



BALDWIN UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2023

BALDWIN UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
 Baldwin Union Free School District
 Baldwin, New York

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Summary of Opinions

OPINION UNIT	TYPE OF OPINION	OPINION UNIT	TYPE OF OPINION
Governmental Activities	<i>Unmodified</i>	Capital Projects Fund	<i>Unmodified</i>
General Fund	<i>Unmodified</i>	Extraclassroom Activity Funds	<i>Qualified</i>
Special Aid Fund	<i>Unmodified</i>	Scholarships Fund	<i>Unmodified</i>
School Food Service Fund	<i>Unmodified</i>	Fiduciary Fund	<i>Unmodified</i>
Debt Service Fund	<i>Unmodified</i>		

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activity funds of the Baldwin Union Free School District, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, other than the extraclassroom activity funds, and the fiduciary fund of the Baldwin Union Free School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be

independent of the Baldwin Union Free 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Extraclassroom Activity Funds

The cash receipts records of the student activities that comprise the extraclassroom activity funds of the Baldwin Union Free School District were not sufficient to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 17 and 53 through 57, respectively, 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.

Other Information

The other information on pages 58 through 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is other information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023 on our consideration of the Baldwin Union Free 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 Baldwin Union Free 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 the Baldwin Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 28, 2023

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Baldwin Union Free School District's (District) discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023 in comparison with the year ended June 30, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to the financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The District's total net position was a deficit of \$60,398,109 in the district-wide financial statements at June 30, 2023, compared to a deficit of \$64,342,004 at June 30, 2022. The deficit decreased by \$3,943,895 from the prior year due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.
- The District's operating revenues and expenses for the year, as reflected in the district-wide financial statements, were \$158,182,382 and \$154,238,487, respectively.
- The District's general fund fund balance, as reflected in the fund financial statements was \$43,465,526 at June 30, 2023. This balance represents a \$523,466 decrease (1.19%) from the prior year due to an excess of expenditures and other financing uses over revenues, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances increased by \$309,089 due to the funding of and interest allocated to the reserves, offset by the use of reserves.
 - Assigned fund balance decreased \$1,263,515, due to less fund balance being appropriated to fund the 2024 budget, and fewer open encumbrances at year end.
 - Unassigned fund balance increased by \$430,960 to \$6,310,342.
- The District's 2023 property tax levy of \$101,979,179 was a 1.98% increase over the 2022 tax levy and equaled the property tax cap limit.
- On May 16, 2023, the voters of the District approved the establishment of a new capital reserve fund in the amount of \$25,000,000 to be funded over a period of five years for the purpose of performing district-wide capital improvements.
- On May 16, 2023, the voters of the District approved the use of the capital reserve in the amount of \$11,600,000 to fund district-wide capital improvements. The District recorded the transfer during 2022-2023 to the capital projects fund. The voters of the District also approved the use of the technology reserve in the amount of \$1,195,000 for the purchase of instructional technology equipment.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Governmental Funds

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

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

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

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

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by \$3,943,895 between fiscal year 2023 and 2022. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2023	2022	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 93,842,375	\$ 81,211,686	\$ 12,630,689	15.55 %
Capital Assets, Net	44,306,368	40,330,340	3,976,028	9.86 %
Net Pension Assets -				
Proportionate Share	-	59,722,929	(59,722,929)	(100.00)%
Total Assets	<u>138,148,743</u>	<u>181,264,955</u>	<u>(43,116,212)</u>	(23.79)%
Deferred Outflows of Resources	<u>43,697,215</u>	<u>43,827,695</u>	<u>(130,480)</u>	(0.30)%
Liabilities				
Current and Other Liabilities	13,030,419	10,626,820	2,403,599	22.62 %
Long-Term Liabilities	4,495,317	4,598,851	(103,534)	(2.25)%
Net Pension Liabilities -				
Proportionate Share	13,991,933	-	13,991,933	100.00 %
Total OPEB Liability	<u>175,422,584</u>	<u>172,642,268</u>	<u>2,780,316</u>	1.61 %
Total Liabilities	<u>206,940,253</u>	<u>187,867,939</u>	<u>19,072,314</u>	10.15 %
Deferred Inflows of Resources	<u>35,303,814</u>	<u>101,566,715</u>	<u>(66,262,901)</u>	(65.24)%
Net Position (Deficit)				
Net Investment in Capital Assets	43,518,877	40,309,516	3,209,361	7.96 %
Restricted	65,925,289	55,809,913	10,115,376	18.12 %
Unrestricted (Deficit)	<u>(169,842,275)</u>	<u>(160,461,433)</u>	<u>(9,380,842)</u>	5.85 %
Total Net Position (Deficit)	<u>\$ (60,398,109)</u>	<u>\$ (64,342,004)</u>	<u>\$ 3,943,895</u>	(6.13)%

The increase in current and other assets is primarily evidenced by an increase in cash.

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

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

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

The increase in current and other liabilities is primarily due to increases in accounts payable, due to teachers' retirement system, and due to employees' retirement system. This was offset by decreases in accrued liabilities and due to other governments.

The decrease in long-term liabilities is the result of decreases in compensated absences payable and workers' compensation payable, offset by an increase in installment purchase debt payable.

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

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

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

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

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

The restricted amount relates to the District’s reserves, which increased over the prior year, mainly due to the funding of the reserves, offset by the planned usage.

The unrestricted (deficit) amount relates to the balance of the District’s net position. This balance does not include the District’s reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District’s unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a “pay as you go” basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 1,797,861	\$ 713,060	\$ 1,084,801	152.13 %
Operating Grants & Contributions	7,236,217	9,105,096	(1,868,879)	(20.53)%
Capital Grants	1,343,114	1,740,887	(397,773)	(22.85)%
General Revenues				
Real Property Taxes and STAR	101,979,179	99,994,496	1,984,683	1.98 %
State Sources	40,324,589	33,780,153	6,544,436	19.37 %
Other	5,501,422	5,432,013	69,409	1.28 %
Total Revenues	<u>158,182,382</u>	<u>150,765,705</u>	<u>7,416,677</u>	4.92 %

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Expenses				
General Support	\$ 21,587,785	\$ 18,526,999	\$ 3,060,786	16.52 %
Instruction	122,214,235	108,791,792	13,422,443	12.34 %
Pupil Transportation	8,636,357	7,479,008	1,157,349	15.47 %
Community Services	11,550	-	11,550	100.00 %
Debt Service - Interest	-	12,356	(12,356)	(100.00)%
Food Service Program	1,788,560	1,691,222	97,338	5.76 %
Total Expenses	<u>154,238,487</u>	<u>136,501,377</u>	<u>17,737,110</u>	12.99 %
 Total Change in Net Position	 <u>\$ 3,943,895</u>	 <u>\$ 14,264,328</u>	 <u>\$ (10,320,433)</u>	 (72.35)%

The District's net position increased by \$3,943,895 and \$14,264,328, for the years ended June 30, 2023 and 2022, respectively.

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

- State sources increased due to the District receiving more general aid, excess cost aid, and lottery aid.
- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2022-2023 budget.
- Charges for services increased due to an increase in school food sales, as free meals were no longer being provided by the National School Lunch Program. There was also an increase in tuition revenue and additional extraclassroom activity revenues.
- Operating grants decreased as the District funding awarded under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, through the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program and the American Rescue Plan (ARP) Act, decreased as compared to the prior year. In addition, the National School Lunch Program was no longer providing free meals for all students as it was in the prior year.

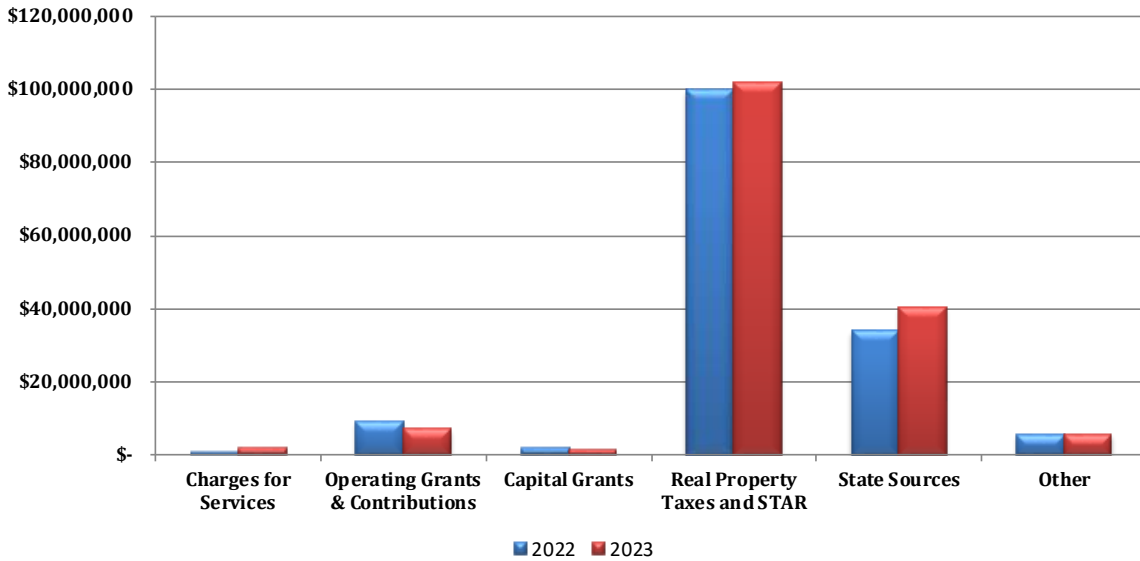
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- General support and instruction increased based on the impact of the allocation of the net change in actuarially determined expenses for TRS, ERS, and OPEB costs.
- General support also increased due to additional security expenditures and the installation of more security cameras.
- Instruction expenses also increased due to more programs for students with disabilities.
- Pupil transportation increased due to a rise in contract bus expenses.

As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 64.5% and 66.3% of the total for the years 2023 and 2022, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 79.2% and 79.7% of the total for the years 2023 and 2022, respectively).

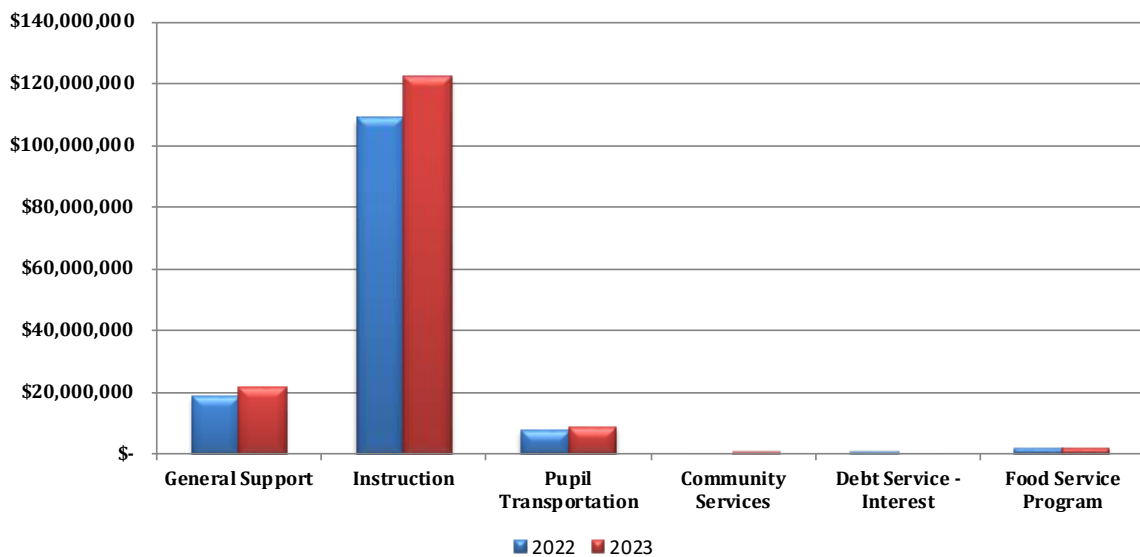
BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Real Property Taxes and STAR	State Sources	Other
2022	0.5%	6.0%	1.2%	66.3%	22.4%	3.6%
2023	1.1%	4.6%	0.8%	64.5%	25.5%	3.5%

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



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2022	13.6%	79.7%	5.5%	0.0%	0.0%	1.2%
2023	14.0%	79.2%	5.6%	0.0%	0.0%	1.2%

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$77,143,632, which is an increase of \$8,897,127 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Fund				
Nonspendable: Prepaids	\$ 100,000	\$ 100,000	\$ -	0.00 %
Restricted:				
Workers' Compensation	3,189,467	3,148,856	40,611	1.29 %
Unemployment Insurance	350,936	346,468	4,468	1.29 %
Retirement Contribution				
Teachers' Retirement System	4,287,702	3,097,107	1,190,595	38.44 %
Employees' Retirement System	6,956,750	6,941,173	15,577	0.22 %
Employee Benefit Accrued Liability	3,021,904	2,983,427	38,477	1.29 %
Capital	18,146,813	19,127,452	(980,639)	(5.13)%
Assigned:				
Appropriated Fund Balance	800,000	1,500,000	(700,000)	(46.67)%
Unappropriated Fund Balance	301,612	865,127	(563,515)	(65.14)%
Unassigned: Fund Balance	6,310,342	5,879,382	430,960	7.33 %
	<u>43,465,526</u>	<u>43,988,992</u>	<u>(523,466)</u>	<u>(1.19)%</u>
School Food Service Fund				
Nonspendable: Inventory	16,013	4,643	11,370	244.88 %
Assigned: Unappropriated Fund Balance	624,265	525,766	98,499	18.73 %
	<u>640,278</u>	<u>530,409</u>	<u>109,869</u>	<u>20.71 %</u>
Capital Projects Fund				
Restricted: Capital	29,840,473	19,948,777	9,891,696	49.59 %
Assigned: Unappropriated Fund Balance	2,963,016	3,459,574	(496,558)	(14.35)%
	<u>32,803,489</u>	<u>23,408,351</u>	<u>9,395,138</u>	<u>40.14 %</u>
Extraclassroom Activities Fund				
Assigned: Unappropriated Fund Balance	103,095	102,100	995	0.97 %
Scholarships Fund				
Restricted: Scholarships	131,244	216,653	(85,409)	(39.42)%
Total Fund Balance	<u>\$ 77,143,632</u>	<u>\$ 68,246,505</u>	<u>\$ 8,897,127</u>	<u>13.04 %</u>

A. General Fund

The general fund - fund balance is a net decrease of \$523,466, compared to a decrease of \$3,269,539 in 2022, as expenditures and other financing uses of \$149,160,354 exceeded revenues of \$148,636,888.

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

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

	<u>2023</u>	<u>2022</u>	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 101,979,179	\$ 99,994,496	\$ 1,984,683	1.98 %
Other Local Sources	5,845,933	5,365,533	480,400	8.95 %
State Sources	40,324,589	33,788,653	6,535,936	19.34 %
Medicaid Reimbursement	326,699	447,351	(120,652)	(26.97)%
Federal Sources	160,488	463,167	(302,679)	(65.35)%
Other Financing Sources	-	1,658	(1,658)	(100.00)%
	<u>\$ 148,636,888</u>	<u>\$ 140,060,858</u>	<u>\$ 8,576,030</u>	6.12 %

- State sources increased mainly due to more general, excess cost, and lottery aid.
- Property taxes increased due to a rise in the tax levy in accordance with the 2022-2023 voter-approved budget.
- Other local sources increased due to the District earning higher interest rates on its bank balance. This was offset by a decrease in miscellaneous revenues from the prior year for a settlement of contractual expenditures.

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

	<u>2023</u>	<u>2022</u>	Increase (Decrease)	Percentage Change
General Support	\$ 15,906,231	\$ 14,496,993	\$ 1,409,238	9.72 %
Instruction	80,958,044	75,586,415	5,371,629	7.11 %
Pupil Transportation	8,234,522	7,079,262	1,155,260	16.32 %
Community Services	6,994	-	6,994	100.00 %
Employee Benefits	28,344,969	25,880,744	2,464,225	9.52 %
Debt Service	60,676	-	60,676	100.00 %
Other Financing Uses	15,648,918	20,286,983	(4,638,065)	(22.86)%
	<u>\$ 149,160,354</u>	<u>\$ 143,330,397</u>	<u>\$ 5,829,957</u>	4.07 %

- Instruction increased due to the growth in salary expenditures and tuition expenditures for programs for students with disabilities.
- Employee benefits increased due to larger health insurance premiums and employer contributions for TRS.
- Pupil transportation increased due to higher contractual rates.
- Other financing uses decreased in accordance with the voter-approved transfer from the capital reserve to the capital projects fund for district-wide capital improvements.

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

	Balance @ June 30, 2022	Use of Reserves	Interest	Funding	Balance @ June 30, 2023
Workers' compensation	\$ 3,148,856	\$	\$ 40,611	\$	\$ 3,189,467
Unemployment insurance	346,468		4,468		350,936
Retirement contribution					
TRS	3,097,107		54,595	1,136,000	4,287,702
ERS	6,941,173	(1,257,723)	73,300	1,200,000	6,956,750
EBALR	2,983,427		38,477		3,021,904
Capital	19,127,452	(11,600,000)	808,347	9,811,014	18,146,813
	<u>\$ 35,644,483</u>	<u>\$(12,857,723)</u>	<u>\$ 1,019,798</u>	<u>\$ 12,147,014</u>	<u>\$ 35,953,572</u>

Additional detail regarding capital reserves can be found in Note 19 "Restricted for Capital Reserve."

C. School Food Service Fund

The school food service fund – fund balance net increase can be attributed to state and federal reimbursements and sales in excess of the cost of operating the food service program.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$9,395,138, resulting from an operating transfer from the general fund of \$15,325,000, proceeds of debt of \$254,988, and miscellaneous revenues of \$81,250, offset by expenditures for on-going capital projects of \$6,266,100.

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

	Balance @ June 30, 2022	Use of Reserves	Funding	Balance @ June 30, 2023
May 2011	\$ 457,863	\$	\$	\$ 457,863
May 2015	198,609	(13,200)		185,409
May 2017	13,935,779	(804,454)		13,131,325
May 2019	5,356,526	(890,650)	11,600,000	16,065,876
	<u>\$ 19,948,777</u>	<u>\$(1,708,304)</u>	<u>\$11,600,000</u>	<u>\$ 29,840,473</u>

E. Extraclassroom Activity Funds

The extraclassroom activity funds – fund balance net increase is attributable to cash receipts from fundraising and collections for student clubs activities exceeding disbursements related to those activities.

F. Scholarships Fund

The scholarships fund – fund balance net decrease is the result of scholarships awarded exceeding scholarship donations and interest.

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The District’s general fund adopted budget for the year ended June 30, 2023 was \$146,984,556. This amount was increased by encumbrances carried forward from the prior year in the amount of \$865,157, plus budget revisions in the amount of \$11,684,850, for a total final budget of \$159,534,533.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$101,979,179 in estimated property taxes and STAR receipts, and \$39,437,654 in estimated state aid.

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

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

Opening, Unassigned Fund Balance	\$	5,879,382
Revenues Over Budget		4,325,205
Expenditures, Other Financing Uses, and Encumbrances Under Budget		10,072,567
Allocation to Reserves		(13,166,812)
Appropriated to Fund the June 30, 2024 Budget		<u>(800,000)</u>
Closing, unassigned fund balance	\$	<u>6,310,342</u>

Opening, Unassigned Fund Balance

The \$5,879,382 shown in the table is the portion of the District’s June 30, 2022 fund balance that was retained as unassigned.

Revenues Over Budget

The 2022-2023 final budget for revenues was \$144,311,683. Actual revenues recognized for the year were \$148,636,888. The excess of actual revenues and other financing sources over estimated or budgeted revenues was \$4,325,205. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures and other financing uses was \$159,534,533. Actual expenditures and other financing uses as of June 30, 2023 were \$149,160,354 and outstanding encumbrances were \$301,612. Combined, the expenditures and other financing uses plus encumbrances for 2022-2023 were \$149,461,966. The final budget variance was \$10,072,567, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

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

Appropriated Fund Balance

The District has chosen to use \$800,000 of the available June 30, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budget. As such, the June 30, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2023 was \$6,310,342. This amount is 4% of the 2023-2024 budget, which is equal to the 4% statutory limit.

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

A. Capital Assets

At June 30, 2023, the District had invested in a broad range of capital assets as indicated in the table below. The net increase in capital assets is due to capital additions of \$6,530,571 in excess of depreciation expense of \$2,554,543 recorded for the year ended June 30, 2023. A summary of the District’s capital assets, net of accumulated depreciation at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Land	\$ 1,820,600	\$ 1,820,600	\$ -
Construction in progress	11,536,332	10,770,109	766,223
Buildings and improvements	29,979,929	27,134,579	2,845,350
Furniture and equipment	<u>969,507</u>	<u>605,052</u>	<u>364,455</u>
Capital assets, net	<u>\$ 44,306,368</u>	<u>\$ 40,330,340</u>	<u>\$ 3,976,028</u>

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

B. Debt Administration

At June 30, 2023, the District issued new installment purchase debt for copy machines. The accompanying Notes to Financial Statements, Note 11 “Long-Term Liabilities” provides additional information. A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

Issue Date	Interest Rate	2023	2022	Increase (Decrease)
Installment Purchase Debt				
August 2022	2.366%	\$ 194,312	\$ -	\$ 194,312

The District’s latest underlying, long-term credit rating from Moody’s Investors Service, Inc. is Aa2.

C. Other Long-Term Liabilities

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

	2023	2022	Increase (Decrease)
Compensated absences	\$ 3,058,772	\$ 3,148,624	\$ (89,852)
Workers' compensation	1,242,233	1,450,227	(207,994)
Net pension liabilities - proportionate share	13,991,933	-	13,991,933
Total OPEB liability	<u>175,422,584</u>	<u>172,642,268</u>	<u>2,780,316</u>
	<u>\$ 193,715,522</u>	<u>\$ 177,241,119</u>	<u>\$ 16,474,403</u>

7. ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

A. Subsequent Year’s Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 16, 2023, for the year ending June 30, 2024, is \$157,758,542. This is an increase of \$10,773,986 or 7.33% over the previous year’s budget.

The District budgeted revenues other than property taxes and STAR at a \$9,589,209 increase over the prior year’s estimate, which is principally due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$800,000 is a \$700,000 decrease from the previous year. Additionally, the District has elected to appropriate \$1,108,620 of reserves towards the next year’s budget, which is a decrease of \$149,103 from the previous year. A property tax increase of \$2,033,880 (1.99%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District's 2023-2024 property tax levy increase of 1.99% was equal to the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Dr. James P. Robinson
Assistant Superintendent for Business
Baldwin Union Free School District
960 Hastings Street
Baldwin, New York 11510

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

ASSETS

Cash	
Unrestricted	\$ 17,815,288
Restricted	65,925,289
Receivables	
Accounts receivable	654,144
Taxes receivable	2,808,347
Due from state and federal	6,133,294
Due from other governments	390,000
Prepays	100,000
Inventories	16,013
Capital assets not being depreciated	13,356,932
Capital assets being depreciated, net of accumulated depreciation	<u>30,949,436</u>
 Total Assets	 <u>138,148,743</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	38,474,959
Other postemployment benefits	<u>5,222,256</u>
 Total Deferred Outflows of Resources	 <u>43,697,215</u>

LIABILITIES

Payables	
Accounts payable	3,499,007
Accrued liabilities	358,538
Due to other governments	1,286,143
Due to teachers' retirement system	6,791,355
Due to employees' retirement system	449,622
Compensated absences payable	115,252
Other liabilities	477,035
Unearned credits	
Collections in advance	53,467
Long-term liabilities	
Due and payable within one year	
Installment purchase debt payable	61,635
Due and payable after one year	
Installment purchase debt payable	132,677
Compensated absences payable	3,058,772
Workers' compensation payable	1,242,233
Net pension liabilities - proportionate share	13,991,933
Total other postemployment benefits liability	<u>175,422,584</u>
 Total Liabilities	 <u>206,940,253</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	3,054,727
Other postemployment benefits	<u>32,249,087</u>
 Total Deferred Inflows of Resources	 <u>35,303,814</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>43,518,877</u>
Restricted	
Workers' compensation	3,189,467
Unemployment insurance	350,936
Retirement contribution	
Teachers' retirement system	4,287,702
Employees' retirement system	6,956,750
Employee benefit accrued liability	3,021,904
Capital	47,987,286
Scholarships	<u>131,244</u>
	<u>65,925,289</u>
 Unrestricted (Deficit)	 <u>(169,842,275)</u>
 Total Net Position (Deficit)	 <u>\$ (60,398,109)</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants	
FUNCTIONS/PROGRAMS					
General support	\$ 21,587,785	\$	\$	\$	\$ (21,587,785)
Instruction	122,214,235	930,424	6,138,063	1,343,114	(113,802,634)
Pupil transportation	8,636,357				(8,636,357)
Community services	11,550				(11,550)
Food service program	1,788,560	867,437	1,098,154		177,031
Total Functions/Programs	<u>\$ 154,238,487</u>	<u>\$ 1,797,861</u>	<u>\$ 7,236,217</u>	<u>\$ 1,343,114</u>	<u>(143,861,295)</u>
GENERAL REVENUES					
Real property taxes					93,108,512
Other tax items					10,447,283
Use of money and property					2,519,532
Sale of property and compensation for loss					184,649
Miscellaneous					893,926
State sources					40,324,589
Medicaid reimbursement					<u>326,699</u>
Total General Revenues					<u>147,805,190</u>
Change in Net Position (Deficit)					3,943,895
Total Net Position (Deficit) - Beginning of year					<u>(64,342,004)</u>
Total Net Position (Deficit) - End of year					<u>\$ (60,398,109)</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activity	Scholarships	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 7,825,209	\$ 1,791,832	\$ 975,951	\$ 7,120,012	\$ 102,284	\$	\$ 17,815,288
Restricted	47,554,876			18,240,473		129,940	65,925,289
Receivables							
Accounts receivable	649,169		4,164		811		654,144
Taxes receivable	2,808,347						2,808,347
Due from other funds	6,751,446			11,600,000		1,304	18,352,750
Due from state and federal	2,057,103	1,334,923	67,468	2,673,800			6,133,294
Due from other governments				390,000			390,000
Prepays	100,000						100,000
Inventories			16,013				16,013
Total Assets	<u>\$ 67,746,150</u>	<u>\$ 3,126,755</u>	<u>\$ 1,063,596</u>	<u>\$ 40,024,285</u>	<u>\$ 103,095</u>	<u>\$ 131,244</u>	<u>\$ 112,195,125</u>
LIABILITIES							
Payables							
Accounts payable	\$ 2,711,952	\$ 191,845	\$ 2,031	\$ 593,179	\$	\$	\$ 3,499,007
Accrued liabilities	329,810	28,728					358,538
Due to other funds	11,601,304	2,894,637	292,992	3,563,817			18,352,750
Due to other governments	1,274,420	11,545	178				1,286,143
Due to teachers' retirement system	6,791,355						6,791,355
Due to employees' retirement system	449,622						449,622
Compensated absences payable	115,252						115,252
Other liabilities	402,385		74,650				477,035
Unearned credits							
Collections in advance			53,467				53,467
Total Liabilities	<u>23,676,100</u>	<u>3,126,755</u>	<u>423,318</u>	<u>4,156,996</u>	<u>-</u>	<u>-</u>	<u>31,383,169</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	<u>604,524</u>			<u>3,063,800</u>			<u>3,668,324</u>
FUND BALANCES (DEFICIT)							
Nonspendable:							
Prepays	100,000						100,000
Inventories			16,013				16,013
Restricted:							
Workers' compensation	3,189,467						3,189,467
Unemployment insurance	350,936						350,936
Retirement contribution							
Teachers' retirement system	4,287,702						4,287,702
Employee's retirement system	6,956,750						6,956,750
Employee benefit accrued liability	3,021,904						3,021,904
Capital	18,146,813			29,840,473			47,987,286
Scholarships						131,244	131,244
Assigned:							
Appropriated fund balance	800,000						800,000
Unappropriated fund balance	301,612		624,265	2,963,016	103,095		3,991,988
Unassigned: Fund balance	<u>6,310,342</u>						<u>6,310,342</u>
Total Fund Balances	<u>43,465,526</u>	<u>-</u>	<u>640,278</u>	<u>32,803,489</u>	<u>103,095</u>	<u>131,244</u>	<u>77,143,632</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 67,746,150</u>	<u>\$ 3,126,755</u>	<u>\$ 1,063,596</u>	<u>\$ 40,024,285</u>	<u>\$ 103,095</u>	<u>\$ 131,244</u>	<u>\$ 112,195,125</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total Governmental Fund Balances \$ 77,143,632

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

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

Original cost of capital assets	\$ 103,895,592	
Less: Accumulated depreciation	<u>(59,589,224)</u>	44,306,368

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

Deferred outflows of resources	38,474,959	
Net pension liability - teachers' retirement system	(6,153,740)	
Net pension liability - employees' retirement system	(7,838,193)	
Deferred inflows of resources	<u>(3,054,727)</u>	21,428,299

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

Deferred outflows of resources	5,222,256	
Total other postemployment benefits liability	(175,422,584)	
Deferred inflows of resources	<u>(32,249,087)</u>	(202,449,415)

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

3,668,324

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

Installment purchase debt payable	(194,312)	
Compensated absences payable	(3,058,772)	
Workers' compensation payable	<u>(1,242,233)</u>	(4,495,317)

Total Net Position (Deficit)		<u><u>\$ (60,398,109)</u></u>
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BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
REVENUES							
Real property taxes	\$ 93,108,512	\$	\$	\$	\$	\$	\$ 93,108,512
Other tax items	10,447,283						10,447,283
Charges for services	731,774						731,774
Use of money and property	2,514,184		5,348				2,519,532
Sale of property and compensation for loss	184,649						184,649
Miscellaneous	838,710		75	81,250	185,692	4,572	1,110,299
State sources	40,324,589	1,336,586	29,543				41,690,718
Medicaid reimbursement	326,699						326,699
Federal sources	160,488	4,636,417	1,068,611				5,865,516
Sales			867,437				867,437
Total Revenues	148,636,888	5,973,003	1,971,014	81,250	185,692	4,572	156,852,419
EXPENDITURES							
General support	15,906,231	86,762					15,992,993
Instruction	80,958,044	5,849,202			184,697	89,981	87,081,924
Pupil transportation	8,234,522	312,050					8,546,572
Community services	6,994						6,994
Employee benefits	28,344,969		152,594				28,497,563
Debt service, Principal	60,676						60,676
Food service program			1,757,458				1,757,458
Capital outlay				6,266,100			6,266,100
Total Expenditures	133,511,436	6,248,014	1,910,052	6,266,100	184,697	89,981	148,210,280
Excess (Deficiency) of Revenues Over Expenditures	15,125,452	(275,011)	60,962	(6,184,850)	995	(85,409)	8,642,139
OTHER FINANCING SOURCES AND (USES)							
Proceeds of debt				254,988			254,988
Operating transfers in		275,011	48,907	15,325,000			15,648,918
Operating transfers (out)	(15,648,918)						(15,648,918)
Total Other Financing Sources and (Uses)	(15,648,918)	275,011	48,907	15,579,988	-	-	254,988
Net Change in Fund Balances	(523,466)	-	109,869	9,395,138	995	(85,409)	8,897,127
Fund Balances - Beginning of year	43,988,992		530,409	23,408,351	102,100	216,653	68,246,505
Fund Balances - End of year	\$ 43,465,526	\$ -	\$ 640,278	\$ 32,803,489	\$ 103,095	\$ 131,244	\$ 77,143,632

BALDWIN UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances		\$ 8,897,127
Amounts reported for governmental activities in the Statement of Activities are different because:		
<u>Long-Term Revenue and Expense Differences</u>		
In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenues for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).	\$ 1,329,963	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Decrease in compensated absences liability	89,852	
Decrease in workers' compensation liability	<u>207,994</u>	1,627,809
<u>Capital Related Differences</u>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation expense in the period.		
Capital outlays and other additions	6,530,571	
Depreciation expense	<u>(2,554,543)</u>	3,976,028
<u>Long-Term Debt Transaction Differences</u>		
Proceeds from the issuance of debt are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(254,988)	
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Installment purchase debt payable	<u>60,676</u>	(194,312)
<u>Pension and Other Postemployment Benefits Differences</u>		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	(1,822,775)	
Employees' retirement system	(1,454,277)	
Other postemployment benefits	<u>(7,085,705)</u>	(10,362,757)
Change in Net Position		<u>\$ 3,943,895</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2023

	Custodial
ASSETS	
Cash and cash equivalents	\$ -
NET POSITION	
Restricted for individuals, organizations, and other governments	\$ -

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

	Custodial
ADDITIONS	
Real property taxes collected for the Library	\$ 4,432,900
DEDUCTIONS	
Disbursements of real property taxes to the Library	4,432,900
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Joint Venture

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

Extraclassroom Activity Funds - is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Fiduciary Funds – are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following is the District’s fiduciary fund:

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Real Property Taxes and Other Tax Items

Calendar

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

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County.

School Tax Relief (STAR) Aid

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

F. Payments in Lieu of Taxes (PILOT)

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$1,227,415 in LIPA PILOT revenue during the 2022-2023 fiscal year.

G. Restricted Resources

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

H. Interfund Transactions

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents/Investments

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

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

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

K. Receivables

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

L. Inventories and Prepaids

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. These inventories are accounted for on the consumption method.

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

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Under the consumption method, a current asset for the inventory and/or prepaid item is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

M. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 15,000	7-65 years
Site improvements	5,000	10-30 years
Furniture and equipment	5,000	5-30 years

N. Deferred Outflows of Resources

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

O. Collections in Advance

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

P. Employee Benefits – Compensated Absences

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

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

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

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

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

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

Q. Other Benefits

Eligible District employees participate in the TRS or the ERS.

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

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

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

R. Long-Term Debt

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

S. Deferred Inflows of Resources

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

T. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital Reserve

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

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

2. FUTURE ACCOUNTING STANDARDS

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Program costs funded by donations	\$ 84,850
Transfers to the capital projects fund funded by a voter-approved expenditure from the capital reserve	<u>11,600,000</u>
	<u>\$ 11,684,850</u>

Budgets are adopted annually on a basis consistent with GAAP.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

B. Encumbrances

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

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

Investment pool:

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to GML Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYLAF investment and collateral policies are in accordance with GML § 10 and 11.

The District's investments in NYLAF consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. These investments are included in cash as follows:

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	Carrying Amount
General	\$ 41,859,751
Capital projects	<u>16,494,441</u>
	<u>\$ 58,354,192</u>

NYLAF reports investments at amortized cost, consistent with GASB standards. Amortized cost involves valuing a security at its original date of purchase, and, thereafter, amortizing any premium or accreting any discount on a straight-line basis to maturity. The lead agent of NYLAF is the Red Hook Central School District. Additional information concerning NYLAF, including the annual report, can be found on its website at www.nylaf.org.

6. PARTICIPATION IN BOCES

During the year ended June 30, 2023, the District was billed \$12,608,219 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,491,975. Financial statements for the BOCES are available from the BOCES administrative offices at Nassau BOCES Administrative Center, 71 Clinton Road, Garden City, New York 11530.

7. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State Aid - General Aid	\$ 192,368
New York State Aid - Excess Cost Aid	737,213
BOCES aid	<u>1,127,522</u>
	2,057,103
Special Aid Fund	
Federal and state grants	1,334,923
School Food Service Fund	
Federal and state food service program reimbursements	67,468
Capital Projects Fund	
New York State - Smart Schools Bond Act	<u>2,673,800</u>
	<u>\$ 6,133,294</u>

District management expects these amounts to be fully collectible.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

8. DUE FROM OTHER GOVERNMENTS

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

Capital Projects Fund		
Nassau County grant	\$	100,000
Dormitory Authority of the State of New York		150,000
Long Island FQHC, Inc. grant		<u>140,000</u>
	<u>\$</u>	<u>390,000</u>

District management expects these amounts to be fully collectible.

9. CAPITAL ASSETS

A. Changes

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

	Balance <u>June 30, 2022</u>	Additions	Reductions	Balance <u>June 30, 2023</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,820,600	\$	\$	\$ 1,820,600
Construction in progress	<u>10,770,109</u>	<u>3,483,619</u>	<u>(2,717,396)</u>	<u>11,536,332</u>
Total capital assets not being depreciated	<u>12,590,709</u>	<u>3,483,619</u>	<u>(2,717,396)</u>	<u>13,356,932</u>
Capital assets being depreciated:				
Buildings and improvements	82,668,420	5,245,190		87,913,610
Furniture and equipment	<u>2,126,748</u>	<u>519,158</u>	<u>(20,856)</u>	<u>2,625,050</u>
Total capital assets being depreciated	<u>84,795,168</u>	<u>5,764,348</u>	<u>(20,856)</u>	<u>90,538,660</u>
Less accumulated depreciation for:				
Buildings and improvements	55,533,841	2,399,840		57,933,681
Furniture and equipment	<u>1,521,696</u>	<u>154,703</u>	<u>(20,856)</u>	<u>1,655,543</u>
Total accumulated depreciation	<u>57,055,537</u>	<u>2,554,543</u>	<u>(20,856)</u>	<u>59,589,224</u>
Total capital assets being depreciated, net	<u>27,739,631</u>	<u>3,209,805</u>	<u>-</u>	<u>30,949,436</u>
Capital assets, net	<u>\$ 40,330,340</u>	<u>\$ 6,693,424</u>	<u>\$ (2,717,396)</u>	<u>\$ 44,306,368</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 204,096
Instruction	2,341,915
Food service program	<u>8,532</u>
	<u>\$ 2,554,543</u>

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2023, the District has not recorded any such impairment losses.

10. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 6,751,446	\$ 11,601,304	\$	\$ 15,648,918
Special Aid Fund		2,894,637	275,011	
School Food Service Fund		292,992	48,907	
Capital Projects Fund	11,600,000	3,563,817	15,325,000	
Scholarships Fund	1,304			
	<u>\$ 18,352,750</u>	<u>\$ 18,352,750</u>	<u>\$ 15,648,918</u>	<u>\$ 15,648,918</u>

The District typically transfers from the general fund to the special aid fund, school food service fund, and the capital projects fund per the approved budget. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the school food service fund was to provide support for the program per the approved budget. The transfer to the capital projects fund was to provide funding for capital improvements based on the budget and a voter approved proposition.

11. LONG-TERM LIABILITIES

A. Changes

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

	Balance			Amounts	
	June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Long-term liabilities:					
Installment purchase debt	\$ -	\$ 254,988	\$ (60,676)	\$ 194,312	\$ 61,635
Other long-term liabilities:					
Compensated absences	3,148,624		(89,852)	3,058,772	
Workers' compensation	1,450,227	474,864	(682,858)	1,242,233	
	<u>\$ 4,598,851</u>	<u>\$ 729,852</u>	<u>\$ (833,386)</u>	<u>\$ 4,495,317</u>	<u>\$ 61,635</u>

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

B. Installment Purchase Debt

Installment purchase debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Copiers	8/1/2022	7/31/2026	2.366%	<u>\$ 194,312</u>

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 61,635	\$ 4,597	\$ 66,232
2025	63,094	3,138	66,232
2026	64,586	1,646	66,232
2027	4,997	119	5,116
	<u>\$ 194,312</u>	<u>\$ 9,500</u>	<u>\$ 203,812</u>

12. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers’ Retirement System

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2022. The District's average contribution rate was 10.53% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2023 was \$6,220,418 for TRS at the contribution rate of 10.29% and \$1,344,673 for ERS at an average contribution rate of 10.85%.

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

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2022, for TRS and March 31, 2023 for ERS. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension liability	\$ (6,153,740)	\$ (7,838,193)
District's portion of the Plan's total pension liability	0.320692%	0.0365519%
Change in proportion since the prior measurement date	(0.006704)	(0.0000050)

For the year ended June 30, 2023, the District recognized a pension expense of \$7,967,990 for TRS and \$2,799,020 for ERS. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 6,448,341	\$ 834,829	\$ 123,310	\$ 220,126
Changes of assumptions	11,937,215	3,806,732	2,478,901	42,072
Net difference between projected and actual earnings on pension plan investments	7,951,216			46,049
Changes in proportion and differences between the District's contributions and proportionate share of contributions	584,861	241,725	45,094	99,175
District contributions subsequent to the measurement date	<u>6,220,418</u>	<u>449,622</u>		
Total	<u>\$ 33,142,051</u>	<u>\$ 5,332,908</u>	<u>\$ 2,647,305</u>	<u>\$ 407,422</u>

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

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2024	\$ 4,735,896	\$ 1,075,588
2025	2,491,617	(386,741)
2026	(883,504)	1,646,234
2027	15,724,764	2,140,783
2028	2,074,107	
Thereafter	<u>131,448</u>	
	<u>\$ 24,274,328</u>	<u>\$ 4,475,864</u>

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021 for June 30, 2022 and MP-2020 for June 30, 2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability.

For TRS, June 30, 2022 demographic, the actuarial assumptions and salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2022		March 31, 2023
Asset class				
Domestic equity	33.0%	6.50%	32.0%	4.30%
International equity	16.0%	7.20%	15.0%	6.85%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.20%	9.0%	4.60%
Private equities	8.0%	9.90%	10.0%	7.50%
Alternatives investments			10.0%	5.38-5.84%
Domestic fixed income	16.0%	1.10%		
Global bonds	2.0%	0.60%		
High-yield bonds	1.0%	3.30%		
Fixed income			23.0%	1.50%
Private debt	2.0%	5.30%		
Real estate debt	6.0%	2.40%		
Cash equivalents	1.0%	(0.30)%		
Cash			1.0%	0.00 %
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

Discount Rate

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

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

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

TRIS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset (liability)	<u>\$ (56,740,369)</u>	<u>\$ (6,153,740)</u>	<u>\$ 36,389,283</u>
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset (liability)	<u>\$ (18,941,550)</u>	<u>\$ (7,838,193)</u>	<u>\$ 1,439,954</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the system in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023, represent employer and employee contributions for the fiscal year ended June 30, 2023, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2023 amounted to \$6,220,418 of employer contributions and \$570,937 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$449,622 of employer contributions. Employee contributions are remitted monthly.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

13. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and employees for the year ended June 30, 2023, totaled \$20,000 and \$3,612,475, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$305,423.

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms – At July 1, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	444
Inactive employees entitled to but not yet receiving benefits	-
Active employees	755
	1,199

B. Total OPEB Liability

The District’s total OPEB liability of \$175,422,584 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

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

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Inflation	3.00%	
Salary increases	2.50%	average, including inflation
Discount rate	3.90%	
Healthcare cost trend rates	8.00%	decreasing per year to an ultimate rate of 4.50% after 7 years
Retirees' share of benefit-related costs	50.00%	of projected health insurance premiums for retirees

The discount rate was based on a review of the yield derived from the 20 year AA Municipal GO Bond Index.

Mortality rates were based on the SOA RP-2014 Total Dataset, as appropriate, with adjustments for mortality improvements based on SOA Scale MP-2014.

The actuarial assumptions used in the June 30, 2023 valuation were based on the combined experience of the New York State Employees Retirement System and the New York State Teachers Retirement System as outlined in Aon's *New York State/SUNY – Development of Recommended Actuarial Assumptions for Other Post Employment Benefits Plans Actuarial Valuations – Participating District Version – June 2019* report.

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 172,642,268</u>
Changes for the year	
Service cost	7,022,979
Interest on total OPEB liability	6,310,199
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(6,360,162)
Benefit payments	<u>(4,192,700)</u>
	<u>2,780,316</u>
Balance at June 30, 2023	<u><u>\$ 175,422,584</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.70% in 2022 to 3.90% in 2023, and changes in retirement rates, termination rates, age-adjusted premiums, as well as, healthcare cost trend rates.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.90%) or 1 percentage point higher (4.90%) than the current discount rate:

OPEB	1% Decrease 2.90%	Discount Rate 3.90%	1% Increase 4.90%
Total OPEB liability	<u><u>\$ (210,767,258)</u></u>	<u><u>\$ (175,422,584)</u></u>	<u><u>\$ (147,980,529)</u></u>

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current healthcare cost trend rate:

	1% Decrease 7.00%	Healthcare Cost Trend Rates 8.00%	1% Increase 9.00%
	decreasing to 3.50%	decreasing to 4.50%	decreasing to 5.50%
OPEB			
Total OPEB liability	<u>\$ (141,721,508)</u>	<u>\$ (175,422,584)</u>	<u>\$ (220,825,771)</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$11,278,405. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$	\$ 2,818,898
Changes of assumptions or other inputs	5,222,256	29,430,189
Total	\$ 5,222,256	\$ 32,249,087

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

Year Ending June 30,	Amount
2024	\$ (2,054,773)
2025	(2,054,773)
2026	(4,161,498)
2027	(7,384,734)
2028	(10,462,461)
Thereafter	(908,592)
	\$ (27,026,831)

15. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2023, includes that portion of the amount due from New York State and other entities for grants, donations and tuition, which is unavailable. Unavailable revenues, in the general fund at June 30, 2023, consists of \$72,513 of donations pledged, and \$532,011 for uncollected tuition billings from school districts, for a total \$604,524.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Also included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2023, are amounts due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act), and grant funding to be used towards the construction of a school based health center and nurses' office at Baldwin High School and Baldwin Middle School to assist in the physical and mental health of the students, due from Nassau County, and Long Island FQHC, Inc. Unavailable revenues in the capital projects fund at June 30, 2022 consists of \$2,673,800 from New York State, and \$250,000 and \$140,000 from Nassau County and Long Island FQHC, Inc., respectively, for the school based health centers.

16. RISK MANAGEMENT

A. General Information

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

B. Risk Retention

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 and unreported claims which were incurred on or before year-end but not reported (IBNR). Claims activity is summarized below:

	2022	2023
Unpaid claims at beginning of year	\$ 1,450,227	\$ 1,450,227
Incurred claims and adjustments	752,315	474,864
Claim payments	(752,315)	(682,858)
Unpaid claims at year-end	\$ 1,450,227	\$ 1,242,233

At June 30, 2023, the District had \$3,189,467 of funds in the worker's compensation reserve.

17. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate \$1,108,620 from the employees' retirement system contribution reserve, which is reported in the June 30, 2023 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2024.

18. ASSIGNED APPROPRIATED FUND BALANCE

The amount of \$800,000 has been appropriated to reduce taxes for the year ending June 30, 2024.

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

19. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	May 2011	May 2015	May 2017	May 2019	May 2021	May 2023	
Number of Years to Fund	5	5	5	5	10	5	
Maximum Funding	\$ 5,000,000	\$ 5,000,000	\$ 15,000,000	\$ 25,000,000	\$ 15,000,000	\$ 25,000,000	Total
General Fund							
Funding Provided	\$ 5,000,000	\$ 5,000,000	\$ 15,000,000	\$ 25,000,000	\$ 6,200,000	\$ 3,056,444	\$ 59,256,444
Interest Earnings	33,854	21,263	203,137	803,234	64,485		1,125,973
Use of Reserve	(5,033,854)	(5,021,263)	(15,203,137)	(16,977,350)			(42,235,604)
	-	-	-	8,825,884	6,264,485	3,056,444	18,146,813
Capital Projects Fund							
Funding Provided	5,033,854	5,021,263	15,203,137	16,977,350	-	-	42,235,604
Use of Reserve	(4,575,991)	(4,835,854)	(2,071,813)	(911,473)			(12,395,131)
	457,863	185,409	13,131,324	16,065,877	-	-	29,840,473
Balance as of June 30, 2023	\$ 457,863	\$ 185,409	\$ 13,131,324	\$ 24,891,761	\$ 6,264,485	\$ 3,056,444	\$ 47,987,286

20. TAX ABATEMENTS

The Town of Hempstead Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced by \$864,504. The District received PILOT payments totaling \$89,977.

21. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted Fund Balance	
Capital Projects Fund	
Capital Projects	<u>\$ 16,569,896</u>
Assigned: Unappropriated Fund Balance	
General Fund	
General Support	269,250
Instruction	31,701
Pupil Transportation	661
	<u>301,612</u>
Capital Projects Fund	
Capital Projects	<u>1,970,495</u>
	<u>\$ 18,842,003</u>

BALDWIN UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. The District's management believes that the outcome of any matters will not have a material effect on these financial statements. Two lawsuits have also been commenced against the District under the Child Victim's Act. The District denies all allegations and liability in the lawsuit. The District is continuing to explore whether there is insurance coverage from the insurance carrier for each claim.

22. SUBSEQUENT EVENTS

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

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 92,536,609	\$ 93,108,512	\$ 93,108,512	\$ -
Other tax items	10,802,570	10,230,667	10,447,283	216,616
Charges for services	335,000	325,000	731,774	406,774
Use of money and property	330,000	330,000	2,514,184	2,184,184
Sale of property and compensation for loss	85,000	85,000	184,649	99,649
Miscellaneous	550,000	644,850	838,710	193,860
Total Local Sources	104,639,179	104,724,029	107,825,112	3,101,083
State Sources	39,437,654	39,437,654	40,324,589	886,935
Medicaid Reimbursement	150,000	150,000	326,699	176,699
Federal Sources			160,488	160,488
Total Revenues	144,226,833	144,311,683	148,636,888	\$ 4,325,205
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	1,500,000	1,500,000		
Prior Year's Encumbrances	865,127	865,127		
Appropriated Reserves	1,257,723	12,857,723		
Total Appropriated Fund Balance	3,622,850	15,222,850		
Total Revenues and Appropriated Fund Balance	\$ 147,849,683	\$ 159,534,533		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 170,936	\$ 171,548	\$ 150,459	\$	\$ 21,089
Central administration	448,774	483,960	474,518		9,442
Finance	1,343,272	1,250,720	1,149,196	37,050	64,474
Staff	1,220,596	1,198,560	1,089,893		108,667
Central services	12,618,197	12,454,869	11,516,135	232,200	706,534
Special items	1,502,325	1,528,147	1,526,030		2,117
Total General Support	<u>17,304,100</u>	<u>17,087,804</u>	<u>15,906,231</u>	<u>269,250</u>	<u>912,323</u>
Instruction					
Administration & improvement	8,542,660	7,149,187	6,826,736	16	322,435
Teaching - regular school	42,112,555	42,731,444	40,626,972	1,897	2,102,575
Programs for students with disabilities	21,301,903	21,315,585	21,184,157	5,000	126,428
Occupational education	1,635,882	1,668,393	1,645,011		23,382
Teaching - special schools	392,675	364,906	342,640		22,266
Instructional media	2,667,861	3,142,538	2,835,281	710	306,547
Pupil services	7,350,567	7,679,437	7,497,247	24,078	158,112
Total Instruction	<u>84,004,103</u>	<u>84,051,490</u>	<u>80,958,044</u>	<u>31,701</u>	<u>3,061,745</u>
Pupil Transportation	<u>8,128,286</u>	<u>8,588,310</u>	<u>8,234,522</u>	<u>661</u>	<u>353,127</u>
Community Services	<u>15,790</u>	<u>15,790</u>	<u>6,994</u>		<u>8,796</u>
Employee Benefits	<u>34,126,539</u>	<u>33,859,598</u>	<u>28,344,969</u>		<u>5,514,629</u>
Debt Service, Principal	<u>-</u>	<u>60,676</u>	<u>60,676</u>		<u>-</u>
Total Expenditures	<u>143,578,818</u>	<u>143,663,668</u>	<u>133,511,436</u>	<u>301,612</u>	<u>9,850,620</u>
OTHER FINANCING USES					
Operating Transfers Out	<u>4,270,865</u>	<u>15,870,865</u>	<u>15,648,918</u>		<u>221,947</u>
Total Expenditures and Other Uses	<u>\$ 147,849,683</u>	<u>\$ 159,534,533</u>	<u>149,160,354</u>	<u>\$ 301,612</u>	<u>\$ 10,072,567</u>
Net Change in Fund Balance			(523,466)		
Fund Balance - Beginning of Year			<u>43,988,992</u>		
Fund Balance - End of Year			<u>\$ 43,465,526</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Nine Fiscal Years

Teachers' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.320692%	0.327396%	0.328226%	0.328629%	0.332811%	0.331337%	0.336514%	0.337122%	0.334350%
District's proportionate share of the net pension asset/(liability)	\$ (6,153,740)	\$ 56,734,551	\$ (9,069,759)	\$ 8,537,814	\$ 6,018,099	\$ 2,518,487	\$ (3,604,205)	\$ 35,016,246	\$ 37,244,550
District's covered payroll	\$ 57,551,353	\$ 56,273,147	\$ 56,173,739	\$ 55,527,365	\$ 54,772,731	\$ 53,053,999	\$ 52,511,599	\$ 50,866,654	\$ 49,612,198
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.70 %	100.80 %	16.10 %	15.40 %	11.00 %	4.70 %	6.90 %	68.80 %	75.10 %
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0365519%	0.0365569%	0.0349923%	0.0370500%	0.0375466%	0.0378002%	0.0379443%	0.0379443%	0.0356391%
District's proportionate share of the net pension asset/(liability)	\$ (7,838,193)	\$ 2,988,378	\$ (34,843)	\$ (9,811,058)	\$ (2,660,287)	\$ (1,270,771)	\$ (3,551,795)	\$ (6,090,159)	\$ 1,203,976
District's covered payroll	\$ 11,922,421	\$ 11,851,147	\$ 11,496,996	\$ 10,815,145	\$ 11,643,877	\$ 11,488,956	\$ 11,870,191	\$ 9,998,839	\$ 10,509,352
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	65.70 %	25.20 %	0.30 %	90.70 %	22.80 %	11.10 %	29.90 %	60.90 %	11.50 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.32%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
 Last Ten Fiscal Years

Teachers' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,220,418	\$ 5,640,033	\$ 5,353,357	\$ 4,985,801	\$ 5,822,791	\$ 5,298,529	\$ 6,140,921	\$ 6,843,827	\$ 8,823,241	\$ 8,157,569
Contributions in relation to the contractually required contribution	<u>6,220,418</u>	<u>5,640,033</u>	<u>5,353,357</u>	<u>4,985,801</u>	<u>5,822,791</u>	<u>5,298,529</u>	<u>6,140,921</u>	<u>6,843,827</u>	<u>8,823,241</u>	<u>8,157,569</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 60,451,098	\$ 57,551,353	\$ 56,273,147	\$ 56,173,739	\$ 55,527,365	\$ 54,772,731	\$ 53,053,999	\$ 52,511,599	\$ 50,866,654	\$ 49,612,198
Contributions as a percentage of covered payroll	10%	10%	10%	9%	10%	10%	12%	13%	17%	16%

Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,344,673	\$ 1,561,736	\$ 1,644,259	\$ 1,579,358	\$ 1,596,286	\$ 1,703,472	\$ 1,546,166	\$ 1,813,354	\$ 1,845,511	\$ 2,072,626
Contributions in relation to the contractually required contribution	<u>1,344,673</u>	<u>1,561,736</u>	<u>1,644,259</u>	<u>1,579,358</u>	<u>1,596,286</u>	<u>1,703,472</u>	<u>1,546,166</u>	<u>1,813,354</u>	<u>1,845,511</u>	<u>2,072,626</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,391,935	\$ 11,818,456	\$ 11,714,449	\$ 10,798,523	\$ 11,620,929	\$ 11,545,953	\$ 11,498,370	\$ 10,235,183	\$ 10,632,357	\$ 10,252,609
Contributions as a percentage of covered payroll	11%	13%	14%	15%	14%	15%	13%	18%	17%	20%

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 7,022,979	\$ 11,893,607	\$ 9,552,767	\$ 7,343,407	\$ 6,346,803	\$ 6,044,574
Interest on total OPEB liability	6,310,199	4,272,590	4,612,177	4,967,600	4,937,794	4,709,195
Changes in benefit terms	-	31,884	-	-	-	-
Differences between expected and actual experience	-	(11,287,288)	-	12,234,718	-	-
Changes of assumptions or other inputs	(6,360,162)	(55,589,779)	21,544,098	10,327,929	14,747,077	-
Benefit payments	(4,192,700)	(3,103,765)	(2,916,149)	(2,973,386)	(2,921,507)	(2,943,048)
Net change in total OPEB liability	2,780,316	(53,782,751)	32,792,893	31,900,268	23,110,167	7,810,721
Total OPEB liability, beginning	172,642,268	226,425,019	193,632,126	161,731,858	138,621,691	130,810,970
Total OPEB liability, ending	<u>\$ 175,422,584</u>	<u>\$ 172,642,268</u>	<u>\$ 226,425,019</u>	<u>\$ 193,632,126</u>	<u>\$ 161,731,858</u>	<u>\$ 138,621,691</u>
Covered employee payroll	\$ 62,609,805	\$ 62,609,805	\$ 63,183,674	\$ 63,183,674	\$ 60,382,229	\$ 60,382,229
Total OPEB liability as a percentage of covered employee payroll	280.18%	275.74%	358.36%	306.46%	267.85%	229.57%
Discount rate	3.90%	3.70%	1.90%	2.40%	3.10%	3.60%
Healthcare trend rates	8.0% to 4.5% by 2028	8.0% to 4.5% by 2028	8.5% to 4.5% by 2026	8.5% to 4.5% by 2026	9.0% to 5.0% by 2024	9.5% to 5.0% by 2024

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

Note to Required Supplementary Information

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

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 146,984,556
Additions:	
Prior year's encumbrances	865,127
Original Budget	147,849,683
Budget revisions	11,684,850
Final Budget	\$ 159,534,533

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget	\$ 157,758,542
Maximum allowed (4% of 2023-2024 budget)	\$ 6,310,342
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,101,612
Unassigned fund balance	6,310,342
	\$ 7,411,954
Less:	
Appropriated fund balance	800,000
Encumbrances	301,612
Total adjustments	1,101,612
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	\$ 6,310,342
Actual Percentage	4.00%

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For the Year Ended June 30, 2023

PROJECT TITLE	Budget June 30, 2022	Budget June 30, 2023	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
			Prior Years	Current Year	Total		Proceeds of Obligations	State & Other Aid	Local Sources	Total	
Middle School-Cameras & Lighting	\$ 105,910	\$ 105,910	\$ 34,830	\$	\$ 34,830	\$ 71,080	\$	\$	\$ 105,910	\$ 105,910	\$ 71,080
2010-2011 Capital Improvements	547,000	547,000	477,073		477,073	69,927			547,000	547,000	69,927
2011-2012 Capital Reserve Projects	1,200,000	1,200,000	1,126,857		1,126,857	73,143			1,200,000	1,200,000	73,143
2013-2014 Capital Reserve Projects	1,330,453	1,330,453	1,317,753		1,317,753	12,700		108,390	1,222,063	1,330,453	12,700
2014-2015 Capital Reserve Projects	1,500,000	1,500,000	1,127,980	13,200	1,141,180	358,820			1,500,000	1,500,000	358,820
2016-2017 Emergency Wall Project	475,000	475,000	450,746		450,746	24,254			475,000	475,000	24,254
2017-2018 Capital Reserve Projects	10,959,175	10,959,175	7,547,437	804,455	8,351,892	2,607,283			10,959,175	10,959,175	2,607,283
2019-20 Capital Improvements	1,230,500	1,230,500	1,010,812	90,380	1,101,192	129,308			1,230,500	1,230,500	129,308
2020-21 Locker Upgrades	883,454	883,454		883,000	883,000	454		50,000	833,454	883,454	454
2020-21 Capital Improvements	1,529,046	1,529,046	61,022	484,524	545,546	983,500			1,529,046	1,529,046	983,500
2021-22 Capital Improvements	2,362,500	2,362,500	54,076	1,267,540	1,321,616	1,040,884			2,362,500	2,362,500	1,040,884
2022-23 Capital Improvements		3,725,000		383,910	383,910	3,341,090			3,725,000	3,725,000	3,341,090
2022-2023 Capital Reserve Projects	16,100,000	16,100,000	20,824	890,651	911,475	15,188,525			16,100,000	16,100,000	15,188,525
2023-2024 Capital Reserve Projects		11,600,000			-	11,600,000			11,600,000	11,600,000	11,600,000
High School-Electric Sign	192,284	192,284	179,300		179,300	12,984		181,250	11,034	192,284	12,984
High School Wellness Center	240,000	240,000	16,125	15,197	31,322	208,678		240,000		240,000	208,678
Middle School Wellness Center		150,000		5,341	5,341	144,659		150,000		150,000	144,659
Smart Schools Bond Project	2,651,515	2,673,800	1,500,886	1,172,914	2,673,800	-		2,673,800		2,673,800	-
Installment Purchase Debt		254,988		254,988	254,988	-		254,988		254,988	-
Totals	\$ 41,306,837	\$ 57,059,110	\$ 14,925,721	\$ 6,266,100	\$ 21,191,821	\$ 35,867,289	\$ 254,988	\$ 3,403,440	\$ 53,400,682	\$ 57,059,110	35,867,289
									State aid not yet received		(3,063,800)
											<u>\$ 32,803,489</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2023

Capital assets, net	<u>\$ 44,306,368</u>
Deduct:	
Capital related accounts payable	593,179
Short-term portion of installment purchase debt	61,635
Long-term portion of installment purchase debt	<u>132,677</u>
	<u>787,491</u>
Net investment in capital assets	<u>\$ 43,518,877</u>



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

To the Board of Education
Baldwin Union Free School District
Baldwin, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of the Baldwin Union Free School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 28, 2023. That report included a qualified opinion on the extraclassroom activity funds based on a scope limitation.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Baldwin Union Free 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*.

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Baldwin Union Free School District in a separate letter dated September 28, 2023.

Purpose of this Report

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

Cullen & Danowski, LLP

September 28, 2023

