



BALDWIN UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2025

BALDWIN UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baldwin Union Free School District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Baldwin Union Free School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 2 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 101, *Compensated Absences*, as of June 30, 2025. Our opinion is not modified with respect to this new accounting principle.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the district's proportionate share of the net pension asset/(liability), schedule of district pension contributions, and schedule of changes in the district's total OPEB liability and related ratios on pages 4 through 18 and 59 through 63, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying combining nonmajor funds financial statements on pages 64 and 65 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information on pages 66 through 68 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is other information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, on our consideration of Baldwin Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Baldwin Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

Port Jefferson Station, New York
September 26, 2025

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

The Baldwin Union Free School District’s (“the District”) discussion and analysis of the financial performance provides an overall review of the District’s financial activities for the fiscal year ended June 30, 2025 in comparison with the year ended June 30, 2024, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to the financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- The District’s total net position, as reflected in the District-wide financial statements, increased by \$30,594,935. This was due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting, and an error correction amounting to \$1,393,424, resulting from inadvertently excluding a construction in progress item from the prior year’s capital asset inventory.
- For the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation of this statement resulted in an increase in compensated absences and a decrease in total net position of \$434,305 at the beginning of the year.
- The District’s operating revenues and expenses for the year, as reflected in the district-wide financial statements, were \$176,624,376 and \$146,029,441, respectively.
- The District’s general fund fund balance, as reflected in the fund financial statements was \$60,291,298 at June 30, 2025. This balance represents a \$335,355 decrease (0.55%) from the prior year due to an excess of expenditures and other financing uses over revenues, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances decreased by \$632,530 due to the use of reserves, offset by the allocation of interest earnings and funding transfers to the reserves.
 - Assigned fund balance decreased \$61,424, due to fewer open encumbrances at year end.
 - Unassigned fund balance increased by \$358,599 to \$6,915,235.
- The District’s 2025 property tax levy of \$106,372,709 was a 2.27% increase over the 2024 tax levy and equaled the property tax cap.
- District library serial bonds, in the amount of \$11,000,000, were issued in January 2025, on behalf of the Baldwin Library. Principal payments are due every February 1st through 2040, with interest payable semi-annually at rates ranging from 2.51% to 3.47%. The debt service on these bonds will not affect the District’s tax levy, as the Library is responsible for the repayment of principal and interest.

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

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

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

Governmental Funds

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

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

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

The District maintains seven individual governmental funds: general fund, special aid fund, school food service fund, capital projects fund, debt service fund, extraclassroom activities fund, and scholarships fund. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, special aid fund, and capital projects fund, since the District has elected to report them as major funds. Combining information for the nonmajor funds can be found elsewhere in this report.

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

Fiduciary Fund

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by \$30,594,935 between fiscal year 2025 and 2024. In addition, due to a change in accounting principle, an additional decrease of \$434,305 is reflected in the ending net position. The impact of the change in accounting principle was not required to be restated in the MD&A. The

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

increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2025	Restated 2024	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 126,785,911	\$ 98,908,290	\$ 27,877,621	28.19 %
Capital Assets, Net	65,469,063	59,156,301	6,312,762	10.67 %
Net Pension Assets -				
Proportionate Share	9,442,788	-	9,442,788	N/A
Total Assets	<u>201,697,762</u>	<u>158,064,591</u>	<u>34,190,383</u>	27.60 %
Deferred Outflows of Resources	<u>25,717,885</u>	<u>29,856,584</u>	<u>(4,138,699)</u>	(13.86)%
Liabilities				
Current and Other Liabilities	14,139,898	12,144,213	1,995,685	16.43 %
Long-Term Liabilities	16,948,552	4,558,550	12,390,002	271.80 %
Total OPEB Liability	124,697,320	134,887,229	(10,189,909)	(7.55)%
Net Pension Liabilities -				
Proportionate Share	6,110,487	9,253,983	(3,143,496)	(33.97)%
Total Liabilities	<u>161,896,257</u>	<u>160,843,975</u>	<u>1,052,282</u>	0.65 %
Deferred Inflows of Resources	<u>76,273,666</u>	<u>67,992,106</u>	<u>8,281,560</u>	12.18 %
Net Position (Deficit)				
Net Investment in Capital Assets	61,183,499	57,545,514	3,637,985	6.32 %
Restricted	87,201,180	70,640,331	16,560,849	23.44 %
Unrestricted (Deficit)	<u>(159,138,955)</u>	<u>(169,100,751)</u>	<u>9,961,796</u>	(5.89)%
Total Net Position (Deficit)	<u>\$ (10,754,276)</u>	<u>\$ (40,914,906)</u>	<u>\$ 30,160,630</u>	(73.72)%

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

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The "Capital Assets/Error Correction" Note provides additional information.

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate share switched from a liability to an asset. This change was driven by strong market performance. The "Pension Plans – New York State" Note provides additional information.

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

The increase in current and other liabilities is primarily due to an increase in accounts payable and due to teachers' retirement system.

The increase in long-term liabilities is the result of increases in bonds payable and compensated absences payable. In addition, the long-term liabilities reflect a \$434,305 increase in the compensated absences liability as of July 1, 2024, as a result of the implementation of GASB Statement No 101, *Compensated Absences*.

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

Total OPEB liability decreased based on the actuarial valuation of the plan. The “Postemployment Healthcare Benefits” Note provides additional information.

Net pension liability – proportionate share represents the District’s share of the New York State and Local Employees’ Retirement System’s (ERS) net pension liability at the measurement date. The net change in the net pension liability – proportionate share is the result of an increase in the proportionate share for the ERS, which was due to the net result of several factors, including increases in benefits earned by active employees, cost-of-living adjustments, and an increase in the number of retirees, resulting in larger benefit payments, offset by the switch in the TRS net pension liability – proportionate share to an asset. The “Pension Plans – New York State” Note provides additional information.

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

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

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

The unrestricted (deficit) amount relates to the balance of the District’s net position. This balance does not include the District’s reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District’s unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a “pay as you go” basis, and is not permitted to accumulate funds for the OPEB liability. The unrestricted (deficit) amount also reflects an increase of \$434,305 as of July 1, 2024, as a result of the change in the compensated absences liability due to the implementation of GASB Statement No. 101.

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2025 and 2024 is as follows:

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

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 906,464	\$ 1,405,400	\$ (498,936)	(35.50)%
Operating Grants & Contributions	8,164,967	8,842,740	(677,773)	(7.66)%
Capital Grants	450,000	-	450,000	N/A
General Revenues				
Real Property Taxes and STAR	106,372,709	104,013,059	2,359,650	2.27 %
State Sources	52,916,193	50,178,029	2,738,164	5.46 %
Other	7,814,043	7,423,601	390,442	5.26 %
Total Revenues	<u>176,624,376</u>	<u>171,862,829</u>	<u>4,761,547</u>	2.77 %
Expenses				
General Support	19,225,476	21,701,637	(2,476,161)	(11.41)%
Instruction	114,552,333	121,455,817	(6,903,484)	(5.68)%
Pupil Transportation	9,965,886	8,707,793	1,258,093	14.45 %
Community Services	224,253	9,104	215,149	2363.24 %
Debt Service - Interest	172,626	4,597	168,029	3655.19 %
Food Service Program	1,888,867	1,894,102	(5,235)	(0.28)%
Total Expenses	<u>146,029,441</u>	<u>153,773,050</u>	<u>(7,743,609)</u>	(5.04)%
Change in Net Position	<u>30,594,935</u>	<u>\$ 18,089,779</u>	<u>\$ 12,505,156</u>	69.13 %
Net Position (Deficit) - Beginning of Year, as Previously Reported				
	(42,308,330)			
Change in Accounting Principle				
	(434,305)			
Error Correction				
	<u>1,393,424</u>			
Net Position (Deficit) - Beginning of Year, as Restated				
	<u>(41,349,211)</u>			
Net Position (Deficit) - End of Year				
	<u>\$ (10,754,276)</u>			

The District's net position increased by \$30,594,935 and \$18,089,779, for the years ended June 30, 2025 and 2024, respectively.

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

- State sources increased due to the District receiving more general aid, excess cost aid, and lottery aid.
- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2024-2025 budget.

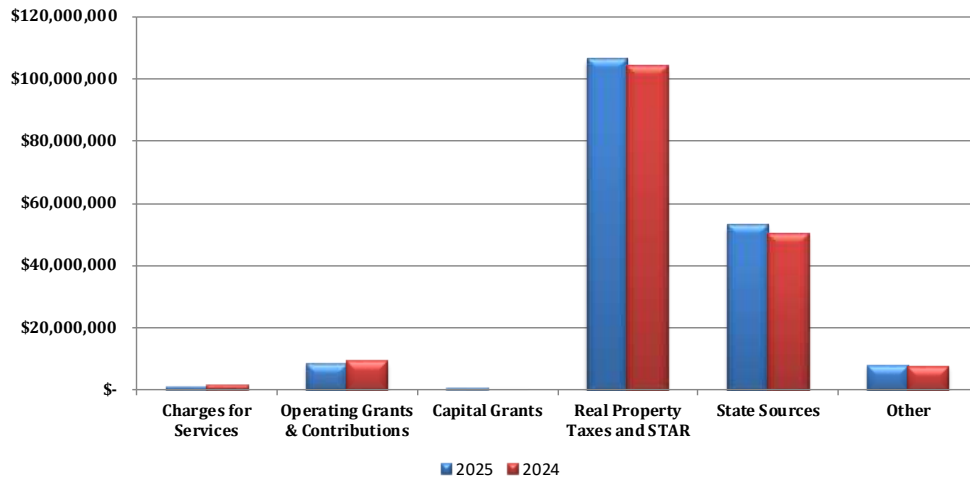
The District's expenses decreased when compared to the prior year, primarily due to the following major changes:

- Instruction and general support decreased based on the impact of the allocation of the net change in actuarially determined expenses for TRS, ERS, and OPEB costs.

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

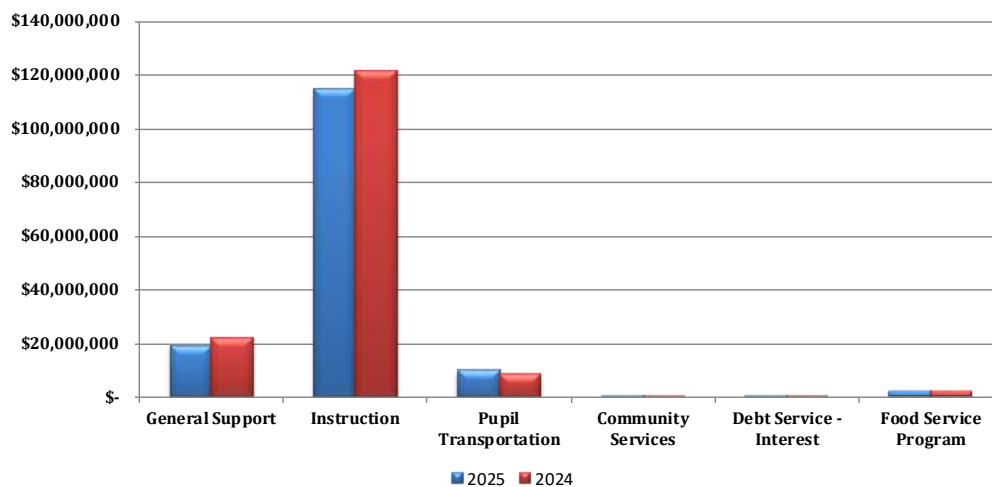
As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 60.2% and 60.5% of the total for the years 2025 and 2024, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 78.4% and 79.0% of the total for the years 2025 and 2024, respectively).

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
2025	0.5%	4.6%	0.3%	60.2%	30.0%	4.4%
2024	0.8%	5.1%	0.0%	60.5%	29.2%	4.4%

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
2025	13.2%	78.4%	6.8%	0.2%	0.1%	1.3%
2024	14.1%	79.0%	5.7%	0.0%	0.0%	1.2%

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$111,712,061, which is an increase of \$28,474,366 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2025	2024	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Prepays	\$ 100,000	\$ 100,000	\$ -	0.00 %
Restricted:				
Workers' Compensation	3,194,665	3,305,830	(111,165)	(3.36)%
Unemployment Insurance	379,016	363,740	15,276	4.20 %
Retirement Contribution				
Teachers' Retirement System	5,871,791	5,635,133	236,658	4.20 %
Employees' Retirement System	6,752,515	7,410,558	(658,043)	(8.88)%
Employee Benefit Accrued Liability	3,263,696	3,132,155	131,541	4.20 %
Capital	32,907,696	33,154,493	(246,797)	(0.74)%
Assigned:				
Appropriated Fund Balance	800,000	800,000	-	0.00 %
Unappropriated Fund Balance	106,684	168,108	(61,424)	(36.54)%
Unassigned: Fund Balance	6,915,235	6,556,636	358,599	5.47 %
	<u>60,291,298</u>	<u>60,626,653</u>	<u>(335,355)</u>	<u>(0.55)%</u>
Capital Projects Fund				
Restricted:				
Capital	34,420,073	17,507,322	16,912,751	96.60 %
Unspent bond proceeds	9,634,690	-	9,634,690	N/A
Assigned: Unappropriated Fund Balance	5,110,586	3,669,575	1,441,011	39.27 %
	<u>49,165,349</u>	<u>21,176,897</u>	<u>27,988,452</u>	<u>132.17 %</u>
School Food Service Fund				
Nonspendable: Inventory	-	19,790	(19,790)	(100.00)%
Assigned: Unappropriated Fund Balance	-	1,188,432	(1,188,432)	(100.00)%
	<u>-</u>	<u>1,208,222</u>	<u>(1,208,222)</u>	<u>(100.00)%</u>

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

	2025	2024	Increase (Decrease)	Percentage Change
Extracurricular Activities Fund				
Assigned: Unappropriated Fund Balance	\$ -	\$ 94,823	\$ (94,823)	(100.00)%
Scholarships Fund				
Restricted: Scholarships	-	131,100	(131,100)	(100.00)%
Nonmajor Funds				
Nonspendable: Inventory	24,932	-	24,932	N/A
Restricted:				
Debt	290,378	-	290,378	N/A
Scholarships	121,350	-	121,350	N/A
Assigned: Unappropriated Fund Balance	1,818,754	-	1,818,754	N/A
	2,255,414	-	2,255,414	N/A
 Total Fund Balance	\$ 111,712,061	\$ 83,237,695	\$ 28,474,366	34.21 %

A. General Fund

The general fund - fund balance is a net decrease of \$335,355, compared to an increase of \$17,161,127 in 2024. This resulted from expenditures and other financing uses in excess of revenues.

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

	2025	2024	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 106,372,709	\$ 104,013,059	\$ 2,359,650	2.27 %
Other Local Sources	7,887,229	7,832,471	54,758	0.70 %
State Sources	52,916,193	50,178,029	2,738,164	5.46 %
Medicaid Reimbursement	291,127	301,255	(10,128)	(3.36)%
Federal Sources	-	183,867	(183,867)	(100.00)%
	\$ 167,467,258	\$ 162,508,681	\$ 4,958,577	3.05 %

- State sources increased mainly due to more general, excess cost, and lottery aid.
- Property taxes increased due to a rise in the tax levy in accordance with the 2024-2025 voter-approved budget.

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

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

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Support	\$ 16,808,515	\$ 16,309,370	\$ 499,145	3.06 %
Instruction	88,215,714	86,475,759	1,739,955	2.01 %
Pupil Transportation	9,531,093	8,354,408	1,176,685	14.08 %
Community Services	-	6,393	(6,393)	(100.00)%
Employee Benefits	31,076,864	30,180,553	896,311	2.97 %
Debt Service	66,233	66,232	1	0.00 %
Other Financing Uses	22,104,194	3,954,839	18,149,355	458.92 %
	<u>\$ 167,802,613</u>	<u>\$ 145,347,554</u>	<u>\$ 22,455,059</u>	15.45 %

- Other financing uses increased in accordance with the voter-approved transfer from the capital reserve to the capital projects fund for district-wide capital improvements.
- Instruction increased due to additional salary increases in accordance with contracts and an increase in tuition rates for students attending other schools.
- Pupil transportation increased due to an increase in transportation to out-of-district schools and private schools.

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

	<u>Balance June 30, 2024</u>	<u>Use of Reserves</u>	<u>Interest</u>	<u>Funding</u>	<u>Balance June 30, 2025</u>
Workers' compensation	\$ 3,305,830	\$ (500,000)	\$ 138,835	\$ 250,000	\$ 3,194,665
Unemployment insurance	363,740		15,276		379,016
Retirement contribution					
TRS	5,635,133		236,658		5,871,791
ERS	7,410,558	(1,219,264)	311,221	250,000	6,752,515
EBALR	3,132,155		131,541		3,263,696
Capital	33,154,493	(18,100,000)	2,455,762	15,397,441	32,907,696
	<u>\$ 53,001,909</u>	<u>\$(19,819,264)</u>	<u>\$ 3,289,293</u>	<u>\$ 15,897,441</u>	<u>\$ 52,369,379</u>

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

B. Special Aid Fund

Revenues and other financing sources, and expenditures in the special aid fund were \$6,216,683 for 2024-2025. The decrease is the result of the District recognizing fewer federal grant revenues.

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

C. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$27,988,452, resulting from a bond issuance of \$11,000,000, a premium of \$6000,000 and operating transfers in of \$21,825,000, offset by expenditures of \$8,110,348.

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

	Balance June 30, 2024	Use of Reserves	Funding	Balance June 30, 2025
May 2011	\$ 457,863	\$ 13,200	\$	\$ 471,063
May 2015	185,409			185,409
May 2017	10,947,900	(239,221)		10,708,679
May 2019	6,087,759	(392,274)	12,158,419	17,853,904
May 2023	(171,609)	(568,954)	5,941,581	5,201,018
	<u>\$ 17,507,322</u>	<u>\$ (1,187,249)</u>	<u>\$18,100,000</u>	<u>\$ 34,420,073</u>

D. Reclassification of Major Funds to Nonmajor Funds

During the year ended June 30, 2025, the District reclassified the school food service, extraclassroom activities, and scholarships funds from major funds to nonmajor funds. This change is a voluntary presentation change made to improve the clarity of the financial statements and has no impact on the overall governmental fund balances. The funds were previously presented as major funds, but changes in financial activity during the current year now justify the nonmajor classification.

E. Nonmajor Funds

The net change in the nonmajor funds – fund balance is an increase of \$821,269, compared to an increase of \$559,528 in 2024, as revenues and other financing sources of \$3,083,608 exceeded expenditures of \$2,262,339. Revenues increased \$253,787 or 9.42% over the prior year. This increase was mainly due to bond premium and interest in the debt service fund.

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

	Balance June 30, 2024	Use of Reserves	Interest	Funding	Balance June 30, 2025
Debt	\$ -		\$ 155,117	\$ 135,261	\$ 290,378
Scholarships	131,100	(13,250)		3,500	121,350
	<u>\$ 131,100</u>	<u>\$ (13,250)</u>	<u>\$ 155,117</u>	<u>\$ 138,761</u>	<u>\$ 411,728</u>

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2024-2025 Budget

The District's general fund adopted budget for the year ended June 30, 2025 was \$163,915,905. This amount was increased by encumbrances carried forward from the prior year in the amount of \$168,108, plus budget revisions in the amount of \$18,178,959, for a total final budget of \$182,262,972.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$99,993,896 in estimated property taxes, \$6,378,813 in estimated STAR receipts, and \$51,566,932 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 and other financing uses, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances, and amounts classified as nonspendable. The change in this balance, demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget, follows:

Opening, Unassigned Fund Balance	\$ 6,556,636
Revenues Over Budget	5,991,658
Expenditures, Other Financing Uses, and Encumbrances Under Budget	14,353,675
Allocation to Reserves	(19,186,734)
Appropriated to Fund the June 30, 2026 Budget	<u>(800,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 6,915,235</u>

Opening, Unassigned Fund Balance

The \$6,556,636 shown in the table is the portion of the District's June 30, 2024 fund balance that was retained as unassigned.

Revenues Over Budget

The 2024-2025 final budget for revenues was \$161,475,600. Actual revenues recognized for the year were \$167,467,258. The excess of actual revenues over estimated or budgeted revenues was \$5,991,658. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2024-2025 final budget for expenditures and other financing uses was \$182,262,972. Actual expenditures and other financing uses as of June 30, 2025, were \$167,802,613 and outstanding encumbrances were \$106,684. Combined, the expenditures and other financing uses plus encumbrances for 2024-2025 were \$167,909,297. The final budget variance was \$14,353,675, which contributes directly

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

to the change to the general fund unassigned fund balance from June 30, 2024 to June 30, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

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

Appropriated Fund Balance

The District has chosen to use \$800,000 of the available June 30, 2025 unassigned fund balance to partially fund the 2025-2026 approved operating budget. As such, the June 30, 2025 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, 2025 was \$6,915,235. This amount is 4.00% of the 2024-2025 budget, which complies with the statutory limit established by §1318 of Real Property Law.

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

A. Capital Assets

At June 30, 2025, 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 outlays and other additions of \$8,544,650 in excess of depreciation expense of \$2,231,888 recorded for the year ended June 30, 2025. A summary of the District’s capital assets, net of accumulated depreciation at June 30, 2025 and 2024 is as follows:

	2025	Restated 2024	Increase (Decrease)
Land	\$ 1,820,600	\$ 1,820,600	\$ -
Construction in progress	31,261,087	24,920,623	6,340,464
Buildings and improvements	31,423,034	31,411,099	11,935
Furniture and equipment	964,342	1,003,979	(39,637)
Capital assets, net	\$ 65,469,063	\$ 59,156,301	\$ 6,312,762

The June 30, 2024 total, reflects a correction of an error, as a construction in progress item was inadvertently excluded from the capital assets in prior years. Additional details on this correction can be found in the “Capital Assets/Error Correction” Note.

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

B. Debt Administration

At June 30, 2025, the District had combined total debt of \$11,069,583. The decrease in outstanding debt represents principal payments made throughout the year, while the increase indicates the new library bond issuance. A summary of the outstanding debt at June 30, 2025 and 2024 is as follows:

Issue Date	Interest Rate	2025	2024	Increase (Decrease)
Bonds Payable - Library				
January 2025	4.00% - 5.00%	<u>\$ 11,000,000</u>	<u>\$ -</u>	<u>\$ 11,000,000</u>
Installment Purchase Debt				
August 2022	2.366%	<u>\$ 69,583</u>	<u>\$ 132,677</u>	<u>\$ (63,094)</u>

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

As of June 30, 2025, the District has yet to issue \$134,861,938 of the voter-approved bond authorization to finance the construction of additions and alterations to District facilities and sites.

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, total OPEB liability, and net pension liabilities – proportionate share, which are based on actuarial valuations. The compensated absences liability, at June 30, 2025, includes the effect of the implementation of GASB Statement No. 101. The net change in the net pension liabilities – proportionate share reflects the change in the TRS from a liability to an asset as previously discussed. A summary of the outstanding other long-term liabilities at June 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Compensated absences	\$ 3,819,048	\$ 3,183,640	\$ 635,408
Workers' compensation	1,345,085	1,242,233	102,852
Total OPEB liability	124,697,320	134,887,229	(10,189,909)
Net pension liabilities - proportionate share	<u>6,110,487</u>	<u>9,253,983</u>	<u>(3,143,496)</u>
	<u>\$ 135,971,940</u>	<u>\$ 148,567,085</u>	<u>\$ (12,595,145)</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 20, 2025, for the year ending June 30, 2026, is \$172,880,888. This is an increase of \$8,964,983 or 5.47% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$5,511,243 increase over the prior year's estimate, which is principally due to an estimated increase in state aid and the transfer from public

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

library for property taxes assessed for bond debt service. The assigned, appropriated fund balance applied to the budget in the amount of \$800,000 remained the same as the previous year. Additionally, the District has elected to appropriate \$2,115,905 of reserves towards the next year’s budget, which is an increase of \$396,641 over the previous year. A property tax increase of \$3,057,099 (2.87%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

Factors to consider that could influence future budgets:

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

C. Tax Cap

New York State law limits the annual increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation plus additional statutory adjustments to the tax levy limit. School districts may override the tax levy limit (tax cap) by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit; however, that budget must be approved by at least 60% of the votes cast. Based on the law, the District’s tax cap for 2025-2026 is 2.87%. The District’s 2025-2026 property tax levy increase 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, 2025

ASSETS	
Cash and Cash Equivalents	
Unrestricted	\$ 22,088,173
Restricted	96,835,870
Receivables	
Accounts receivable	706,244
Taxes receivable	2,338,569
Due from state and federal	3,986,536
Due from other governments	705,587
Prepays	100,000
Inventories	24,932
Capital assets not being depreciated	33,081,687
Capital assets being depreciated, net of accumulated depreciation	32,387,376
Net pension assets - proportionate share	<u>9,442,788</u>
 Total Assets	 <u>201,697,762</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>25,717,885</u>
 LIABILITIES	
Payables	
Accounts payable	5,038,160
Accrued liabilities	692,498
Due to other governments	109,698
Due to teachers' retirement system	6,975,173
Due to employees' retirement system	617,245
Compensated absences payable	230,245
Other liabilities	427,803
Unearned credits	
Collections in advance	49,076
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	584,017
Installment purchase debt payable	64,586
Compensated absences payable	550,974
Total other postemployment benefits liability	3,838,000
Due and payable after one year	
Bonds payable, net	11,130,819
Installment purchase debt payable	4,997
Compensated absences payable	3,268,074
Workers' compensation payable	1,345,085
Total other postemployment benefits liability	120,859,320
Net pension liabilities - proportionate share	<u>6,110,487</u>
 Total Liabilities	 <u>161,896,257</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions	11,833,206
Other postemployment benefits	<u>64,440,460</u>
 Total Deferred Inflows of Resources	 <u>76,273,666</u>
 NET POSITION (DEFICIT)	
Net investment in capital assets	<u>61,183,499</u>
Restricted	
Workers' compensation	3,194,665
Unemployment insurance	379,016
Retirement contribution	
Teachers' retirement system	5,871,791
Employees' retirement system	6,752,515
Employee benefit accrued liability	3,263,696
Capital	67,327,769
Debt	290,378
Scholarships	121,350
	<u>87,201,180</u>
Unrestricted (Deficit)	<u>(159,138,955)</u>
 Total Net Position (Deficit)	 <u>\$ (10,754,276)</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants		
FUNCTIONS/PROGRAMS					
General support	\$ 19,225,476	\$	\$	\$	\$ (19,225,476)
Instruction	114,552,333	527,935	5,940,989		(108,083,409)
Pupil transportation	9,965,886			450,000	(9,515,886)
Community services	224,253				(224,253)
Debt service - interest	172,626				(172,626)
Food service program	1,888,867	378,529	2,223,978		713,640
Total Functions/Programs	\$ 146,029,441	\$ 906,464	\$ 8,164,967	\$ 450,000	(136,508,010)
GENERAL REVENUES					
Real property taxes					99,993,896
Other tax items					7,921,685
Use of money and property					4,684,288
Sale of property and compensation for loss					227,644
Miscellaneous					1,068,112
State sources					52,916,193
Medicaid reimbursement					291,127
Total General Revenues					167,102,945
Change in Net Position (Deficit)					30,594,935
Total Net Position (Deficit) - Beginning of Year, as Previously Reported					(42,308,330)
Change in Accounting Principle					(434,305)
Error Correction					1,393,424
Total Net Position (Deficit) - Beginning of Year, as Restated					(41,349,211)
Total Net Position (Deficit) - End of Year					\$ (10,754,276)

BALDWIN UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025

	General	Special Aid	Capital Projects	Formerly Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
				School Food Service	Extraclassroom	Scholarships		
ASSETS								
Cash and Cash Equivalents								
Unrestricted	\$ 11,250,752	\$ 726,723	\$ 8,262,188	\$	\$	\$	\$ 1,848,510	\$ 22,088,173
Restricted	76,569,379		20,145,141				121,350	96,835,870
Receivables								
Accounts receivable	701,852						4,392	706,244
Taxes receivable	2,338,569							2,338,569
Due from other funds	2,791,782		24,200,000				290,378	27,282,160
Due from state and federal	2,791,650	1,028,439					166,447	3,986,536
Due from other governments	5,587		700,000					705,587
Prepays	100,000							100,000
Inventories							24,932	24,932
Total Assets	<u>\$ 96,549,571</u>	<u>\$ 1,755,162</u>	<u>\$ 53,307,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,456,009</u>	<u>\$ 154,068,071</u>
LIABILITIES								
Payables								
Accounts payable	\$ 2,796,283	\$ 123,432	\$ 2,115,410	\$	\$	\$	\$ 3,035	\$ 5,038,160
Accrued liabilities	494,988	5,777					1,821	502,586
Due to other funds	24,200,001	1,609,239	1,326,570				146,350	27,282,160
Due to other governments	92,671	16,714					313	109,698
Due to teachers' retirement system	6,975,173							6,975,173
Due to employees' retirement system	617,245							617,245
Compensated absences payable	230,245							230,245
Other liabilities	427,803							427,803
Unearned credits								
Collections in advance							49,076	49,076
Total Liabilities	<u>35,834,409</u>	<u>1,755,162</u>	<u>3,441,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,595</u>	<u>41,232,146</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	<u>423,864</u>		<u>700,000</u>					<u>1,123,864</u>
FUND BALANCES								
Nonspendable:								
Prepays	100,000							100,000
Inventories							24,932	24,932
Restricted:								
Workers' compensation	3,194,665							3,194,665
Unemployment insurance	379,016							379,016
Retirement contribution								
Teachers' retirement system	5,871,791							5,871,791
Employee's retirement system	6,752,515							6,752,515
Employee benefit accrued liability	3,263,696							3,263,696
Capital	32,907,696		34,420,073					67,327,769
Debt							290,378	290,378
Scholarships							121,350	121,350
Unspent bond proceeds			9,634,690					9,634,690
Assigned:								
Appropriated fund balance	800,000							800,000
Unappropriated fund balance	106,684		5,110,586				1,818,754	7,036,024
Unassigned: Fund balance	<u>6,915,235</u>							<u>6,915,235</u>
Total Fund Balances	<u>60,291,298</u>	<u>-</u>	<u>49,165,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255,414</u>	<u>111,712,061</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 96,549,571</u>	<u>\$ 1,755,162</u>	<u>\$ 53,307,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,456,009</u>	<u>\$ 154,068,071</u>

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

June 30, 2025

Total Governmental Fund Balances \$ 111,712,061

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

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

Original cost or present value of capital assets	\$ 129,471,253	
Less: Accumulated depreciation	<u>(64,002,190)</u>	65,469,063

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

Deferred outflows of resources	25,717,885	
Net pension asset - teachers' retirement system	9,442,788	
Net pension liability - employees' retirement system	(6,110,487)	
Deferred inflows of resources	<u>(11,833,206)</u>	17,216,980

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

Total other postemployment benefits liability	(124,697,320)	
Deferred inflows of resources	<u>(64,440,460)</u>	(189,137,780)

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

1,123,864

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

Accrued interest on debt	(189,912)	
Bonds payable, net	(11,714,836)	
Installment purchase debt payable	(69,583)	
Compensated absences payable	(3,819,048)	
Workers' compensation payable	<u>(1,345,085)</u>	(17,138,464)

Total Net Position (Deficit)		<u><u>\$ (10,754,276)</u></u>
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BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

	General	Special Aid	Capital Projects	Formerly Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
				School Food Service	Extraclassroom	Scholarships		
REVENUES								
Real property taxes	\$ 99,993,896	\$	\$	\$	\$	\$	\$	\$ 99,993,896
Other tax items	7,921,685							7,921,685
Charges for services	685,040							685,040
Use of money and property	4,498,917						185,371	4,684,288
Sale of property and compensation for loss	227,644							227,644
Miscellaneous	932,756						160,469	1,093,225
State sources	52,916,193	1,808,998	2,673,800				958,279	58,357,270
Medicaid reimbursement	291,127							291,127
Federal sources		4,128,491					1,265,699	5,394,190
Sales							378,529	378,529
Total Revenues	167,467,258	5,937,489	2,673,800	-	-	-	2,948,347	179,026,894
EXPENDITURES								
General support	16,808,515	213,311						17,021,826
Instruction	88,215,714	5,605,699					169,820	93,991,233
Pupil transportation	9,531,093	397,673						9,928,766
Community services								-
Employee benefits	31,076,864						219,119	31,295,983
Debt service, Principal								
Principal	63,094							63,094
Interest	3,139							3,139
Food service program							1,873,400	1,873,400
Capital outlay			8,110,348					8,110,348
Total Expenditures	145,698,419	6,216,683	8,110,348	-	-	-	2,262,339	162,287,789
Excess (Deficiency) of Revenues Over Expenditures	21,768,839	(279,194)	(5,436,548)	-	-	-	686,008	16,739,105
OTHER FINANCING SOURCES AND (USES)								
Proceeds of debt			11,000,000					11,000,000
Premium on obligations			600,000				135,261	735,261
Operating transfers in		279,194	21,825,000					22,104,194
Operating transfers (out)	(22,104,194)							(22,104,194)
Total Other Financing Sources and (Uses)	(22,104,194)	279,194	33,425,000	-	-	-	135,261	11,735,261
Net Change in Fund Balances	(335,355)	-	27,988,452	-	-	-	821,269	28,474,366
Fund Balances - Beginning of Year, as Previously Reported	60,626,653		21,176,897	1,208,222	94,823	131,100		83,237,695
Change Within Reporting Entity				(1,208,222)	(94,823)	(131,100)	1,434,145	-
Fund Balances - Beginning of Year, as Restated	60,626,653		21,176,897				1,434,145	83,237,695
Fund Balances - End of Year	\$ 60,291,298	\$ -	\$ 49,165,349	\$ -	\$ -	\$ -	\$ 2,255,414	\$ 111,712,061

BALDWIN UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the District-wide Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances		\$ 28,474,366
Amounts reported for governmental activities in the Statement of Activities are different because:		
<u>Long-Term Revenue and Expense Differences</u>		
Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.		\$ (2,402,518)
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 workers' compensation liabilities	(102,852)	
Increase in compensated absences payable	<u>(201,103)</u>	(2,706,473)
<u>Capital Related Differences</u>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation expense in the period.		
Capital outlays and other additions	8,544,650	
Depreciation expense	<u>(2,231,888)</u>	6,312,762
<u>Long-Term Debt Transaction Differences</u>		
Proceeds and premium from the issuance of bonds are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		(11,735,261)
The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities.		20,425
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Installment purchase debt payable		63,094
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 when it is due. This is the amount by which accrued interest increased from June 30, 2024 to June 30, 2025.		<u>(189,912)</u>
		(11,841,654)
<u>Pension and Other Postemployment Benefits Differences</u>		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	938,313	
Employees' retirement system	505,382	
Other postemployment benefits	<u>8,912,239</u>	10,355,934
Change in Net Position		<u>\$ 30,594,935</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2025

	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, 2025

	Custodial
ADDITIONS	
Real property taxes collected for the Library	\$ 4,699,177
DEDUCTIONS	
Disbursements of real property taxes to the Library	4,699,177
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 (“the 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 (“the Board”) consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

B. Joint Venture

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

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

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

Fund Financial Statements

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

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

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

The following are the District's nonmajor governmental funds:

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

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

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

Extraclassroom Activities Fund – is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activities fund are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activities fund can be found at the District’s Business Office.

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures

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

are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, workers' compensation, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes and Other Tax Items

Calendar

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

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County.

School Tax Relief (STAR) Aid

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

F. Payments in Lieu of Taxes (PILOT)

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q ("the LIPA Reform Act") enacted by the state in 2013. These LIPA payments are not the result of tax abatement agreements as defined by GASB, 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.

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.

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

H. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash 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 among the funds.

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents/Investments

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

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

L. Inventories and Prepaids Items

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.

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

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.

M. Capital Assets

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

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives as follows:

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

N. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District's deferred outflow 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.

O. Collections in Advance

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

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

P. Employee Benefits – Compensated Absences

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

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

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

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

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

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

Q. Other Benefits

Eligible District employees participate in the TRS or the ERS.

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

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

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

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

R. Long-Term Debt

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

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the district-wide financial statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

S. Deferred Inflows of Resources

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

T. Equity Classifications

District-Wide Statements

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

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

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

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

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

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

Retirement Contribution Reserve

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

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

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Restricted for Scholarships

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

Restricted – Unspent Bond Proceeds

Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

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

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

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

Fund Balance Classification

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

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

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

2. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash, or settled through noncash means.

See “Changes to or Within Reporting Entity, Change in Accounting Principle, and Correction of an Error in Previously Issued Financial Statements” Note for detailed information regarding the restatement.

3. FUTURE ACCOUNTING STANDARDS

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

Effective for the Year Ending	Statement
June 30, 2026	GASB No. 103 – <i>Financial Reporting Model Improvements</i>
June 30, 2026	GASB No. 104 – <i>Disclosure of Certain Capital Assets</i>

GASB Statement No. 103 was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

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 funds Balance Sheet, as applied to the reporting of capital assets, and deferred outflows of resources, long-term assets and liabilities, and deferred inflows of resources.

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

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

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 acquisition 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 payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

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

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

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

5. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

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

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

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

Program costs funded by donations	\$ 78,959
Auditorium, turf and electrical expenditures funded by use of the capital reserve	<u>18,100,000</u>
	<u>\$ 18,178,959</u>

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

B. Encumbrances

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

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

C. Net Position Deficit

As of June 30, 2025, the governmental activities reported a net position deficit of \$10,754,276. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liabilities on the statement of net position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liabilities on a “pay as you go” basis, has resulted in a negative net position. The District remains committed to its employees and retirees by continuing to make all required contributions to the pension plans and including these amounts in its annual budget to cover its share of the costs of postemployment health insurance coverage.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

Investment pool:

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

The District’s investments in NYCLASS consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. The dollar weighted average days to maturity (WAM) of NYCLASS at June 30, 2025, was 46 days and the weighted average life (WAL) was 77 days. These investments are included in cash as follows:

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

Fund	Carrying Amount
General	\$ 25,308,481
Capital projects	654,545
	\$ 25,963,026

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

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

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

Fund	Carrying Amount
General	\$ 17,115,698
Capital projects	13,622,992
	\$ 30,738,690

NYLAF reports investments at amortized cost, consistent with GASB standards. Amortized cost involves valuing a security at its original date of purchase, and, thereafter, amortizing any premium or accreting any discount on a straight-line basis to maturity. The lead agent of NYLAF is the Red Hook Central School District. Additional information concerning NYLAF, including the annual report, can be found on its website at www.nylaf.org. NYLAF merged with the NYCLASS effective July 1, 2025 and will operate under the NYCLASS name.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2025, the District was billed \$14,727,620 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,106,242. 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, 2025, consisted of:

General Fund	
New York State Aid - General Aid	\$ 52,757
New York State Aid - Excess Cost Aid	1,257,334
BOCES aid	1,481,559
	2,791,650
Special Aid Fund	
Federal and state grants	1,028,439
Nonmajor Funds	
Federal and state food service program reimbursements	166,447
	166,447
	\$ 3,986,536

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2025, consisted of:

General Fund	
Nassau County DSS	\$ 5,587
Capital Projects Fund	
Nassau County grant	100,000
Dormitory Authority of the State of New York	600,000
	600,000
	\$ 705,587

District management expects these amounts to be fully collectible.

10. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2025, were as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 2,791,782	\$ 24,200,001	\$	\$ 22,104,194
Special Aid Fund		1,609,239	279,194	
Capital Projects Fund	24,200,000	1,326,570	21,825,000	
Nonmajor Funds	290,378	146,350		
	290,378	146,350		
	\$ 27,282,160	\$ 27,282,160	\$ 22,104,194	\$ 22,104,194

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

The District typically transfers from the general fund to the special aid 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 capital projects fund was to provide funding for capital improvements based on the budget.

11. CAPITAL ASSETS/ERROR CORRECTION

A. Error Correction

During the year ended June 30, 2025, the District discovered a construction in progress item that was inadvertently excluded from the prior year capital assets inventory. As a result, it was necessary for the District to adjust the June 30, 2024 construction in progress capital asset by \$1,393,424.

B. Changes

Capital assets balances and activity for the year ended June 30, 2025, were as follows:

	As Restated Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,820,600	\$	\$	\$ 1,820,600
Construction in progress	<u>24,920,623</u>	<u>7,595,527</u>	<u>(1,255,063)</u>	<u>31,261,087</u>
Total capital assets not being depreciated	<u>26,741,223</u>	<u>7,595,527</u>	<u>(1,255,063)</u>	<u>33,081,687</u>
Capital assets being depreciated:				
Buildings and improvements	91,400,450	2,070,604		93,471,054
Furniture and equipment	<u>2,784,930</u>	<u>133,582</u>		<u>2,918,512</u>
Total capital assets being depreciated	<u>94,185,380</u>	<u>2,204,186</u>	<u>-</u>	<u>96,389,566</u>
Less accumulated depreciation for:				
Buildings and improvements	59,989,351	2,058,669		62,048,020
Furniture and equipment	<u>1,780,951</u>	<u>173,219</u>		<u>1,954,170</u>
Total accumulated depreciation	<u>61,770,302</u>	<u>2,231,888</u>	<u>-</u>	<u>64,002,190</u>
Total capital assets being depreciated, net	<u>32,415,078</u>	<u>(27,702)</u>	<u>-</u>	<u>32,387,376</u>
Capital assets, net	<u>\$ 59,156,301</u>	<u>\$ 7,567,825</u>	<u>\$ (1,255,063)</u>	<u>\$ 65,469,063</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 155,440
Instruction	2,060,981
Food service program	<u>15,467</u>
	<u>\$ 2,231,888</u>

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

C. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2025, the District has not recorded any such impairment losses.

12. LONG-TERM LIABILITIES

A. Changes

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

	*Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Long-term liabilities:					
Bonds payable	\$ -	\$ 11,000,000	\$ -	\$ 11,000,000	\$ 535,000
Add: premium on obligation	-	735,261	(20,425)	714,836	49,017
Installment purchase debt	132,677	-	(63,094)	69,583	64,586
Other long-term liabilities:					
Compensated absences*	3,617,945	201,103		3,819,048	550,974
Workers' compensation	1,242,233	918,797	(815,945)	1,345,085	
Total OPEB liability	<u>134,887,229</u>		<u>(10,189,909)</u>	<u>124,697,320</u>	<u>3,838,000</u>
	<u>\$139,880,084</u>	<u>\$ 1,119,900</u>	<u>\$ (11,068,948)</u>	<u>\$141,645,872</u>	<u>\$ 4,453,560</u>

* The beginning balance of compensated absences of \$3,183,640, as previously reported, was increased by \$434,305 to present the cumulative effect of GASB Statement No. 101.

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

Additions and reductions to compensated absences are shown net. The maturity of compensated absences is not determinable.

Workers' compensation claims liability includes an amount for incurred but not reported claims (IBNR), which the District estimated at 4.00% of case reserves for unpaid balances of incurred claims based on past valuations. It is not possible to determine the amount of workers' compensation claims liability that would be due within on year.

For total OPEB liability, see "Postemployment Healthcare Benefits" Note for additional information.

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Serial Bonds - Library	1/29/2025	2/1/2040	4.00% - 5.00%	<u>\$ 11,000,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 535,000	\$ 469,194	\$ 1,004,194
2027	545,000	455,850	1,000,850
2028	575,000	428,600	1,003,600
2029	605,000	399,850	1,004,850
2030	635,000	369,600	1,004,600
2031-2035	3,645,000	1,362,450	5,007,450
2036-2040	4,460,000	549,200	5,009,200
	<u>\$ 11,000,000</u>	<u>\$ 4,034,744</u>	<u>15,034,744</u>

C. Remedies Upon Default in Bond Payments

The bonds are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and remedies for enforcement of payment are not expressly included in the District's contract with such owners. Upon default in the payment of principal of or interest on the bonds at the suit of the owner, a court has the power, in proper and appropriate proceedings, to render judgment against the District. A court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy.

Section 99-b of the State Finance Law provides for a covenant between New York State and the purchasers and the holders and owners from time to time of the bonds issued by school districts in New York State. In the event a holder or owner of any bond issued by a school district for school purposes shall file with the Office of the New York State Comptroller (OSC), a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both. The OSC shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such state aid or assistance due to such school district such amount thereof as may be required to pay the principal of and interest on such bonds of such school district then in default. In the event such state aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the OSC shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such state aid or assistance due such school district such amount or amounts thereof as may be required to cure such default.

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

D. Premium on Obligation

The District issued serial bonds on January 29, 2025, and received a premium on obligation of \$735,261. This premium is being amortized as a component of interest expense on the straight-line basis over the life of the serial bond in the district-wide statements as follows:

<u>Year Ending June 30,</u>	<u>Amortization of Premium</u>
2026	\$ 49,017
2027	49,017
2028	49,017
2029	49,017
2030	49,017
2031-2035	245,087
2036-2040	<u>224,664</u>
Total	<u>\$ 714,836</u>

E. Installment Purchase Debt

Installment purchase debt is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2025</u>
Copiers	8/1/2022	7/31/2026	2.366%	<u>\$ 69,583</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 64,586	\$ 1,646	\$ 66,232
2027	4,997	119	5,116
	<u>\$ 69,583</u>	<u>\$ 1,765</u>	<u>\$ 71,348</u>

F. Interest Expense

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

Interest paid	\$ 3,139
Plus interest accrued in the current year	189,912
Less amortization of bond premium	<u>(20,425)</u>
Total interest expense on long-term debt	<u>\$ 172,626</u>

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

G. Authorized and Unissued Debt

On June 12, 2024, the District authorized the issuance of bonds not to exceed \$134,861,938 to finance the construction of additions and alterations to District facilities and sites. As of June 30, 2025, these bonds have not been issued.

H. Library Bond Obligation

On May 21, 2023, the voters of the District authorized the Board of Education to finance the construction of alterations and improvements to the Baldwin Public Library building in the amount of \$11,600,000. On January 29, 2025, the District issued serial bonds in the amount of \$11,000,000 in connection with this authorization. Although the bond issue is an obligation of the District, the Library Board has committed to raise funds through its budget and tax levy sufficient to transfer to the District for the ensuing debt service payments.

As of June 30, 2025, the District has incurred expenditures totaling \$1,965,310 that have been recorded in the capital projects fund.

As of June 30, 2025, the District is holding unspent bond proceeds totaling \$9,634,690 and interest earned on bond proceeds for the benefit of the Library. These funds will be used to reduce future debt service payments, which will be credited to the Library.

13. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

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

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.76% of covered payroll for the TRS' fiscal year ended June 30, 2024. The District's average contribution rate was 13.86% of covered payroll for the ERS' fiscal year ended March 31, 2025.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2025 was \$6,320,355 for TRS at the contribution rate of 10.11% and \$1,857,498 for ERS at an average contribution rate of 13.76%.

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

At June 30, 2025, 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, 2024, for TRS and March 31, 2025 for ERS. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2024	March 31, 2025
District's proportionate share of the net pension asset/(liability)	\$ 9,442,788	\$ (6,110,487)
District's portion of the Plan's net pension liability	0.316489%	0.0356386%
Change in proportion since the prior measurement date	(0.006100)	(0.0021561)

For the year ended June 30, 2025, the District recognized a pension expense of \$5,315,284 for TRS and \$1,348,095 for ERS. At June 30, 2025, 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	\$ 10,168,148	\$ 1,516,664	\$	\$ 71,542
Changes of assumptions	5,648,701	256,262	950,164	
Net difference between projected and actual earnings on pension plan investments		479,412	10,491,742	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	506,435	204,663	74,401	245,357
District contributions subsequent to the measurement date	<u>6,320,355</u>	<u>617,245</u>		
Total	<u>\$ 22,643,639</u>	<u>\$ 3,074,246</u>	<u>\$ 11,516,307</u>	<u>\$ 316,899</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, 2026. 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>
2026	\$ (4,724,984)	\$ 1,079,243
2027	11,665,105	1,560,636
2028	(1,806,729)	(526,733)
2029	(2,073,344)	26,956
2030	1,245,866	
Thereafter	<u>501,063</u>	
	<u>\$ 4,806,977</u>	<u>\$ 2,140,102</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, 2024	March 31, 2025
Actuarial valuation date	June 30, 2023	April 1, 2024
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.30%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021 for June 30, 2024 and June 30, 2023, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For TRS, assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2021. The assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report. 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* and generally accepted accounting principles. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2024		March 31, 2025
Asset class				
Domestic equity	33.0%	6.60%	25.0%	3.54%
International equity	15.0%	7.40%	14.0%	6.57%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.30%	12.0%	4.95%
Private equities	9.0%	10.00%	15.0%	7.25%
Alternatives investments			11.0%	5.25-5.55%
Domestic fixed income	16.0%	2.60%		
High-yield bonds	1.0%	4.80%		
Global bonds	2.0%	2.50%		
Fixed income			22.0%	2.00%
Private debt	2.0%	5.90%		
Real estate debt	6.0%	3.90%		
Cash equivalents	1.0%	0.50%		
Cash			1.0%	0.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.9% for ERS.

Discount Rate

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

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

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

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

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset/(liability)	<u>\$ (43,616,781)</u>	<u>\$ 9,442,788</u>	<u>\$ 54,067,309</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>\$ (17,684,519)</u>	<u>\$ (6,110,487)</u>	<u>\$ 3,553,837</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, 2024	March 31, 2025
Employers' total pension liability	\$ (142,837,827)	\$ (247,600,239)
Plan fiduciary net position	<u>145,821,435</u>	<u>230,454,512</u>
Employers' net pension asset/(liability)	<u>\$ 2,983,608</u>	<u>\$ (17,145,727)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	102.09%	93.08%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025, are paid to the system in September, October, and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025, represent employer and employee contributions for the fiscal year ended June 30, 2025, 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, 2025 amounted to \$6,320,355 of employer contributions and \$654,818 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, 2025, represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$617,245 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, 2025, totaled \$20,000 and \$3,593,993, 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, 2025 totaled \$257,850.

15. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At July 1, 2023 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	438
Inactive employees entitled to but not yet receiving benefits	-
Active employees	758
	1,196

B. Total OPEB Liability

The District’s total OPEB liability of \$124,697,320 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

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

Inflation	3.00%	
Salary increases	2.50%	average, including inflation
Discount rate	4.80%	
Healthcare cost trend rates	6.75%	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 High Grade Rate Index.

Mortality rates were based on the SOA RP-2014 Total Dataset, as appropriate, with adjustments for mortality improvements based on SOA Scale MP-2021.

The actuarial assumptions used in the June 30, 2025 valuation were based on the combined experience of the New York State Employees Retirement System and the New York State Teachers Retirement System as outlined in Aon's *New York State/SUNY – Development of Recommended Actuarial Assumptions for Other Post Employment Benefits Plans Actuarial Valuations – Participating District Version – June 2024* report.

C. Changes in the Total OPEB Liability

Balance at June 30, 2024	<u>\$ 134,887,229</u>
Changes for the year	
Service cost	4,173,547
Interest on total OPEB liability	5,323,748
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(16,100,155)
Benefit payments	<u>(3,587,049)</u>
	<u>(10,189,909)</u>
Balance at June 30, 2025	<u><u>\$ 124,697,320</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.00% in 2024 to 4.80% in 2025, and changes in retirement rates, termination rates, age-adjusted premiums, as well as, healthcare cost trend rates.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.80%) or 1 percentage point higher (5.80%) than the current discount rate:

OPEB	1% Decrease 3.80%	Discount Rate 4.80%	1% Increase 5.80%
Total OPEB liability	<u>\$ (145,316,514)</u>	<u>\$ (124,697,320)</u>	<u>\$ (108,264,952)</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 (5.75%) or 1 percentage point higher (7.75%) than the current healthcare cost trend rate:

	1% Decrease 5.75%	Healthcare Cost Trend Rates 6.75%	1% Increase 7.75%
OPEB	decreasing to 3.50%	decreasing to 4.50%	decreasing to 5.50%
Total OPEB liability	<u>\$ (105,571,340)</u>	<u>\$ (124,697,320)</u>	<u>\$ (148,996,760)</u>

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

For the year ended June 30, 2025, the District recognized OPEB (credit) of \$(5,323,748). At June 30, 2025, the District reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,585,587
Changes of assumptions or other inputs	<u>38,854,873</u>
Total	<u>\$ 64,440,460</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (16,929,217)
2027	(20,152,446)
2028	(23,230,171)
2029	<u>(4,128,626)</u>
	<u>\$ (64,440,460)</u>

16. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2025, 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, 2025, consists of \$38,961 of donations pledged, \$9,998 for school lunch deposits and \$374,905 for uncollected tuition billings from school districts, for a total \$423,864.

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

Also included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2025, are amounts due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act), and grant funding to be used towards the construction of a school based health center and nurses' office at Baldwin High School and Baldwin Middle School to assist in the physical and mental health of the students, due from Nassau County, and Long Island FQHC, Inc. Unavailable revenues in the capital projects fund at June 30, 2025 consists of \$450,000 from New York State, and \$250,000 from Nassau County for the school based health centers.

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:

	2024	2025
Unpaid claims at beginning of year	\$ 1,242,233	\$ 1,242,233
Incurred claims and adjustments	1,052,783	918,797
Claim payments	(1,052,783)	(815,945)
Unpaid claims at year-end	\$ 1,242,233	\$ 1,345,085

At June 30, 2025, the District had \$3,194,665 of funds in the worker's compensation reserve.

18. CHANGES TO OR WITHIN REPORTING ENTITY, CHANGE IN ACCOUNTING PRINCIPLE, AND CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the year ended June 30, 2025, the District reclassified the following major funds to nonmajor funds: school food service fund, extraclassroom activities fund, and scholarships fund. This change is a voluntary presentation change made to improve the clarity of the financial statements and has no impact on the overall governmental fund balances. The funds were previously presented as major funds, but changes in financial activity during the current year now justify the nonmajor classification.

Additionally, for the year ended June 30, 2025, the District implemented GASB Statement No. 101, which established a unified recognition and measurement model for compensated absences. Under the new guidance, accumulated time for leave available for use that was previously an unrecorded liability is now recognized.

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

Lastly, the District discovered a construction in progress item that was inadvertently excluded from the prior year capital assets inventory. As a result, it was necessary for the District to adjust the June 30, 2024 construction in progress capital asset by \$1,393,424.

The following is a summary of these reporting entity and accounting principle changes:

	As Reported June 30, 2024	Changes to or Within Reporting Entity	Change in Accounting Principle	Error Corrections	As Restated June 30, 2024
Government-wide					
Compensated absences	\$ 3,183,640		\$ 434,305	\$	\$ 3,617,945
Net Position (Deficit)	<u>\$(42,308,330)</u>		<u>\$ (434,305)</u>	<u>\$</u>	<u>\$(42,742,635)</u>
Capital Assets, Net	<u>\$ 57,762,877</u>			<u>\$ 1,393,424</u>	<u>\$ 59,156,301</u>
Net Investment in Capital Assets	<u>\$ 56,152,090</u>		<u>\$</u>	<u>\$ 1,393,424</u>	<u>\$ 57,545,514</u>
Governmental Funds					
Major Funds					
School Food Service	\$ 1,208,222	\$ (1,208,222)	\$	\$	\$ -
Extraclassroom Activities	84,823	(84,823)		-	-
Scholarships	131,100	(131,100)		-	-
Nonmajor Funds	<u>-</u>	<u>1,424,145</u>		<u>-</u>	<u>1,424,145</u>
	<u>\$ 1,424,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,424,145</u>

19. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which is reported in the June 30, 2025 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2026.

Workers' compensation	\$ 500,000
Retirement contribution - TRS	215,905
Retirement contribution - ERS	<u>1,400,000</u>
	<u>\$ 2,115,905</u>

20. ASSIGNED APPROPRIATED FUND BALANCE

The amount of \$800,000 has been appropriated to reduce taxes for the year ending June 30, 2026.

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

21. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	May 2011	May 2015	May 2017	May 2019	May 2022	May 2023	May 2025	
Number of Years to Fund	5	5	5	5	10	5	5	
Maximum Funding	\$ 5,000,000	\$ 5,000,000	\$ 15,000,000	\$ 25,000,000	\$ 15,000,000	\$ 25,000,000	\$ 25,000,000	
								Total
General Fund								
Funding Provided	\$ 5,000,000	\$ 5,000,000	\$ 15,000,000	\$ 25,000,000	\$ 10,400,000	\$ 22,897,078	\$ 5,397,441	\$ 88,694,519
Interest Earnings	33,854	21,263	203,137	4,135,770	691,926	657,832	-	5,743,782
Use of Reserve	(5,033,854)	(5,021,263)	(15,203,137)	(29,135,770)	(1,195,000)	(5,941,581)		(61,530,605)
	-	-	-	-	9,896,926	17,613,329	5,397,441	32,907,696
Capital Projects Fund								
Funding Provided	5,033,854	5,021,263	15,203,137	29,135,770		5,941,581		60,335,605
Use of Reserve	(4,562,791)	(4,835,854)	(4,494,459)	(11,281,866)	-	(740,562)	-	(25,915,532)
	471,063	185,409	10,708,678	17,853,904	-	5,201,019	-	34,420,073
Balance as of June 30, 2025	\$ 471,063	\$ 185,409	\$ 10,708,678	\$ 17,853,904	\$ 9,896,926	\$ 22,814,348	\$ 5,397,441	\$ 67,327,769

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 \$892,730. The District received PILOT payments totaling \$123,348.

In addition, the District recognized \$1,237,822 in LIPA PILOT, which is included in "other items" revenue; however, these payments are not the result of a tax abatement.

23. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2025, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	
Capital Projects	\$ 19,168,695
Assigned: Unappropriated Fund Balance	
General Fund	
General Support	72,890
Instruction	32,397
Pupil Transportation	1,397
	<u>106,684</u>
	<u>\$ 19,275,379</u>

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

B. Grants

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

C. Litigation

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

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.

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, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 98,500,131	\$ 99,993,896	\$ 99,993,896	\$ -
Other tax items	9,302,578	7,808,813	7,921,685	112,872
Charges for services	392,000	392,000	685,040	293,040
Use of money and property	815,000	815,000	4,498,917	3,683,917
Sale of property and compensation for loss	70,000	70,000	227,644	157,644
Miscellaneous	500,000	578,959	932,756	353,797
Total Local Sources	109,579,709	109,658,668	114,259,938	4,601,270
State Sources	51,566,932	51,566,932	52,916,193	1,349,261
Medicaid Reimbursement	250,000	250,000	291,127	41,127
Total Revenues	161,396,641	161,475,600	167,467,258	\$ 5,991,658
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	800,000	800,000		
Prior Year's Encumbrances	168,108	168,108		
Appropriated Reserves	1,719,264	19,819,264		
Total Appropriated Fund Balance	2,687,372	20,787,372		
Total Revenues and Appropriated Fund Balance	\$ 164,084,013	\$ 182,262,972		

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, 2025

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 181,580	\$ 194,023	\$ 177,983	\$	\$ 16,040
Central administration	475,701	654,299	513,617		140,682
Finance	1,407,170	1,345,139	1,273,342	50,578	21,219
Staff	1,345,912	1,614,211	1,564,277	21,172	28,762
Central services	13,284,790	13,441,647	11,408,824	1,140	2,031,683
Special items	1,799,490	1,871,837	1,870,472		1,365
Total General Support	<u>18,494,643</u>	<u>19,121,156</u>	<u>16,808,515</u>	<u>72,890</u>	<u>2,239,751</u>
Instruction					
Administration & improvement	7,927,944	7,717,151	7,373,994		343,157
Teaching - regular school	45,121,520	45,374,413	43,140,827	6,852	2,226,734
Programs for students with disabilities	26,609,649	26,548,036	24,977,143		1,570,893
Occupational education	1,665,239	1,642,888	1,459,486		183,402
Teaching - special schools	412,270	414,546	331,355		83,191
Instructional media	2,870,602	3,068,389	2,781,224	14,600	272,565
Pupil services	8,311,857	8,336,794	8,151,685	10,945	174,164
Total Instruction	<u>92,919,081</u>	<u>93,102,217</u>	<u>88,215,714</u>	<u>32,397</u>	<u>4,854,106</u>
Pupil Transportation	9,668,159	9,685,559	9,531,093	1,397	153,069
Community Services	16,290	16,290	-		16,290
Employee Benefits	38,714,975	37,900,652	31,076,864		6,823,788
Debt Service					
Principal		63,094	63,094		-
Interest		3,139	3,139		-
Total Debt Service	<u>-</u>	<u>66,233</u>	<u>66,233</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>159,813,148</u>	<u>159,892,107</u>	<u>145,698,419</u>	<u>106,684</u>	<u>14,087,004</u>
OTHER FINANCING USES					
Operating Transfers Out	4,270,865	22,370,865	22,104,194		266,671
Total Expenditures and Other Uses	<u>\$ 164,084,013</u>	<u>\$ 182,262,972</u>	<u>167,802,613</u>	<u>\$ 106,684</u>	<u>\$ 14,353,675</u>
Net Change in Fund Balance			(335,355)		
Fund Balance - Beginning of Year			<u>60,626,653</u>		
Fund Balance - End of Year			<u>\$ 60,291,298</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.

See Paragraph on Required Supplementary Information Included in Auditor's Report

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

Teachers' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.316489%	0.322589%	0.320692%	0.327396%	0.328226%	0.328629%	0.332811%	0.331337%	0.336514%	0.337122%
District's proportionate share of the net pension asset/(liability)	\$ 9,442,788	\$ (3,689,081)	\$ (6,153,740)	\$ 56,734,551	\$ (9,069,759)	\$ 8,537,814	\$ 6,018,099	\$ 2,518,487	\$ (3,604,205)	\$ 35,016,246
District's covered payroll	\$ 61,467,340	\$ 60,451,098	\$ 57,551,353	\$ 56,273,147	\$ 56,173,739	\$ 55,527,365	\$ 54,772,731	\$ 53,053,999	\$ 52,511,599	\$ 50,866,654
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.36 %	6.10 %	10.69 %	100.82 %	16.15 %	15.38 %	10.99 %	4.75 %	6.86 %	68.84 %
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0356386%	0.0377947%	0.0365519%	0.0365569%	0.0349923%	0.0370500%	0.0375466%	0.0378002%	0.0379443%	0.0379443%
District's proportionate share of the net pension asset/(liability)	\$ (6,110,487)	\$ (5,564,902)	\$ (7,838,193)	\$ 2,988,378	\$ (34,843)	\$ (9,811,058)	\$ (2,660,287)	\$ (1,270,771)	\$ (3,551,795)	\$ (6,090,159)
District's covered payroll	\$ 13,335,773	\$ 11,373,613	\$ 11,922,421	\$ 11,851,147	\$ 11,496,996	\$ 10,815,145	\$ 11,643,877	\$ 11,488,956	\$ 11,870,191	\$ 9,998,839
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	45.82 %	48.93 %	65.74 %	25.22 %	0.30 %	90.72 %	22.85 %	11.06 %	29.92 %	60.91 %
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.32%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%

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

Teachers' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 6,320,355	\$ 5,999,213	\$ 6,220,418	\$ 5,640,033	\$ 5,353,357	\$ 4,985,801	\$ 5,822,791	\$ 5,298,529	\$ 6,140,921	\$ 6,843,827
Contributions in relation to the contractually required contribution	<u>6,320,355</u>	<u>5,999,213</u>	<u>6,220,418</u>	<u>5,640,033</u>	<u>5,353,357</u>	<u>4,985,801</u>	<u>5,822,791</u>	<u>5,298,529</u>	<u>6,140,921</u>	<u>6,843,827</u>
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	\$ 62,515,879	\$ 61,467,340	\$ 60,451,098	\$ 57,551,353	\$ 56,273,147	\$ 56,173,739	\$ 55,527,365	\$ 54,772,731	\$ 53,053,999	\$ 52,511,599
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	9%	10%	10%	12%	13%

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,857,498	\$ 1,514,164	\$ 1,344,673	\$ 1,561,736	\$ 1,644,259	\$ 1,579,358	\$ 1,596,286	\$ 1,703,472	\$ 1,546,166	\$ 1,813,354
Contributions in relation to the contractually required contribution	<u>1,857,498</u>	<u>1,514,164</u>	<u>1,344,673</u>	<u>1,561,736</u>	<u>1,644,259</u>	<u>1,579,358</u>	<u>1,596,286</u>	<u>1,703,472</u>	<u>1,546,166</u>	<u>1,813,354</u>
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	\$ 13,500,753	\$ 15,343,986	\$ 12,391,935	\$ 11,818,456	\$ 11,714,449	\$ 10,798,523	\$ 11,620,929	\$ 11,545,953	\$ 11,498,370	\$ 10,235,183
Contributions as a percentage of covered payroll	14%	10%	11%	13%	14%	15%	14%	15%	13%	18%

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 4,173,547	\$ 4,102,375	\$ 7,022,979	\$ 11,893,607	\$ 9,552,767	\$ 7,343,407	\$ 6,346,803	\$ 6,044,574
Interest on total OPEB liability	5,323,748	6,771,053	6,310,199	4,272,590	4,612,177	4,967,600	4,937,794	4,709,195
Changes in benefit terms	-	(58,702)	-	31,884	-	-	-	-
Differences between expected and actual experience	-	(37,493,325)	-	(11,287,288)	-	12,234,718	-	-
Changes of assumptions or other inputs	(16,100,155)	(10,245,090)	(6,360,162)	(55,589,779)	21,544,098	10,327,929	14,747,077	-
Benefit payments	(3,587,049)	(3,611,666)	(4,192,700)	(3,103,765)	(2,916,149)	(2,973,386)	(2,921,507)	(2,943,048)
Net change in total OPEB liability	(10,189,909)	(40,535,355)	2,780,316	(53,782,751)	32,792,893	31,900,268	23,110,167	7,810,721
Total OPEB liability, beginning	134,887,229	175,422,584	172,642,268	226,425,019	193,632,126	161,731,858	138,621,691	130,810,970
Total OPEB liability, ending	<u>\$ 124,697,320</u>	<u>\$ 134,887,229</u>	<u>\$ 175,422,584</u>	<u>\$ 172,642,268</u>	<u>\$ 226,425,019</u>	<u>\$ 193,632,126</u>	<u>\$ 161,731,858</u>	<u>\$ 138,621,691</u>
Covered employee payroll	\$ 64,904,736	\$ 64,904,736	\$ 62,609,805	\$ 62,609,805	\$ 63,183,674	\$ 63,183,674	\$ 60,382,229	\$ 60,382,229
Total OPEB liability as a percentage of covered employee payroll	192.12%	207.82%	280.18%	275.74%	358.36%	306.46%	267.85%	229.57%
Discount rate	4.80%	4.00%	3.90%	3.70%	1.90%	2.40%	3.10%	3.60%
Healthcare trend rates	6.75% to 4.5% by 2032	6.75% to 4.5% by 2032	8.0% to 4.5% by 2028	8.0% to 4.5% by 2028	8.5% to 4.5% by 2026	8.5% to 4.5% by 2026	9.0% to 5.0% by 2024	9.5% to 5.0% by 2024

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

Note to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria as set forth by GASB to pay related benefits.

BALDWIN UNION FREE SCHOOL DISTRICT
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

	School Food Service	Debt Service	Extraclassroom Activities	Scholarships	Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	\$ 1,753,288	\$	\$ 95,222	\$	\$ 1,848,510
Restricted				121,350	121,350
Receivables					
Accounts receivable	4,392				4,392
Due from other funds		290,378			290,378
Due from state and federal	166,447				166,447
Inventories	24,932				24,932
	<u>24,932</u>				<u>24,932</u>
Total Assets	<u>\$ 1,949,059</u>	<u>\$ 290,378</u>	<u>\$ 95,222</u>	<u>\$ 121,350</u>	<u>\$ 2,456,009</u>
LIABILITIES					
Payables					
Accounts payable	\$ 3,035	\$	\$	\$	\$ 3,035
Accrued liabilities	1,821				1,821
Due to other funds	146,350				146,350
Due to other governments	313				313
Unearned credits					
Collections in advance	49,076				49,076
	<u>49,076</u>				<u>49,076</u>
Total Liabilities	<u>200,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,595</u>
FUND BALANCES					
Nonspendable: Inventories	24,932				24,932
Restricted:					
Debt		290,378			290,378
Scholarships				121,350	121,350
Assigned: Unappropriated fund balance	1,723,532		95,222		1,818,754
	<u>1,723,532</u>		<u>95,222</u>		<u>1,818,754</u>
Total Fund Balances	<u>1,748,464</u>	<u>290,378</u>	<u>95,222</u>	<u>121,350</u>	<u>2,255,414</u>
Total Liabilities and Fund Balances	<u>\$ 1,949,059</u>	<u>\$ 290,378</u>	<u>\$ 95,222</u>	<u>\$ 121,350</u>	<u>\$ 2,456,009</u>

BALDWIN UNION FREE SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	School Food Service	Debt Service	Extraclassroom Activities	Scholarships	Nonmajor Governmental Funds
REVENUES					
Use of money and property	\$ 30,254	\$ 155,117	\$	\$	\$ 185,371
Miscellaneous			156,969	3,500	160,469
State sources	958,279				958,279
Federal sources	1,265,699				1,265,699
Sales	378,529				378,529
Total Revenues	2,632,761	155,117	156,969	3,500	2,948,347
EXPENDITURES					
Instruction			156,570	13,250	169,820
Employee benefits	219,119				219,119
Food service program	1,873,400				1,873,400
Total Expenditures	2,092,519	-	156,570	13,250	2,262,339
Excess (Deficiency) of Revenues Over Expenditures	540,242	155,117	399	(9,750)	686,008
OTHER FINANCING SOURCES (USES)					
Premium on obligation		135,261			135,261
Net Change in Fund Balances	540,242	290,378	399	(9,750)	821,269
Fund Balances - Beginning of Year, as Previously Reported	-	-	-	-	-
Change Within Reporting Entity	1,208,222		94,823	131,100	1,434,145
Fund Balances - Beginning of Year, as Restated	1,208,222	-	94,823	131,100	1,434,145
Fund Balances (Deficit) - End of Year	<u>\$ 1,748,464</u>	<u>\$ 290,378</u>	<u>\$ 95,222</u>	<u>\$ 121,350</u>	<u>\$ 2,255,414</u>

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, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 163,915,905
Additions:	
Prior year's encumbrances	168,108
Original Budget	164,084,013
Budget revisions	18,178,959
Final Budget	\$ 182,262,972

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-2026 voter-approved expenditure budget	\$ 172,880,888
Maximum allowed (4% of 2025-2026 budget)	\$ 6,915,235
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 906,684
Unassigned fund balance	6,915,235
	\$ 7,821,919
Less:	
Appropriated fund balance	800,000
Encumbrances	106,684
Total adjustments	906,684
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	\$ 6,915,235
Actual Percentage	4.00%

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For the Year Ended June 30, 2025

PROJECT TITLE	Budget		Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2025
	June 30, 2024	June 30, 2025	Prior Years	Current Year	Total		Proceeds of Debt	State & Other Aid	Local Sources	Total	
Middle School-Cameras & Lighting	\$ 105,910	\$ 105,910	\$ 34,830	\$	\$ 34,830	\$ 71,080	\$	\$ 105,910	\$ 105,910	\$ 71,080	
2010-2011 Capital Improvements	547,000	547,000	477,073		477,073	69,927		547,000	547,000	69,927	
2011-2012 Capital Reserve Projects	1,200,000	1,200,000	1,126,857		1,126,857	73,143		1,200,000	1,200,000	73,143	
2013-2014 Capital Reserve Projects	1,330,453	1,330,453	1,317,753		1,317,753	12,700	108,390	1,222,063	1,330,453	12,700	
2014-2015 Capital Reserve Projects	1,500,000	1,500,000	1,141,180	(13,200)	1,127,980	372,020		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	24,254	
2017-2018 Capital Reserve Projects	1,095,175	10,959,175	10,535,317	239,221	10,774,538	184,637		10,959,175	10,959,175	184,637	
2019-20 Capital Improvements	1,230,500	1,230,500	1,101,192		1,101,192	129,308		1,230,500	1,230,500	129,308	
2020-21 Locker Upgrades	883,454	883,454	883,000		883,000	454	50,000	833,454	883,454	454	
2020-21 Capital Improvements	1,529,046	1,529,046	1,528,550		1,528,550	496		1,529,046	1,529,046	496	
2021-22 Capital Improvements	2,362,500	2,362,500	1,848,718	169,502	2,018,220	344,280		2,362,500	2,362,500	344,280	
2022-23 Capital Improvements	3,725,000	3,725,000	1,638,973	373,757	2,012,730	1,712,270		3,725,000	3,725,000	1,712,270	
2023-24 Capital Improvements	3,725,000	3,725,000	290,304	302,880	593,184	3,131,816		3,725,000	3,725,000	3,131,816	
2024-25 Capital Improvements		3,725,000		1,023,613	1,023,613	2,701,387		3,725,000	3,725,000	2,701,387	
2022-23 Capital Reserve Projects	16,100,000	16,100,000	10,889,592	392,274	11,281,866	4,818,134		16,100,000	16,100,000	4,818,134	
2023-24 Capital Reserve Projects	11,600,000	11,600,000	171,607	289,289	460,896	11,139,104		11,600,000	11,600,000	11,139,104	
2024-25 Capital Reserve Projects		18,100,000		279,665	279,665	17,820,335		18,100,000	18,100,000	17,820,335	
High School-Electric Sign	192,284	192,284	179,300		179,300	12,984	181,250	11,034	192,284	12,984	
High School Wellness Center	240,000	690,000	58,862	603,254	662,116	27,884	690,000		690,000	27,884	
Middle School Wellness Center	150,000	150,000	80,771		80,771	69,229	150,000		150,000	69,229	
Smart Schools Bond Project	2,673,800	2,673,800	2,673,800		2,673,800	-	2,673,800		2,673,800	-	
2024-2025 Bond		134,861,938		2,484,783	2,484,783	132,377,155	134,861,938		134,861,938	132,377,155	
2024-2025 Library Bond		11,600,000		1,965,310	1,965,310	9,634,690	11,000,000	600,000	11,600,000	9,634,690	
Totals	\$ 50,665,122	\$ 229,266,060	\$ 36,428,425	\$ 8,110,348	\$ 44,538,773	\$ 184,727,287	\$ 145,861,938	\$ 3,853,440	\$ 79,550,682	\$ 229,266,060	184,727,287
									Revenue not yet recognized		(134,861,938)
									Grants not yet received		(700,000)
											\$ 49,165,349

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2025

Capital assets, net	<u>\$ 65,469,063</u>
Deduct:	
Capital related accounts payable	2,115,410
Short-term portion of bonds payable	535,000
Long-term portion of bonds payable	10,465,000
Premium on bonds payable	735,261
Less: Unspent bond proceeds	(9,634,690)
Short-term portion of installment purchase debt	64,586
Long-term portion of installment purchase debt	4,997
	<u>4,285,564</u>
Net investment in capital assets	<u><u>\$ 61,183,499</u></u>



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

To the Board of Education
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 aggregate remaining fund information of the Baldwin Union Free School District ("the District"), as of and for the year ended June 30, 2025, 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 26, 2025. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Baldwin Union Free School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Baldwin Union Free School District in a separate letter dated September 26, 2025.

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

Port Jefferson Station, New York
September 26, 2025

