



BALDWIN UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2021

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 Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund	Unmodified
Special Aid Fund	Unmodified
School Food Service Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Extracurricular Activities Fund	Qualified
Scholarships Fund	Unmodified
Fiduciary Fund	Unmodified

Basis for Qualified Opinion on the Extracurricular Activities Fund

The records of the extracurricular activities fund of the Baldwin Union Free School District were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the “Basis for Qualified Opinion on the Extracurricular Activities Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extracurricular activities fund of the Baldwin Union Free School District, as of June 30, 2021, 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 extracurricular activities fund, and the fiduciary fund of the Baldwin Union Free School District, as of June 30, 2021, 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.

Changes in Accounting Principles

As described in Note 2 to the financial statements, “Changes in Accounting Principles”, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 54 through 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baldwin Union Free School District's basic financial statements. The other supplementary information on pages 59 through 61 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 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 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, 2021

**BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

1. FINANCIAL HIGHLIGHTS

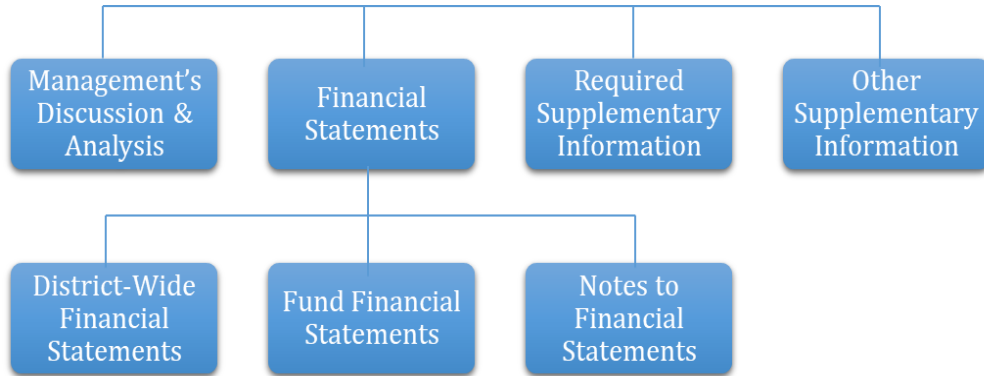
Key financial highlights for fiscal year 2021 are as follows:

- The District's total net position was a deficit of \$78,606,332 in the district-wide financial statements at June 30, 2021, compared to a deficit of \$59,846,930 at June 30, 2020. The deficit increased by \$18,759,402 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's total net position at June 30, 2020 was restated and increased by \$398,550, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- The District's operating revenues and expenses for the year, as reflected in the district-wide financial statements, were \$134,979,797 and \$153,739,199, respectively.
- The District received \$2,790,720 in operating grants and contributions to support instructional programs. Additionally, the District received \$652,840 in operating grants and contributions to support the food service program.
- The District's general fund fund balance, as reflected in the fund financial statements was \$47,258,531 at June 30, 2021. This balance represents a \$6,357,602 increase (15.54%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances increased by \$8,211,632 due to funding of reserves and interest allocated to the reserves, offset by the use of reserves.
 - Assigned fund balance decreased \$719,552, as encumbrances decreased from the prior year.
 - Unassigned fund balance decreased by \$1,134,478 to \$8,349,655.
- The District's 2021 property tax levy of \$98,286,817 was a \$2,655,011 increase over the 2020 tax levy and equaled the property tax cap limit.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program in the amount of \$511,321. The District applied for additional funding in the amount of \$4,390,699 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which awards were granted in September 2021.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 facilities.

The Statement of Activities

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

B. Fund Financial Statements

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

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

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

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

The District maintains seven individual governmental funds: general fund, special aid fund, school food service fund, debt service fund, capital projects fund, extraclassroom activities fund 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 a separate statement. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Certain balances at June 30, 2020 were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, which required the District to record activities in the Governmental Funds that had previously been recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities and scholarships funds as separate governmental funds. The changes resulted in an increase in total net position (deficit). The following is a summary of these changes:

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

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and Other Assets	\$ 62,188,886	\$ 61,368,298	\$ 820,588
Current and Other Liabilities	10,369,289	9,947,251	422,038
Restricted Net Position	35,958,151	35,670,685	287,466
Unrestricted Net Position (Deficit)	(131,771,314)	(131,882,398)	111,084
Total Net Position (Deficit)	(59,846,930)	(60,245,480)	398,550

The District's total net position decreased by \$18,759,402 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 70,116,631	\$ 62,188,886	\$ 7,927,745	12.75 %
Capital Assets, Net	38,888,991	38,609,588	279,403	0.72 %
Net Pension Asset -				
Proportionate Share		8,537,814	(8,537,814)	(100.00)%
Total Assets	109,005,622	109,336,288	(330,666)	(0.30)%
Deferred Outflows of Resources	91,829,000	75,911,410	15,917,590	20.97 %
Liabilities				
Current and Other Liabilities	13,091,946	10,369,289	2,722,657	26.26 %
Long-Term Liabilities	5,744,265	7,428,343	(1,684,078)	(22.67)%
Net Pension Liabilities -				
Proportionate Share	9,104,602	9,811,058	(706,456)	(7.20)%
Total OPEB Liability	226,425,019	193,632,126	32,792,893	16.94 %
Total Liabilities	254,365,832	221,240,816	33,125,016	14.97 %
Deferred Inflows of Resources	25,075,122	23,853,812	1,221,310	5.12 %
Net Position (Deficit)				
Net Investment in Capital Assets	37,549,216	35,966,233	1,582,983	4.40 %
Restricted	41,537,188	35,958,151	5,579,037	15.52 %
Unrestricted (Deficit)	(157,692,736)	(131,771,314)	(25,921,422)	19.67 %
Total Net Position (Deficit)	\$ (78,606,332)	\$ (59,846,930)	\$ (18,759,402)	31.35 %

The increase in current and other assets is primarily evidenced by an increase in cash, offset by a decrease in taxes receivable.

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

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year. In the current year, the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.

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

Deferred outflows of resources represents contributions to the pension and OPEB 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 due to other governments and due to teachers’ retirement system. The increase in due to other governments is the result of transportation aid adjustments with amounts being due back to New York State. The increase in due to teachers’ retirement system is primarily due to an increase in the contribution rate.

The decrease in long-time liabilities is primarily the result of the repayment of the current maturities of the bond indebtedness and energy performance contracts, and a decrease in the workers’ compensation liability.

Net pension liabilities – proportionate share represents the District’s share of the New York State Teachers’ Retirement System and the New York State and Local Employees’ Retirement System’s collective net pension liabilities at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 “Pension Plans – New York State” provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 15 “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 Supplementary Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District’s reserves. This number increased compared to the prior year. This increase is primarily 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 June 30, 2020 revenues for charges for services, operating grants and contributions, and instruction expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, as follows:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	\$ 1,717,444	\$ 1,609,166	\$ 108,278
Operating Grants & Contributions	2,989,529	2,982,858	6,671
Instruction Expenses	122,731,469	122,608,076	123,393

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

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 742,139	\$ 1,717,444	\$ (975,305)	(56.79)%
Operating Grants & Contributions	3,443,560	2,989,529	454,031	15.19 %
Capital Grants		222,084	(222,084)	(100.00)%
General Revenues				
Real Property Taxes and STAR	98,277,380	95,631,807	2,645,573	2.77 %
State Sources	29,130,620	32,544,763	(3,414,143)	(10.49)%
Other	3,386,098	3,694,374	(308,276)	(8.34)%
Total Revenues	<u>134,979,797</u>	<u>136,800,001</u>	<u>(1,820,204)</u>	(1.33)%
Expenses				
General Support	20,527,089	19,408,867	1,118,222	5.76 %
Instruction	125,574,000	122,731,469	2,842,531	2.32 %
Pupil Transportation	6,383,126	6,702,967	(319,841)	(4.77)%
Community Services	5,701	31,714	(26,013)	(82.02)%
Debt Service - Interest	43,089	130,513	(87,424)	(66.98)%
Food Service Program	1,206,194	1,444,896	(238,702)	(16.52)%
Total Expenses	<u>153,739,199</u>	<u>150,450,426</u>	<u>3,288,773</u>	2.19 %
Total Change in Net Position	<u>\$ (18,759,402)</u>	<u>\$ (13,650,425)</u>	<u>\$ (5,108,977)</u>	37.43 %

The District's net position decreased by \$18,759,402 and \$13,650,425, for the years ended June 30, 2021 and 2020, respectively.

The District's revenues decreased by \$1,820,204 or 1.33%. The major factors that contributed to the decrease were:

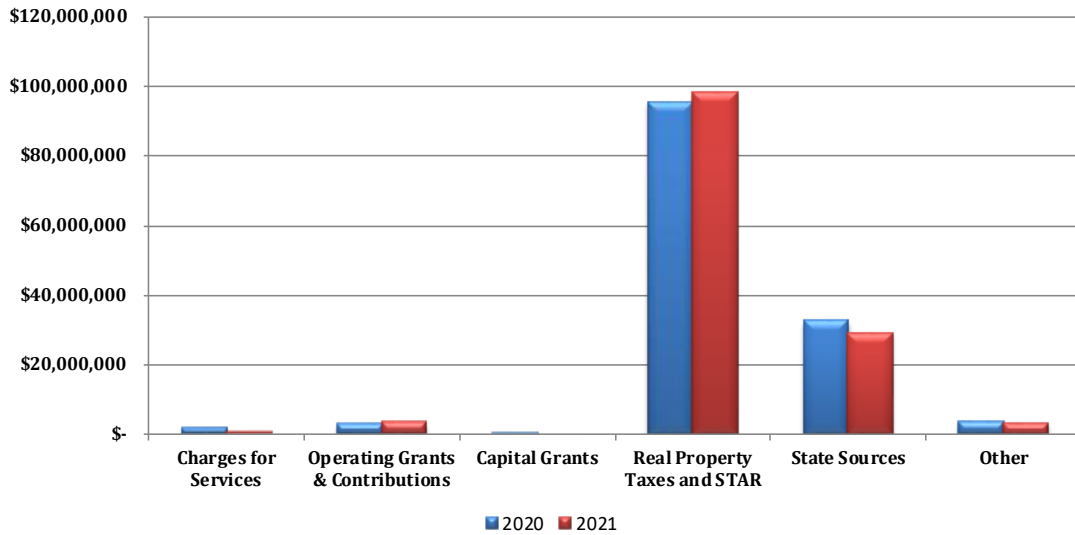
- The District received less state aid and capital grants in the current year than during the prior year.
- Charges for services decreased due to the District providing free meals for all students, which were reimbursed by the state and federal governments. This resulted in an increase in operating grants received in the food service program.
- Property taxes and STAR revenue increased by \$2,645,573.

The District's total expenses for the year increased by \$3,288,773 or 2.19%. The increase in expense is primarily due to increases in instruction and general support. The primary reason for the increase in instruction and general support is due to the impact of the net change in pensions and other postemployment benefits cost allocated.

As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 72.8% and 69.9% of the total for the years 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 81.6% and 81.5% of the total for the years 2021 and 2020, respectively).

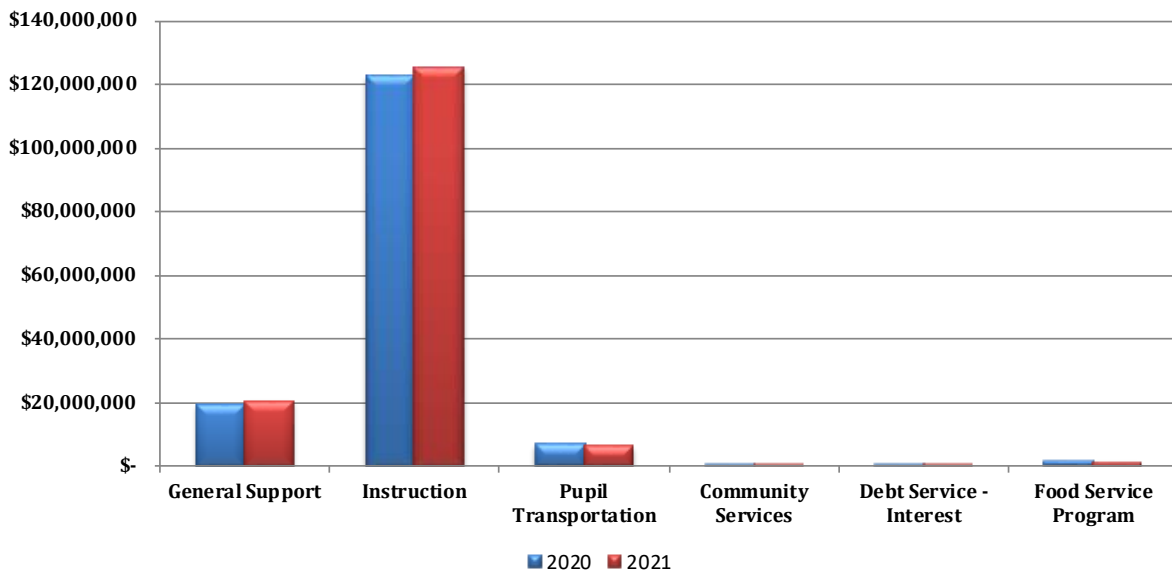
BALDWIN UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

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
2020	1.3%	2.2%	0.2%	69.9%	23.8%	2.6%
2021	0.5%	2.6%	0.0%	72.8%	21.6%	2.5%

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



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2020	12.9%	81.5%	4.5%	0.0%	0.1%	1.0%
2021	13.4%	81.6%	4.2%	0.0%	0.0%	0.8%

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$56,373,912, which is an increase of \$5,762,097 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. The June 30, 2020 amounts were restated to include the extraclassroom activities and scholarships funds, as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	<u>2021</u>	<u>As Restated 2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Fund				
Nonspendable: Prepaids	\$ 100,000	\$ 100,000	\$ -	0.00 %
Restricted:				
Workers' Compensation	3,235,439	3,231,844	3,595	0.11 %
Unemployment Insurance	346,102	345,547	555	0.16 %
Retirement Contribution				
Teachers' Retirement System	2,278,700	2,207,150	71,550	3.24 %
Employees' Retirement System	5,735,115	5,325,549	409,566	7.69 %
Employee Benefit Accrued Liability	2,835,432	2,381,601	453,831	19.06 %
Capital	21,720,245	14,447,710	7,272,535	50.34 %
Assigned:				
Appropriated Fund Balance	2,000,000	2,000,000	-	0.00 %
Unappropriated Fund Balance	657,843	1,377,395	(719,552)	(52.24)%
Unassigned: Fund Balance	<u>8,349,655</u>	<u>9,484,133</u>	<u>(1,134,478)</u>	<u>(11.96)%</u>
	<u>47,258,531</u>	<u>40,900,929</u>	<u>6,357,602</u>	<u>15.54 %</u>
Special Aid Fund				
Unassigned: Fund balance (deficit)	<u>(6,327)</u>	<u>(6,327)</u>	<u>(6,327)</u>	N/A
School Food Service Fund				
Nonspendable: Inventory	12,253	24,947	(12,694)	(50.88)%
Assigned: Unappropriated Fund Balance	<u>117,457</u>	<u>317,577</u>	<u>(200,120)</u>	<u>(63.01)%</u>
	<u>129,710</u>	<u>342,524</u>	<u>(212,814)</u>	<u>(62.13)%</u>
Debt Service Fund				
Restricted: Debt Service	<u>1,658</u>	<u>1,658</u>	<u>-</u>	0.00 %
Capital Projects Fund				
Restricted: Capital	5,136,959	7,729,626	(2,592,667)	(33.54)%
Assigned: Unappropriated Fund Balance	<u>3,508,265</u>	<u>1,238,528</u>	<u>2,269,737</u>	<u>183.26 %</u>
	<u>8,645,224</u>	<u>8,968,154</u>	<u>(322,930)</u>	<u>(3.60)%</u>
Extraclassroom Activities Fund				
Assigned: Unappropriated Fund Balance	<u>97,578</u>	<u>111,084</u>	<u>(13,506)</u>	<u>(12.16)%</u>
Scholarships Fund				
Restricted: Scholarships	<u>247,538</u>	<u>287,466</u>	<u>(39,928)</u>	<u>(13.89)%</u>
Total Fund Balance	<u>\$ 56,373,912</u>	<u>\$ 50,611,815</u>	<u>\$ 5,762,097</u>	<u>11.38 %</u>

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

A. General Fund

The net change in the general fund - fund balance is an increase of \$6,357,602, compared to an increase of \$6,398,159 in 2020, as revenues of \$132,424,660 exceeded expenditures and other uses of \$126,067,058.

The District’s revenues increased by \$341,692 or 0.26%, as compared to the prior year. This increase is primarily attributable to an increase in property taxes, offset by decreases in other tax items and state sources. The increase in property taxes is due to an increase in the tax levy in accordance with the 2020-2021 budget. The decrease in other tax items is the result of a decrease in STAR aid. The decrease in state sources is primarily due to the District receiving transportation aid adjustments related to prior year aid, resulting in a reduction in current year state aid.

Expenditures and other financing uses increased by \$382,249 or 0.30% over the prior year. This increase was primarily due to increases in general support and employee benefits, offset by a decrease in operating transfers out. The main reason for the increase in general support is due to the COVID-19 pandemic. The District purchased PPE to protect students and staff from COVID-19 in the current year. The increase in employee benefits is primarily the result of an increase in the teachers’ retirement system contribution rate. The decrease in operating transfer out is due to a decrease of \$1,332,050 in the transfer to the debt service fund, as a result of a decrease in bond principal payments required, offset by an increase in the transfer to the capital projects fund. In the prior year, the District transferred \$1,230,500 to the capital projects fund to fund district-wide improvements, whereas, in the current year, the District transferred \$2,362,500 to fund current capital projects using general fund appropriations.

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

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Workers' compensation	\$ 3,231,844	\$ (526,604)	\$ 5,199	\$ 525,000	\$ 3,235,439	\$ 650,000
Unemployment insurance	345,547		555	-	346,102	
Retirement contribution						
TRS	2,207,150	(1,100,000)	3,550	1,168,000	2,278,700	295,000
ERS	5,325,549	(795,000)	8,566	1,196,000	5,735,115	1,650,000
EBALR	2,381,601		3,831	450,000	2,835,432	
Capital	14,447,710		80,124	7,192,411	21,720,245	
	<u>\$ 27,939,401</u>	<u>\$(2,421,604)</u>	<u>\$ 101,825</u>	<u>\$ 10,531,411</u>	<u>\$ 36,151,033</u>	<u>\$ 2,595,000</u>

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

B. Special Aid Fund

The net change in the special aid fund – fund balance is a decrease of \$6,327, resulting from expenditures incurred prior to grant approval from the State.

C. School Food Service Fund

The net change in the food service fund – fund balance is a decrease of \$212,814, which was the operating loss of the food service program.

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

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$322,930, resulting from expenditures for on-going capital projects of \$2,685,430, offset by an operating transfer from the general fund of \$2,362,500.

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

	Balance @ June 30, 2020	Use of Reserves	Funding	Balance @ June 30, 2021
May 2011	\$ 457,863	\$	\$	\$ 457,863
May 2015	2,791,276	(2,592,667)		198,609
May 2017	4,480,487			4,480,487
	<u>\$ 7,729,626</u>	<u>\$(2,592,667)</u>	<u>\$ -</u>	<u>\$ 5,136,959</u>

E. Extraclassroom Activities Fund

The net change in the extraclassroom activities fund – fund balance is a decrease of \$13,506. This resulted from expenditures in excess of revenues.

F. Scholarships Fund

The net change in the scholarships fund – fund balance is a decrease of \$39,928, which is the result of scholarship awards in excess of scholarships donations and contributions.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District’s general fund adopted budget for the year ended June 30, 2021 was \$138,401,294. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,377,395, plus budget revisions in the amount of \$90,575, for a total final budget of \$139,869,264.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$98,286,817 in estimated property taxes and STAR receipts, and \$32,094,456 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 over expenditures, 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:

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

Opening, Unassigned Fund Balance	\$ 9,484,133
Revenues Under Budget	(1,472,209)
Expenditures and Encumbrances Under Budget	13,144,363
Unused Appropriated Reserves	(173,396)
Allocation to Reserves	(10,633,236)
Appropriated to Fund the June 30, 2022 Budget	<u>(2,000,000)</u>
Closing, unassigned fund balance	<u>\$ 8,349,655</u>

Opening, Unassigned Fund Balance

The \$9,484,133 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Revenues Under Budget

The 2020-2021 final budget for revenues was \$133,896,869. Actual revenues recognized for the year were \$132,424,660. The District's estimated revenues were more than the actual revenues by \$1,472,209. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures was \$139,869,264. Actual expenditures as of June 30, 2021 were \$126,067,058 and outstanding encumbrances were \$657,843. Combined, the expenditures plus encumbrances for 2020-2021 were \$126,724,901. The final budget variance was \$13,144,363, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Unused Appropriated Reserves

In the 2020-21 budget, \$2,595,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$173,396 of this funding was not needed and, therefore, it was returned to the reserves for future use.

Allocation to Reserves

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

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

Appropriated Fund Balance

The District has chosen to use \$2,000,000 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2021 was \$8,349,655. This amount equals 5.86% of the 2021-2022 budget and exceeds the 4% statutory limit.

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

A. Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets as indicated in the table below. The net increase in capital assets is due to capital additions of \$2,812,493 in excess of depreciation expense of \$2,533,090 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Land	\$ 1,820,600	\$ 1,820,600	\$ -
Construction in progress	6,970,734	4,294,623	2,676,111
Buildings and improvements	29,491,396	31,891,576	(2,400,180)
Furniture and equipment	606,261	602,789	3,472
Capital assets, net	\$ 38,888,991	\$ 38,609,588	\$ 279,403

B. Debt Administration

At June 30, 2021, the District had total bonds payable of \$1,154,694. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The decrease in outstanding bonds payable is the result of principal repayments. The District is also obligated under an installment purchase contract, which funded energy performance improvements completed in fiscal 2006. The outstanding balance is \$185,081. The accompanying Notes to Financial Statements, Note 12 "Long-Term Liabilities" provides additional information. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

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

Issue Date	Interest Rate	2021	2020	Increase (Decrease)
Bonds Payable				
March 2009	2.500%	\$ 199,694	\$ 389,694	\$ (190,000)
June 2015	2.00-4.00%	955,000	1,890,000	(935,000)
		<u>\$ 1,154,694</u>	<u>\$ 2,279,694</u>	<u>\$ (1,125,000)</u>
Energy Performance Contract				
September 2005	5.822%	<u>\$ 185,081</u>	<u>\$ 363,661</u>	<u>\$ (178,580)</u>

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

	2021	2020	Increase (Decrease)
Compensated absences	\$ 2,954,263	\$ 2,868,244	\$ 86,019
Workers' compensation	1,450,227	1,916,744	(466,517)
Net pension liabilities - proportionate share	9,104,602	9,811,058	(706,456)
Total OPEB liability	<u>226,425,019</u>	<u>193,632,126</u>	<u>32,792,893</u>
	<u>\$ 239,934,111</u>	<u>\$ 208,228,172</u>	<u>\$ 31,705,939</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is \$142,453,425. This is an increase of \$4,052,131 or 2.93% over the previous year's budget. The increase is primarily within the instruction program area of the budget.

The District budgeted revenues other than property taxes and STAR at a \$2,344,452 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 \$2,000,000 did not change from the previous year. Additionally, the District has elected to appropriate \$2,595,000 of reserves towards the next year's budget, which did not change from the previous year. A property tax increase of \$1,707,679 (1.74%), 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

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

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 2021-2022 property tax levy increase of 1.74% 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, 2021

ASSETS	
Cash	
Unrestricted	\$ 19,485,305
Restricted	41,537,188
Receivables	
Accounts receivable	806,143
Taxes receivable	3,386,237
Due from state and federal	4,666,409
Due from other governments	123,096
Prepays	100,000
Inventories	12,253
Capital assets not being depreciated	8,791,334
Capital assets being depreciated, net of accumulated depreciation	<u>30,097,657</u>
 Total Assets	 <u>109,005,622</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions	38,766,792
Other postemployment benefits	<u>53,062,208</u>
 Total Deferred Outflows of Resources	 <u>91,829,000</u>
 LIABILITIES	
Payables	
Accounts payable	1,459,304
Accrued liabilities	2,599,797
Due to other governments	2,206,339
Due to teachers' retirement system	5,745,716
Due to employees' retirement system	487,394
Compensated absences payable	149,208
Other liabilities	369,778
Unearned credits	
Collections in advance	74,410
Long-term liabilities	
Due and payable within one year	
Bonds payable	1,154,694
Energy performance contract payable	185,081
Due and payable after one year	
Compensated absences payable	2,954,263
Workers' compensation payable	1,450,227
Net pension liabilities - proportionate share	9,104,602
Total other postemployment benefits liability	<u>226,425,019</u>
 Total Liabilities	 <u>254,365,832</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions	15,022,361
Other postemployment benefits	<u>10,052,761</u>
 Total Deferred Inflows of Resources	 <u>25,075,122</u>
 NET POSITION (DEFICIT)	
Net investment in capital assets	<u>37,549,216</u>
Restricted	
Workers' compensation	3,235,439
Unemployment insurance	346,102
Retirement contribution	
Teachers' retirement system	2,278,700
Employees' retirement system	5,735,115
Employee benefit accrued liability	2,835,432
Capital	26,857,204
Debt	1,658
Scholarships	<u>247,538</u>
 Unrestricted (deficit)	 <u>(157,692,736)</u>
 Total Net Position (Deficit)	 <u>\$ (78,606,332)</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues		Net (Expense)
Expenses	Charges for Services	Operating Grants & Contributions		Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 20,527,089	\$		\$ (20,527,089)
Instruction	125,574,000	638,252	2,790,720	(122,145,028)
Pupil transportation	6,383,126			(6,383,126)
Community services	5,701			(5,701)
Debt service - interest	43,089			(43,089)
Food service program	1,206,194	103,887	652,840	(449,467)
Total Functions/Programs	\$ 153,739,199	\$ 742,139	\$ 3,443,560	(149,553,500)
GENERAL REVENUES				
Real property taxes				88,352,307
Other tax items				11,452,501
Use of money and property				715,301
Sale of property and compensation for loss				86,069
Miscellaneous				934,337
State sources				29,130,620
Medicaid reimbursement				122,963
Total General Revenues				130,794,098
Change in Net Position (Deficit)				(18,759,402)
Total Net Position (Deficit) - Beginning of year, as restated				(59,846,930)
Total Net Position (Deficit) - End of year				\$ (78,606,332)

BALDWIN UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
ASSETS								
Cash								
Unrestricted	\$ 15,405,259	\$ 33,071	\$ 234,003	\$	\$ 3,715,394	\$ 97,578	\$	\$ 19,485,305
Restricted	36,151,033			1,658	5,136,959		247,538	41,537,188
Receivables								
Accounts receivable	804,896		1,247					806,143
Taxes receivable	3,386,237							3,386,237
Due from other funds	1,956,623							1,956,623
Due from state and federal	2,804,810	1,579,163	182,436		100,000			4,666,409
Due from other governments	62,046				61,050			123,096
Prepays	100,000							100,000
Inventories			12,253					12,253
Total Assets	<u>\$ 60,670,904</u>	<u>\$ 1,612,234</u>	<u>\$ 429,939</u>	<u>\$ 1,658</u>	<u>\$ 9,013,403</u>	<u>\$ 97,578</u>	<u>\$ 247,538</u>	<u>\$ 72,073,254</u>
LIABILITIES								
Payables								
Accounts payable	\$ 1,375,571	\$ 17,304	\$ 42,759	\$	\$ 23,670	\$	\$	\$ 1,459,304
Accrued liabilities	2,588,442	480	2,638					2,591,560
Due to other funds		1,593,397	179,767		183,459			1,956,623
Due to other governments	2,198,304	7,380	655					2,206,339
Due to teachers' retirement system	5,745,716							5,745,716
Due to employees' retirement system	487,394							487,394
Compensated absences payable	149,208							149,208
Other liabilities	369,778							369,778
Unearned credits								
Collections in advance			74,410					74,410
Total Liabilities	<u>12,914,413</u>	<u>1,618,561</u>	<u>300,229</u>	<u>-</u>	<u>207,129</u>	<u>-</u>	<u>-</u>	<u>15,040,332</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	<u>497,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,050</u>			<u>659,010</u>
FUND BALANCES (DEFICIT)								
Nonspendable:								
Prepays	100,000							100,000
Inventories			12,253					12,253
Restricted:								
Workers' compensation	3,235,439							3,235,439
Unemployment insurance	346,102							346,102
Retirement contribution								
Teachers' retirement system	2,278,700							2,278,700
Employee's retirement system	5,735,115							5,735,115
Employee benefit accrued liability	2,835,432							2,835,432
Capital	21,720,245				5,136,959			26,857,204
Debt				1,658				1,658
Scholarships							247,538	247,538
Assigned:								
Appropriated fund balance	2,000,000							2,000,000
Unappropriated fund balance	657,843		117,457		3,508,265	97,578		4,381,143
Unassigned: Fund balance (deficit)	8,349,655	(6,327)						8,343,328
Total Fund Balances (Deficit)	<u>47,258,531</u>	<u>(6,327)</u>	<u>129,710</u>	<u>1,658</u>	<u>8,645,224</u>	<u>97,578</u>	<u>247,538</u>	<u>56,373,912</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 60,670,904</u>	<u>\$ 1,612,234</u>	<u>\$ 429,939</u>	<u>\$ 1,658</u>	<u>\$ 9,013,403</u>	<u>\$ 97,578</u>	<u>\$ 247,538</u>	<u>\$ 72,073,254</u>

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

June 30, 2021

Total Governmental Fund Balances \$ 56,373,912

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

The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net 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	\$ 93,464,912	
Less: Accumulated depreciation	<u>(54,575,921)</u>	38,888,991

Proportionate share of long-term liabilities, and 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	38,766,792	
Net pension liability - teachers' retirement system	(9,069,759)	
Net pension liability - employees' retirement system	(34,843)	
Deferred inflows of resources	<u>(15,022,361)</u>	14,639,829

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

Deferred outflows of resources	53,062,208	
Total other postemployment benefits liability	(226,425,019)	
Deferred inflows of resources	<u>(10,052,761)</u>	(183,415,572)

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.

659,010

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

Accrued interest on bonds payable	(8,237)	
Bonds payable	(1,154,694)	
Energy performance contract payable	(185,081)	
Compensated absences payable	(2,954,263)	
Workers' compensation payable	<u>(1,450,227)</u>	(5,752,502)

Total Net Position (Deficit)		<u>\$ (78,606,332)</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, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
REVENUES								
Real property taxes	\$ 88,352,307	\$	\$	\$	\$	\$	\$	\$ 88,352,307
Other tax items	11,452,501							11,452,501
Charges for services	639,677							639,677
Use of money and property	715,148		153				65	715,366
Sale of property and compensation for loss	86,069							86,069
Miscellaneous	866,680					46,144	11,913	924,737
State sources	29,718,115	650,987	23,860					30,392,962
Medicaid reimbursement	122,963							122,963
Federal sources	471,200	1,656,555	628,980					2,756,735
Sales			103,887					103,887
Total Revenues	132,424,660	2,307,542	756,880	-	-	46,144	11,978	135,547,204
EXPENDITURES								
General support	14,229,428							14,229,428
Instruction	76,360,507	2,448,719				59,650	51,906	78,920,782
Pupil transportation	6,266,841	29,567						6,296,408
Community service	5,701							5,701
Employee benefits	25,084,097		127,955					25,212,052
Debt service								
Principal				1,303,580				1,303,580
Interest				53,487				53,487
Food service program			1,078,239					1,078,239
Capital outlay					2,685,430			2,685,430
Total Expenditures	121,946,574	2,478,286	1,206,194	1,357,067	2,685,430	59,650	51,906	129,785,107
Excess (Deficiency) of Revenues Over Expenditures	10,478,086	(170,744)	(449,314)	(1,357,067)	(2,685,430)	(13,506)	(39,928)	5,762,097
OTHER FINANCING SOURCES AND (USES)								
Operating transfers in		164,417	236,500	1,357,067	2,362,500			4,120,484
Operating transfers (out)	(4,120,484)							(4,120,484)
Total Other Financing Sources and (Uses)	(4,120,484)	164,417	236,500	1,357,067	2,362,500	-	-	-
Net Change in Fund Balances	6,357,602	(6,327)	(212,814)	-	(322,930)	(13,506)	(39,928)	5,762,097
Fund Balances - Beginning of year, as restated	40,900,929		342,524	1,658	8,968,154	111,084	287,466	50,611,815
Fund Balances - End of year	\$ 47,258,531	\$ (6,327)	\$ 129,710	\$ 1,658	\$ 8,645,224	\$ 97,578	\$ 247,538	\$ 56,373,912

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, 2021

Net Change in Fund Balances \$ 5,762,097

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

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned. \$ (567,407)

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences liability (86,019)

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 workers' compensation liability 466,517
(186,909)

Capital Related Differences

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

Capital outlays and other additions 2,812,493
Depreciation expense (2,533,090)
279,403

Long-Term Debt Transaction Differences

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

Repayment of bond principal 1,125,000
Repayment of energy performance contract payable 178,580

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2020 to June 30, 2021.

10,398
1,313,978

Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system (7,022,491)
Employees' retirement system 751,004
Other postemployment benefits (19,656,484)
(25,927,971)

Change in Net Position \$ (18,759,402)

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2021

	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, 2021

	Custodial
ADDITIONS	
Real property taxes collected for the Library	\$ 4,339,557
DEDUCTIONS	
Payments of real property taxes to the Library	4,339,557
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 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. 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 include operating-specific and discretionary (either operating or capital) grants, 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.

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, principal and interest on long-term general obligation debt of governmental activities.

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

Extracurricular Activities Fund - is used to account for the funds operated by and for the students of the District.

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

E. Real Property Taxes

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.

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 with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$1,275,724 in LIPA PILOT revenue during the 2020-2021 fiscal year.

G. Restricted Resources

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

H. Interfund Transactions

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

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

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

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents/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.

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.

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

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	15,000	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 position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions and consists of the 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 other postemployment benefits 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. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

P. Employee Benefits – Compensated Absences

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

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

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

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

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 New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

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

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

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

R. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has 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 amounts due from other governments 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.

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

S. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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.

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

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

excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. The reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §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 benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time 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.

Capital Reserve

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

Restricted for Debt

Unexpended balances of proceeds of borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest on long-term borrowings are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

Restricted for Scholarships

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

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

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

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

Fund Balance Classification

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

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

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

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

3. FUTURE ACCOUNTING STANDARDS

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

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

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

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

4. 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 long-term assets and liabilities.

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

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

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Program costs funded by grants	\$ 30,575
Instructional materials and program costs funded by donations	<u>60,000</u>
	<u>\$ 90,575</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

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

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

C. Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit.

D. Special Aid Fund

The special aid fund has an unassigned fund balance deficit of \$6,327, arising from expenditures incurred. The deficit will be eliminated with the recognition of revenues from the funding awarded by New York State under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act in September 2021.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2021, the District was billed \$11,955,027 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,629,675. 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.

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

8. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State Aid - Excess Cost Aid	843,432
BOCES aid	1,585,400
IRS refund	7,042
Federal grants	<u>368,936</u>
	2,804,810
Special Aid Fund	
Federal and state grants	1,579,163
School Food Service Fund	
Federal and state food service program reimbursements	182,436
Capital Projects Fund	
New York State - DASNY grant	<u>100,000</u>
	<u>\$ 4,666,409</u>

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
PILOT receivable	\$ 62,046
Capital Fund	
Nassau County grant	<u>61,050</u>
	<u>\$ 123,096</u>

District management expects these amounts to be fully collectible.

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

10. CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,820,600	\$	\$	\$ 1,820,600
Construction in progress	4,294,623	2,676,111		6,970,734
Total capital assets not being depreciated	<u>6,115,223</u>	<u>2,676,111</u>	<u>-</u>	<u>8,791,334</u>
Capital assets being depreciated:				
Buildings and improvements	82,480,532	53,270		82,533,802
Furniture and equipment	2,084,405	83,112	(27,741)	2,139,776
Total capital assets being depreciated	<u>84,564,937</u>	<u>136,382</u>	<u>(27,741)</u>	<u>84,673,578</u>
Less accumulated depreciation for:				
Buildings and improvements	50,588,956	2,453,450		53,042,406
Furniture and equipment	1,481,616	79,640	(27,741)	1,533,515
Total accumulated depreciation	<u>52,070,572</u>	<u>2,533,090</u>	<u>(27,741)</u>	<u>54,575,921</u>
Total capital assets being depreciated, net	<u>32,494,365</u>	<u>(2,396,708)</u>	<u>-</u>	<u>30,097,657</u>
Capital assets, net	<u>\$ 38,609,588</u>	<u>\$ 279,403</u>	<u>\$ -</u>	<u>\$ 38,888,991</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 198,340
Instruction	<u>2,334,750</u>
	<u>\$ 2,533,090</u>

11. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,956,623	\$	\$	\$ 4,120,484
Special Aid Fund		1,593,397	164,417	
School Food Service Fund		179,767	236,500	
Debt Service Fund			1,357,067	
Capital Projects Fund		183,459	2,362,500	
	<u>\$ 1,956,623</u>	<u>\$ 1,956,623</u>	<u>\$ 4,120,484</u>	<u>\$ 4,120,484</u>

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

The District typically transfers from the general fund to the special aid fund, school food service fund, debt 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 debt service fund was for the payment of principal and interest on long-term outstanding indebtedness. The transfer to the capital projects fund was to provide funding for capital improvements based on the budget.

12. LONG-TERM LIABILITIES

A. Changes

The following table summarizes the changes in governmental activities in long-term liabilities, excluding pension and other postemployment benefits liabilities, for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 2,279,694	\$	\$ (1,125,000)	\$ 1,154,694	\$ 1,154,694
Energy performance contract	363,661		(178,580)	185,081	185,081
Other long-term liabilities:					
Compensated absences	2,868,244	86,019		2,954,263	
Workers' compensation	1,916,744	60,087	(526,604)	1,450,227	
	<u>\$ 7,428,343</u>	<u>\$ 146,106</u>	<u>\$ (1,830,184)</u>	<u>\$ 5,744,265</u>	<u>\$ 1,339,775</u>

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Serial Bonds	3/1/2009	11/1/2021	2.50%	\$ 199,694
Refunding Bonds	6/4/2015	11/1/2021	2.00-4.00%	955,000
				<u>\$ 1,154,694</u>

The following is a summary of the debt service requirements of bonds payable:

Year Ending June 30,	Principal	Interest	Total
2022	<u>\$ 1,154,694</u>	<u>\$ 13,550</u>	<u>\$ 1,168,244</u>

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

C. Energy Performance Contract

Energy performance contract is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract	9/30/2005	9/30/2021	5.822%	<u>\$ 185,081</u>

The following is a summary of maturing debt service requirements of the energy performance contract:

Year Ending June 30,	Principal	Interest	Total
2022	<u>\$ 185,081</u>	<u>\$ 6,737</u>	<u>\$ 191,818</u>

D. Interest Expense

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

Interest paid	\$ 53,487
Less interest accrued in the prior year	(18,635)
Plus interest accrued in the current year	<u>8,237</u>
Total interest expense on long-term debt	<u>\$ 43,089</u>

13. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, 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 contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 13.52% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021 was \$5,353,357 for TRS at the contribution rate of 9.53% and \$1,644,259 for ERS at an average contribution rate of 14.04%.

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

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

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	\$ (9,069,759)	\$ (34,843)
District's portion of the Plan's total net pension asset/(liability)	0.328226%	0.0349923%
Change in proportion since the prior measurement date	(0.000403)	(0.0020577)

For the year ended June 30, 2021, the District recognized pension expense of \$12,328,816 for TRS and \$892,360 for ERS. At June 30, 2021, 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	\$ 7,946,923	\$ 425,530	\$ 464,808	\$
Changes of assumptions	11,471,134	6,406,545	4,088,860	120,829
Net difference between projected and actual earnings on pension plan investments	5,923,348			10,009,026
Changes in proportion and differences between the District's contributions and proportionate share of contributions	448,545	304,016	94,912	243,926
District contributions subsequent to the measurement date	<u>5,353,357</u>	<u>487,394</u>		
Total	<u>\$ 31,143,307</u>	<u>\$ 7,623,485</u>	<u>\$ 4,648,580</u>	<u>\$ 10,373,781</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, 2022. 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>
2022	\$ 3,650,899	\$ (538,054)
2023	7,250,004	(206,632)
2024	5,952,901	(546,122)
2025	3,657,086	(1,946,882)
2026	202,399	
Thereafter	<u>428,081</u>	
	<u>\$ 21,141,370</u>	<u>\$ (3,237,690)</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, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net of investment expense, including inflation)	7.10%	5.90%
Cost of living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

For TRS, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected 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 7.10% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

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

TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
District's proportionate share of the net pension asset (liability)	<u>\$ (57,290,541)</u>	<u>\$ (9,069,759)</u>	<u>\$ 31,399,697</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>\$ (9,671,132)</u>	<u>\$ (34,843)</u>	<u>\$ 8,852,070</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the system in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2021 amounted to \$5,353,357 of employer contributions and \$392,359 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$487,394 of employer contributions. Employee contributions are remitted monthly.

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

14. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and employees for the year ended June 30, 2021, totaled \$20,000 and \$3,532,540, 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, 2021 totaled \$353,798.

15. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At July 1, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	442
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>782</u>
	<u><u>1,224</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$226,425,019 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

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	1.90%	
Healthcare cost trend rates	8.50%	for 2021, 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 193,632,126</u>
Changes for the year	
Service cost	9,552,767
Interest	4,612,177
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	21,544,098
Benefit payments	<u>(2,916,149)</u>
	<u>32,792,893</u>
Balance at June 30, 2021	<u><u>\$ 226,425,019</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.40% in 2020 to 1.90% in 2021.

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 (0.90%) or 1 percentage point higher (2.90%) than the current discount rate:

OPEB	1% Decrease 0.90%	Discount Rate 1.90%	1% Increase 2.90%
Total OPEB liability	<u>\$ (279,587,273)</u>	<u>\$ (226,425,019)</u>	<u>\$ (186,050,563)</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 (7.50%) or 1 percentage point higher (9.50%) than the current healthcare cost trend rate:

	1% Decrease 7.50% decreasing to 3.50%	Healthcare Cost Trend Rates 8.50% decreasing to 4.50%	1% Increase 9.50% decreasing to 5.50%
OPEB			
Total OPEB liability	<u>\$ (176,733,768)</u>	<u>\$ (226,425,019)</u>	<u>\$ (295,854,320)</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$22,572,633. At June 30, 2021, 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	\$ 8,739,084	\$
Changes of assumptions or other inputs	<u>44,323,124</u>	<u>10,052,761</u>
Total	<u>\$ 53,062,208</u>	<u>\$ 10,052,761</u>

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

Year Ending June 30,	Amount
2022	\$ 8,407,689
2023	8,407,689
2024	8,407,689
2025	8,407,689
2026	6,300,959
Thereafter	<u>3,077,732</u>
	<u>\$ 43,009,447</u>

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

16. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2021, 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, 2021, consists of \$8,500 for New York State grants, \$67,657 of donations pledged, and \$421,803 for uncollected tuition billings from school districts, for a total \$497,960.

Also included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2021, are amounts due from the Dormitory Authority of the State of New York (DASNY) for the State and Municipal Facilities Program (SAM) grant and Nassau County grant for the purchase and installation of a digital sign for the high school. Unavailable revenues, in the capital projects fund at June 30, 2021, consists of \$100,000 for the DASNY grant and \$61,050 for the Nassau County grant, for a total of \$161,050.

17. RISK MANAGEMENT

A. General Information

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

B. 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:

	2020	2021
Unpaid claims at beginning of year	\$ 1,916,744	\$ 1,916,744
Incurred claims and adjustments	645,136	60,087
Claim payments	(645,136)	(526,604)
Unpaid claims at year end	\$ 1,916,744	\$ 1,450,227

At June 30, 2021, the District had \$3,235,439 of funds in the worker's compensation reserve.

18. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2021 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2022:

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

Workers' compensation	\$ 650,000
Retirement contribution - TRS	295,000
Retirement contribution - ERS	<u>1,650,000</u>
	<u>\$ 650,000</u>

19. ASSIGNED APPROPRIATED FUND BALANCE

The amount of \$2,000,000 has been appropriated to reduce taxes for the year ending June 30, 2022.

20. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	<u>Capital Reserve</u>				
	<u>May 2011</u>	<u>May 2015</u>	<u>May 2017</u>	<u>May 2019</u>	
Number of Years to Fund	5	5	5	5	
Maximum Funding	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 25,000,000</u>	<u>Total</u>
General Fund					
Funding Provided Since Inception	\$ 5,000,000	\$ 5,000,000	\$ 15,000,000	\$ 10,965,706	\$ 35,965,706
Interest Earnings Since Inception	33,854	21,263	189,586	45,440	290,143
Use of Reserve Since Inception	<u>(5,033,854)</u>	<u>(5,021,263)</u>	<u>(4,480,487)</u>		<u>(14,535,604)</u>
	<u>-</u>	<u>-</u>	<u>10,709,099</u>	<u>11,011,146</u>	<u>21,720,245</u>
Capital Projects Fund					
Funding Provided Since Inception	5,033,854	5,021,263	4,480,487		14,535,604
Use of Reserve Since Inception	<u>(4,575,991)</u>	<u>(4,822,654)</u>			<u>(9,398,645)</u>
	<u>457,863</u>	<u>198,609</u>	<u>4,480,487</u>	<u>-</u>	<u>5,136,959</u>
Balance as of June 30, 2021	<u>\$ 457,863</u>	<u>\$ 198,609</u>	<u>\$ 15,189,586</u>	<u>\$ 11,011,146</u>	<u>\$ 26,857,204</u>

21. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, which resulted in an increase of \$398,550 in fund balance of the governmental funds, as well as the Statement of Net Position. The District's net fund balance and net position have been restated as follows:

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

	General Fund	Extraclassroom Activities Fund	Scholarships Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)				
Beginning of Year, as Reported	\$ 40,900,929	\$	\$	\$ (60,245,480)
<i>Assets</i>				
Cash	419,508	111,084	287,466	818,058
Accounts receivable	2,537			2,537
Due from fiduciary fund	(7)			(7)
	422,038	111,084	287,466	820,588
<i>Liabilities</i>				
Other liabilities	422,038			422,038
<i>Fund Balance/Net Position</i>				
Restricted			287,466	287,466
Assigned, unappropriated		111,084		
Unrestricted	-	111,084	287,466	111,084
	-	111,084	287,466	398,550
Fund Balance/Net Position (Deficit)				
Beginning of Year, as Restated	\$ 40,900,929	\$ 111,084	\$ 287,466	\$ (59,846,930)

22. 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 \$367,494. The District received payment in lieu of tax (PILOT) payments totaling \$209,481.

23. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted Fund Balance	
Capital Projects Fund	
Capital Projects	\$ 1,837,024
Assigned: Unappropriated Fund Balance	
General Fund	
General Support	215,942
Instruction	441,901
	657,843
Capital Projects Fund	
Capital Projects	3,618,695
	\$ 6,113,562

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 believes that the outcome of any matters will not have a material effect on these financial statements.

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$7,320. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 4,270</u>

E. Purchase Agreements

The District has various agreements with BOCES to purchase equipment. The expenditure for these agreements was \$142,886 for the year ended June 30, 2021. The following is a summary of future obligations under these purchase agreements:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 119,072</u>

24. 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, except for the following:

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)

In September 2021, the District was awarded CRSSA funding of \$3,946,278 through the Elementary and Secondary School Emergency Relief (ESSER) program and \$444,421 through the Governor's Emergency Education Relief (FEER) program. The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as expended and the fund balance deficit at June 30, 2021 will be eliminated.

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, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 87,445,350	\$ 88,371,181	\$ 88,352,307	\$ (18,874)
Other tax items	12,188,467	11,262,636	11,452,501	189,865
Charges for services	730,000	730,000	639,677	(90,323)
Use of money and property	385,000	385,000	715,148	330,148
Sale of property and compensation for loss	82,000	82,000	86,069	4,069
Miscellaneous	244,700	335,275	866,680	531,405
Total Local Sources	101,075,517	101,166,092	102,112,382	946,290
State Sources	32,605,777	32,094,456	29,718,115	(2,376,341)
Medicaid Reimbursement	125,000	125,000	122,963	(2,037)
Federal Sources		511,321	471,200	(40,121)
Total Revenues	133,806,294	133,896,869	132,424,660	\$ (1,472,209)
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	2,000,000	2,000,000		
Prior Year's Encumbrances	1,377,395	1,377,395		
Appropriated Reserves	2,595,000	2,595,000		
Total Appropriated Fund Balance	5,972,395	5,972,395		
Total Revenues and Appropriated Fund Balance	\$ 139,778,689	\$ 139,869,264		

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, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 156,970	\$ 187,650	\$ 146,287	\$	\$ 41,363
Central administration	420,533	435,343	419,778		15,565
Finance	1,304,406	1,290,405	1,042,922	47,160	200,323
Staff	1,225,492	1,224,606	1,057,376	9,283	157,947
Central services	11,780,865	11,624,223	10,185,185	159,499	1,279,539
Special items	1,448,670	1,448,670	1,377,880		70,790
Total General Support	16,336,936	16,210,897	14,229,428	215,942	1,765,527
Instruction					
Administration & improvement	6,807,734	6,286,179	5,597,730	6,924	681,525
Teaching - regular school	43,950,053	42,443,506	40,043,299	294,331	2,105,876
Programs for students with disabilities	18,303,371	19,971,898	18,728,187	747	1,242,964
Occupational education	1,610,000	1,632,663	1,620,163		12,500
Teaching - special schools	383,045	210,895	150,002		60,893
Instructional media	2,803,789	4,058,797	3,831,531	118,972	108,294
Pupil services	6,994,607	7,046,525	6,389,595	20,927	636,003
Total Instruction	80,852,599	81,650,463	76,360,507	441,901	4,848,055
Pupil Transportation	7,009,534	7,009,534	6,266,841		742,693
Community Service	16,140	18,990	5,701		13,289
Employee Benefits	31,261,547	30,677,447	25,084,097		5,593,350
Total Expenditures	135,476,756	135,567,331	121,946,574	657,843	12,962,914
OTHER USES					
Operating Transfers Out	4,301,933	4,301,933	4,120,484		181,449
Total Expenditures and Other Uses	\$ 139,778,689	\$ 139,869,264	126,067,058	\$ 657,843	\$ 13,144,363
Net Change in Fund Balance			6,357,602		
Fund Balance - Beginning of Year			40,900,929		
Fund Balance - End of Year			<u>\$ 47,258,531</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 Seven Fiscal Years

Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset (liability)	0.328226%	0.328629%	0.332811%	0.331337%	0.336514%	0.337122%	0.334350%
District's proportionate share of the net pension asset (liability)	\$ (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	\$ 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	(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	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0349923%	0.0370500%	0.0375466%	0.0378002%	0.0379443%	0.0379443%	0.0356391%
District's proportionate share of the net pension liability	\$ (34,843)	\$ (9,811,058)	\$ (2,660,287)	\$ (1,270,771)	\$ (3,551,795)	\$ (6,090,159)	\$ 1,203,976
District's covered payroll	\$ 11,496,996	\$ 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 liability as a percentage of its covered payroll	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	99.95%	86.39%	96.32%	98.24%	94.70%	90.68%	97.95%
Discount rate	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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 5,353,357	\$ 4,985,801	\$ 5,822,791	\$ 5,298,529	\$ 6,140,921	\$ 6,843,827	\$ 8,823,241	\$ 8,157,569	\$ 6,614,456	\$ 5,340,406
Contributions in relation to the contractually required contribution	<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>	<u>6,614,456</u>	<u>5,340,406</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	\$ 56,173,739	\$ 56,273,147	\$ 55,527,365	\$ 54,772,731	\$ 53,053,999	\$ 52,511,599	\$ 50,866,654	\$ 49,612,198	\$ 52,426,989	\$ 55,039,047
Contributions as a percentage of covered payroll	10%	9%	10%	10%	12%	13%	17%	16%	13%	10%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,644,259	\$ 1,579,358	\$ 1,596,286	\$ 1,703,472	\$ 1,546,166	\$ 1,813,354	\$ 1,845,511	\$ 2,072,626	\$ 2,071,008	\$ 1,577,001
Contributions in relation to the contractually required contribution	<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>	<u>2,071,008</u>	<u>1,577,001</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	\$ 11,714,449	\$ 10,798,523	\$ 11,620,929	\$ 11,545,953	\$ 11,498,370	\$ 10,235,183	\$ 10,632,357	\$ 10,252,609	\$ 10,359,518	\$ 10,568,364
Contributions as a percentage of covered payroll	14%	15%	14%	15%	13%	18%	17%	20%	20%	15%

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 9,552,767	\$ 7,343,407	\$ 6,346,803	\$ 6,044,574
Interest	4,612,177	4,967,600	4,937,794	4,709,195
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	12,234,718	-	-
Changes of assumptions or other inputs	21,544,098	10,327,929	14,747,077	-
Benefit payments	<u>(2,916,149)</u>	<u>(2,973,386)</u>	<u>(2,921,507)</u>	<u>(2,943,048)</u>
Net change in total OPEB liability	32,792,893	31,900,268	23,110,167	7,810,721
Total OPEB liability, beginning	<u>193,632,126</u>	<u>161,731,858</u>	<u>138,621,691</u>	<u>130,810,970</u>
Total OPEB liability, ending	<u>\$ 226,425,019</u>	<u>\$ 193,632,126</u>	<u>\$ 161,731,858</u>	<u>\$ 138,621,691</u>
Covered employee payroll	\$ 63,183,674	\$ 63,183,674	\$ 60,382,229	\$ 60,382,229
Total OPEB liability as a percentage of covered employee payroll	358.36%	306.46%	267.85%	229.57%
Discount rate	1.90%	2.40%	3.10%	3.60%
Healthcare trend rates	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, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 138,401,294
Additions:	
Prior year's encumbrances	1,377,395
Original Budget	139,778,689
Budget revisions	90,575
Final Budget	\$ 139,869,264

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget	\$ 142,453,425
Maximum allowed (4% of 2021-2022 budget)	\$ 5,698,137
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 2,657,843
Unassigned fund balance	8,349,655
	\$ 11,007,498
Less:	
Appropriated fund balance	2,000,000
Encumbrances	657,843
Total adjustments	2,657,843
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	\$ 8,349,655
Actual Percentage	5.86%

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For the Year Ended June 30, 2021

PROJECT TITLE	Budget June 30, 2020	Budget June 30, 2021	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2021
			Prior Years	Current Year	Total			State 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	1,330,453	12,700
2014-2015 Capital Reserve Projects	1,500,000	1,500,000	1,127,980		1,127,980	372,020		1,500,000	1,500,000	1,500,000	372,020
2016-2017 Emergency Wall Project	475,000	475,000	450,746		450,746	24,254		475,000	475,000	475,000	24,254
2017-2018 Capital Reserve Projects	10,959,175	10,959,175	3,687,412	2,592,667	6,280,079	4,679,096		10,959,175	10,959,175	10,959,175	4,679,096
2019-20 Capital Improvements	1,230,500	1,230,500	46,183	59,694	105,877	1,124,623		1,230,500	1,230,500	1,124,623	
2019-20 Locker Upgrades	50,000	883,454	-		-	883,454	50,000	833,454	883,454	883,454	
2020-21 Capital Improvements		1,529,046	-	25,853	25,853	1,503,193		1,529,046	1,529,046	1,503,193	
High School-Electric Sign	192,284	192,284	172,084	7,216	179,300	12,984	181,250	11,034	192,284	192,284	12,984
Smart Schools Bond Project		2,651,515			-	2,651,515		2,651,515		2,651,515	
Totals	\$ 17,590,322	\$ 22,604,337	\$ 8,440,918	\$ 2,685,430	\$ 11,126,348	\$ 11,477,989	\$ -	\$ 2,991,155	\$ 19,613,182	\$ 22,604,337	11,477,989
									State aid not yet received		(2,832,765)
											<u>\$ 8,645,224</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2021

Capital assets, net	<u>\$ 38,888,991</u>
Deduct:	
Short-term portion of bonds payable	1,154,694
Short-term portion of energy performance contract payable	<u>185,081</u>
	<u>1,339,775</u>
Net investment in capital assets	<u>\$ 37,549,216</u>



VINCENT D. CULLEN, CPA
(1950 - 2013)

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**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 28, 2021. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

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) to determine 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 may exist that have not been identified.

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 determination of financial statement amounts. 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, 2021.

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, 2021

