Deferred Credits - Unearned Revenue | 43,341 | | | 43,341 |
| Total Liabilities | 476,225 | | | 476,225 |
| **Fund Balance** | | | | |
| Nonspendable | 902 | | | 902 |
| Restricted | | 553,453 | 121,955 | 675,408 |
| Assigned | 3,535,964 | | | 3,535,964 |
| Total Fund Balance | 3,536,866 | 553,453 | 121,955 | 4,212,274 |
| **Total Liabilities and Fund Balance** | $ 4,013,091 | $ 553,453 | $ 121,955 | $ 4,688,499 |

VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2026

| | School Lunch | Misc Special Revenue | Debt Service | Total |
|---|---|---|---|---|
| **Revenues** | | | | |
| Use of Money and Property | $ 60,146 | $ 8,761 | $ 3,181 | $ 72,088 |
| Miscellaneous | 445 | 353,504 | | 353,949 |
| State Aid | 1,644,452 | | | 1,644,452 |
| Federal Aid | 3,809,012 | | | 3,809,012 |
| School Lunch Sales | 715,613 | | | 715,613 |
| Total Revenues | 6,229,668 | 362,265 | 3,181 | 6,595,114 |
| **Expenditures** | | | | |
| General Support | 215,139 | 353,162 | | 568,301 |
| Food Service Program | 4,952,913 | | | 4,952,913 |
| Employee Benefits | 125,937 | | | 125,937 |
| Total Expenditures | 5,293,989 | 353,162 | | 5,647,151 |
| Excess Revenues Over Expenditures | 935,679 | 9,103 | 3,181 | 947,963 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers to Other Funds | (2,141,019) | | | (2,141,019) |
| **Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)** | (1,205,340) | 9,103 | 3,181 | (1,193,056) |
| **Fund Balance, Beginning of Year** | | | | |
| **Reclassification of Major Funds to Nonmajor** | 4,742,206 | 544,350 | 118,774 | 5,405,330 |
| **Fund Balance, Beginning of Year (Restated)** | 4,742,206 | 544,350 | 118,774 | 5,405,330 |
| **Fund Balance, End of Year** | $ 3,536,866 | $ 553,453 | $ 121,955 | $ 4,212,274 |

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120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

## 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*

Board of Education
Valley Stream Central High School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Stream Central High School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Valley Stream Central High School District's basic financial statements, and have issued our report thereon dated October 13, 2026.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Valley Stream Central High School 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 Valley Stream Central High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Valley Stream Central High School 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 school 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 Valley Stream Central High School 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 school 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 school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 13, 2026

Utica, New York