BALDWIN UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2026

BALDWIN UNION FREE SCHOOL DISTRICT
Baldwin, New York

BALDWIN UNION FREE SCHOOL DISTRICT
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CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller 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.

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, notes to required supplementary information – budgetary comparison, 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 14 and 53 through 58, 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 Baldwin Union Free School District's basic financial statements. The accompanying combining nonmajor funds financial statements on pages 59 and 60 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 61 through 63 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 October 7, 2026, 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.

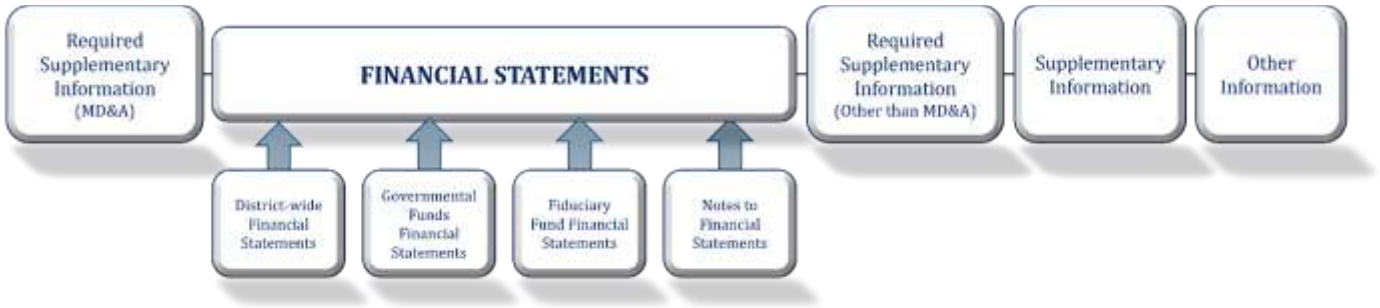
Cullen & Danowski, LLP

Port Jefferson Station, New York
October 7, 2026

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, 2026 in comparison with the year ended June 30, 2025, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to the financial statements, required supplementary information (RSI), supplementary information, and other information which immediately follow this section.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Governmental Funds Financial Statements

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

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, 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 funds financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental funds statements provide a detailed short-term view of the District's operations and the services it provides.

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

The District maintains 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.

2. FINANCIAL SUMMARY AND DETAILED ANALYSIS

A. Net Position

The net position summary has been consolidated and reclassified from the prior year's presentation to align with the reporting format required by the implementation of GASB Statement No. 103. The District's total net position increased by $38,826,476 between fiscal years 2026 and 2025. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position, follows:

	2026	2025	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 148,696,304	$ 136,228,699	$ 12,467,605	9.15 %
Capital Assets, Net	80,732,690	65,469,063	15,263,627	23.31 %
Total Assets	229,428,994	201,697,762	27,731,232	13.75 %
Deferred Outflows of Resources	30,774,036	25,717,885	5,056,151	19.66 %
Liabilities				
Current and Other Liabilities	14,777,810	14,139,898	637,912	4.51 %
Long-Term Liabilities	138,160,391	147,756,359	(9,595,968)	(6.49)%
Total Liabilities	152,938,201	161,896,257	(8,958,056)	(5.53)%
Deferred Inflows of Resources	79,192,629	76,273,666	2,918,963	3.83 %
Net Position (Deficit)				
Net Investment in Capital Assets	69,041,409	61,183,499	7,857,910	12.84 %
Restricted	117,226,370	87,201,180	30,025,190	34.43 %
Unrestricted (Deficit)	(158,195,579)	(159,138,955)	943,376	(0.59)%
Total Net Position (Deficit)	$ 28,072,200	$ (10,754,276)	$ 38,826,476	361.03 %

The increase in current and other assets is primarily related to the District's share of the New York State Teachers' Retirement System's (TRS) net pension assets – proportionate share, at the measurement date of the respective year.

The change in long-term liabilities is primarily related to the following:

- Decrease in OPEB liability of $4,532,531 based on the actuarial valuation of the Plan.
- Decrease of $4,087,754 in the District's share of the New York State and Local Employees' Retirement System's (ERS) net pension liability – proportionate share at the measurement date, which is 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.

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

B. Changes in Net Position

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

	2026	2025	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 1,145,507	$ 527,935	$ 617,572	116.98 %
Operating Grants & Contributions	6,899,382	8,164,967	(1,265,585)	(15.50)%
Capital Grants	-	450,000	(450,000)	(100.00)%
General Revenues				
Real Property Taxes and STAR	110,192,702	106,372,709	3,819,993	3.59 %
State Sources	56,172,398	52,916,193	3,256,205	6.15 %
Other	7,794,366	8,192,572	(398,206)	(4.86)%
Total Revenues	182,204,355	176,624,376	5,579,979	3.16 %
Expenses				
General Support	18,956,583	19,225,476	(268,893)	(1.40)%
Instruction	109,774,294	114,552,333	(4,778,039)	(4.17)%
Pupil Transportation	12,151,246	9,965,886	2,185,360	21.93 %
Community Services	109,128	224,253	(115,125)	(51.34)%
Debt Service - Interest	421,849	172,626	249,223	144.37 %
Food Service Program	1,964,779	1,888,867	75,912	4.02 %
Total Expenses	143,377,879	146,029,441	(2,651,562)	(1.82)%
Change in Net Position	$ 38,826,476	$ 30,594,935	$ 8,231,541	26.90 %

The District's net position increased by $38,826,476 and $30,594,935, for the years ended June 30, 2026 and 2025, respectively.

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

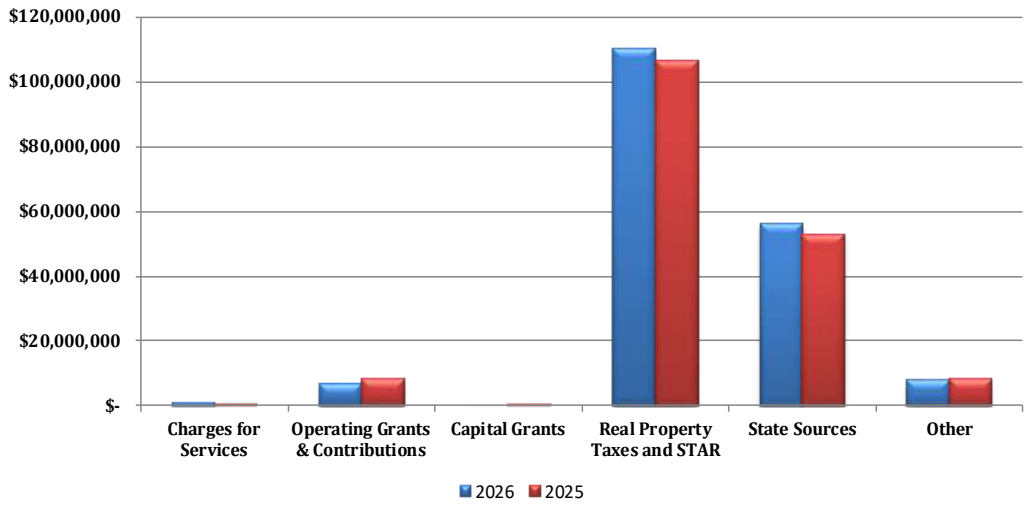
- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2025-2026 budget.
- State sources increased due to the District receiving more foundation aid, excess cost aid and transportation aid.
- Operating grants and contributions decreased due to the completion of federally funded COVID-19 relief programs. During the prior year, the District recognized significant revenue from Coronavirus Response and Relief Supplemental Appropriations (CRSSA) Act and American Rescue Plan (ARP) Act grants, including ESSER funding. Those grants were substantially expended and recognized in the prior year, resulting in lower operating grant revenue in the current year.

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

- Instruction decreased based on the impact of the allocation of the net change in actuarially determined expenses for TRS, ERS, and OPEB costs.
- Pupil transportation increased due to higher costs under the District's transportation contract with Guardian and BOCES.

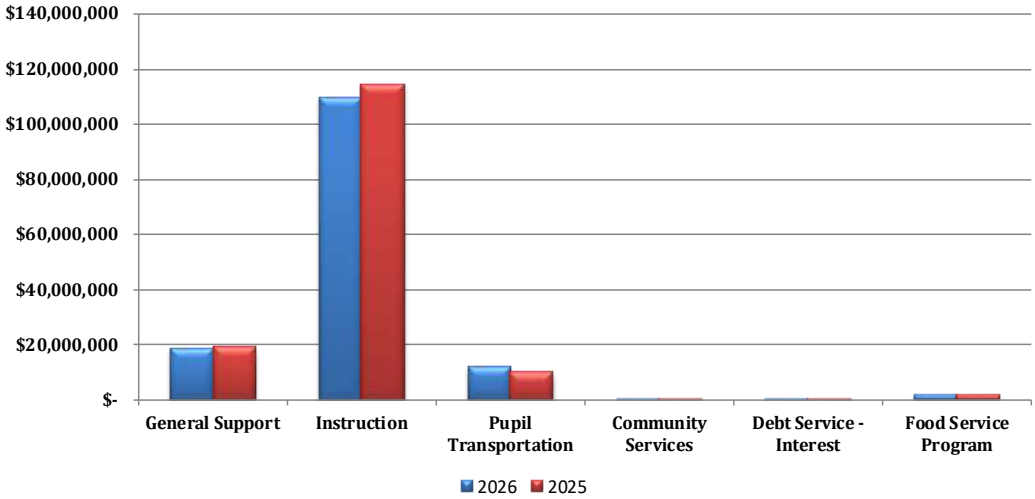
As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 60.5% and 60.2% of the total for the years 2026 and 2025, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 76.5% and 78.4% of the total for the years 2026 and 2025, respectively).

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Real Property Taxes and STAR	State Sources	Other
2026	0.6%	3.8%	0.0%	60.5%	30.8%	4.3%
2025	0.3%	4.6%	0.3%	60.2%	30.0%	4.6%

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
2026	13.2%	76.5%	8.5%	0.1%	0.3%	1.4%
2025	13.2%	78.4%	6.8%	0.2%	0.1%	1.3%

3. DETAILED ANALYSIS OF GOVERNMENTAL FUNDS

At June 30, 2026, the District's governmental funds reported a combined fund balance of $111,911,952, excluding nonmajor funds of $2,820,500, which is an increase of $2,455,305 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:

	2026	2025	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Prepaids	$ 100,000	$ 100,000	$ -	0.00 %
Restricted:				
Workers' Compensation	3,307,357	3,194,665	112,692	3.53 %
Unemployment Insurance	392,386	379,016	13,370	3.53 %
Retirement Contribution				
Teachers' Retirement System	5,863,013	5,871,791	(8,778)	(0.15)%
Employees' Retirement System	6,990,709	6,752,515	238,194	3.53 %
Employee Benefit Accrued Liability	3,052,298	3,263,696	(211,398)	(6.48)%
Capital	41,005,736	32,907,696	8,098,040	24.61 %
Assigned:				
Appropriated Fund Balance	800,000	800,000	-	0.00 %
Unappropriated Fund Balance	324,134	106,684	217,450	203.83 %
Unassigned: Fund Balance	7,200,051	6,915,235	284,816	4.12 %
	69,035,684	60,291,298	8,744,386	14.50 %
Capital Projects Fund				
Restricted:				
Capital	37,602,902	34,420,073	3,182,829	9.25 %
Unspent bond proceeds	2,911,719	9,634,690	(6,722,971)	(69.78)%
Assigned: Unappropriated Fund Balance	2,361,647	5,110,586	(2,748,939)	(53.79)%
	42,876,268	49,165,349	(6,289,081)	(12.79)%
Total Fund Balance	$ 111,911,952	$ 109,456,647	$ 2,455,305	2.24 %

A. General Fund

Fund Balance

The general fund - fund balance is a net increase of $8,744,386, compared to a decrease of $335,355 in 2025. This resulted from revenues and other financing sources in excess of expenditures and other financing uses.

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

	2026	2025	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	$ 110,192,702	$ 106,372,709	$ 3,819,993	3.59 %
Other Local Sources	8,037,302	7,887,229	150,073	1.90 %
State Sources	56,172,398	52,916,193	3,256,205	6.15 %
Medicaid Reimbursement	313,320	291,127	22,193	7.62 %
Other Financing Sources	241,300	-	241,300	N/A
	$ 174,957,022	$ 167,467,258	$ 7,489,764	4.47 %

- Property taxes increased due to a rise in the tax levy in accordance with the 2025-2026 voter-approved budget.

- State sources increased mainly due to more foundation aid, excess cost aid and transportation aid.

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

	2026	2025	Increase (Decrease)	Percentage Change
General Support	$ 17,046,040	$ 16,808,515	$ 237,525	1.41 %
Instruction	92,139,736	88,215,714	3,924,022	4.45 %
Pupil Transportation	11,621,523	9,531,093	2,090,430	21.93 %
Employee Benefits	31,964,910	31,076,864	888,046	2.86 %
Debt Service	66,233	66,233	-	0.00 %
Other Financing Uses	13,374,194	22,104,194	(8,730,000)	(39.49)%
	$ 166,212,636	$ 167,802,613	$ (1,589,977)	(0.95)%

- Other financing uses decreased as the voter-approved transfer from the capital reserve to the capital projects fund for district-wide capital improvements was significantly lower than in the prior year.

- Instruction expenditures increased due to contractual salary increases and an increase in tuition costs associated with students attending charter schools.

- Pupil transportation expenditures increased due to higher costs under the District's transportation contract with Guardian and BOCES.

Restricted Fund Balance

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

	Balance June 30, 2025	Use of Reserves	Interest	Funding	Balance June 30, 2026
Workers' compensation	$ 3,194,665	$	$ 112,692	$	$ 3,307,357
Unemployment insurance	379,016		13,370		392,386
Retirement contribution					
TRS	5,871,791	(215,905)	207,127		5,863,013
ERS	6,752,515		238,194		6,990,709
EBAL	3,263,696	(326,524)	115,126		3,052,298
Capital	32,907,696	(8,750,000)	2,509,984	14,338,056	41,005,736
	$ 52,369,379	$ (9,292,429)	$ 3,196,493	$ 14,338,056	$ 60,611,499

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

Change in Unassigned Fund Balance

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

Opening, Unassigned Fund Balance	$ 6,915,235
Revenues and Other Financing Sources Over Budget	4,971,457
Expenditures, Other Financing Uses, and Encumbrances Under Budget	15,547,908
Unused Appropriated Reserves	(1,900,000)
Allocation to Reserves	(17,534,549)
Appropriated to Fund the June 30, 2027 Budget	(800,000)
Closing, Unassigned Fund Balance	$ 7,200,051

B. Special Aid Fund

The special aid fund accounts for federal and state grants in which revenues and expenditures equal and the fund balance is zero. Revenues and expenditures decreased $1,243,142 from the prior year.

C. Capital Projects Fund

The capital projects fund reported a decrease in fund balance as a result of ongoing capital project expenditures. In the prior year, the fund received transfers from the general fund and voter-approved capital reserve funding that were significantly greater than those received in the current year.

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

	Balance June 30, 2025	Use of Reserves	Funding	Balance June 30, 2026
May 2011	$ 471,063	$	$	$ 471,063
May 2015	185,409			185,409
May 2017	10,708,679	(150,984)		10,557,695
May 2019	17,853,904	(3,071,016)		14,782,888
May 2023	5,201,018	(1,895,171)	8,300,000	11,605,847
	$ 34,420,073	$ (5,117,171)	$ 8,300,000	$ 37,602,902

4. SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

A. Capital Assets

At June 30, 2026, 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 $18,046,150 in excess of depreciation expense of $2,782,523 recorded for the year ended June 30, 2026. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2026 and 2025, is as follows:

	2026	2025	Increase (Decrease)
Land	$ 1,820,600	$ 1,820,600	$ -
Construction in progress	48,763,433	31,261,087	17,502,346
Buildings and improvements	29,160,822	31,423,034	(2,262,212)
Furniture and equipment	987,835	964,342	23,493
Capital assets, net	$ 80,732,690	$ 65,469,063	$ 15,263,627

B. Debt Administration

At June 30, 2026, the District had combined total debt of $10,469,996. The decrease in outstanding debt represents principal payments made throughout the year. A summary of the outstanding debt at June 30, 2026 and 2025, is as follows:

Issue Date	Interest Rate	2026	2025	Increase (Decrease)
Bonds Payable - Library				
January 2025	4.00% - 5.00%	$ 10,465,000	$ 11,000,000	$ (535,000)
Installment Purchase Debt				
August 2022	2.366%	$ 4,996	$ 69,583	$ (64,587)

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

As of June 30, 2026, 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. A summary of the outstanding other long-term liabilities at June 30, 2026 and 2025, is as follows:

	2026	2025	Increase (Decrease)
Compensated absences	$ 3,491,969	$ 3,819,048	$ (327,079)
Workers' compensation	1,345,085	1,345,085	-
Total OPEB liability	120,164,789	124,697,320	(4,532,531)
Net pension liabilities - proportionate share	2,022,733	6,110,487	(4,087,754)
	$ 127,024,576	$ 135,971,940	$ (8,947,364)

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, was approved by 72.67% of the voters on May 19, 2026.

The District increased budgeted revenues other than property taxes and STAR over the prior year's estimate, which is principally due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget remained the same as the previous year. Additionally, the District has elected not to change the amount of appropriated reserves towards the next year's budget. A property tax increase was needed to meet the funding shortfall and cover the increase in appropriations. The following is a summary of these changes:

	2026	2027	Change
Property Taxes (including STAR)	$ 109,429,808	$ 112,944,587	$ 3,514,779
State Aid	55,083,193	59,039,532	3,956,339
Appropriated Fund Balance	800,000	800,000	-
Appropriated Reserves	2,115,905	2,115,905	-
Other revenues	5,451,982	5,101,318	(350,664)
Adopted Budget	**$ 172,880,888**	**$ 180,001,342**	**$ 7,120,454**
Change in Budget	*5.47%*	*4.12%*	
Change in Tax Levy	**2.87%**	**3.21%**	
Tax Levy Limit	$ 109,429,808	$ 112,944,587	
Over/(Under) limit	-	-	
Property Tax Cap	**2.87%**	**3.21%**	

B. Tax Cap

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

C. Future Budgets

Factors to consider that could influence future budgets:

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

D. State Budget Enacted

- Tier VI Reform: Effective October 1, 2026, New York State and Local Retirement System (NYSLRS) Tier VI members making over $45,000 will see a reduction in retirement contribution rates. Additionally, the overtime ceiling used in calculating final average salary will increase to $30,000 starting January 1, 2027. The reform package excludes overtime from contribution rates calculations through March 31, 2028.

- Education Aid: Total increases include a guaranteed 2% in Foundation Aid to every district. Also, the mandate to purchase electric buses was pushed back from 2027 to 2032.

CONTACTING THE DISTRICT

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

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, 2026

ASSETS	
Cash and Cash Equivalents	
Unrestricted	$ 19,455,131
Restricted	101,568,565
Receivables	
Accounts receivable	434,726
Taxes receivable	2,585,721
Due from state and federal	5,476,873
Due from other governments	482,130
Prepaids	100,000
Inventories	23,634
Capital assets not being depreciated	50,584,033
Capital assets being depreciated, net of accumulated depreciation	30,148,657
Net pension assets - proportionate share	18,569,524
Total Assets	229,428,994
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	25,871,349
Other postemployment benefits	4,902,687
Total Deferred Outflows of Resources	30,774,036
LIABILITIES	
Payables	
Accounts payable	5,908,789
Accrued liabilities	624,562
Due to other governments	107,464
Due to teachers' retirement system	6,845,249
Due to employees' retirement system	567,107
Compensated absences payable	230,739
Other liabilities	454,125
Unearned credits	
Collections in advance	39,775
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	594,017
Installment purchase debt payable	4,996
Compensated absences payable	349,197
Total other postemployment benefits liability	3,317,000
Due and payable after one year	
Bonds payable, net	10,536,802
Compensated absences payable	3,142,772
Workers' compensation payable	1,345,085
Total other postemployment benefits liability	116,847,789
Net pension liabilities - proportionate share	2,022,733
Total Liabilities	152,938,201
DEFERRED INFLOWS OF RESOURCES	
Pensions	18,568,071
Other postemployment benefits	60,624,558
Total Deferred Inflows of Resources	79,192,629
NET POSITION	
Net investment in capital assets	69,041,409
Restricted	
Governmental	98,656,846
Pension	18,569,524
	117,226,370
Unrestricted (Deficit)	(158,195,579)
Total Net Position (Deficit)	$ 28,072,200

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 18,956,583	$	$	$ (18,956,583)
Instruction	109,774,294	797,875	4,630,991	(104,345,428)
Pupil transportation	12,151,246			(12,151,246)
Community services	109,128			(109,128)
Debt service - interest	421,849			(421,849)
Food service program	1,964,779	347,632	2,268,391	651,244
Total Functions/Programs	$ 143,377,879	$ 1,145,507	$ 6,899,382	(135,332,990)
GENERAL REVENUES				
Real property taxes				104,127,366
Other tax items				7,779,477
Use of money and property				4,717,989
Sale of property and compensation for loss				167,646
Miscellaneous				881,270
State sources				56,172,398
Medicaid reimbursement				313,320
Total General Revenues				174,159,466
Change in Net Position (Deficit)				38,826,476
Total Net Position (Deficit) - Beginning of Year				(10,754,276)
Total Net Position - End of Year				$ 28,072,200

BALDWIN UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2026

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	$ 9,841,410	$ 593,900	$ 6,774,351	$ 2,245,470	$ 19,455,131
Restricted	92,611,499		8,846,625	110,441	101,568,565
Receivables					
Accounts receivable	431,484			3,242	434,726
Taxes receivable	2,585,721				2,585,721
Due from other funds	3,383,204		32,000,000	332,004	35,715,208
Due from state and federal	3,358,601	1,825,506		292,766	5,476,873
Due from other governments	32,130		450,000		482,130
Prepaids	100,000				100,000
Inventories				23,634	23,634
Total Assets	$ 112,344,049	$ 2,419,406	$ 48,070,976	$ 3,007,557	$ 165,841,988
LIABILITIES					
Payables					
Accounts payable	$ 2,330,558	$ 108,250	$ 3,467,185	$ 2,796	$ 5,908,789
Accrued liabilities	431,460	530		2,634	434,624
Due to other funds	32,000,000	2,296,160	1,277,523	141,525	35,715,208
Due to other governments	92,671	14,466		327	107,464
Due to teachers' retirement system	6,845,249				6,845,249
Due to employees' retirement system	567,107				567,107
Compensated absences payable	230,739				230,739
Other liabilities	454,125				454,125
Unearned credits					
Collections in advance				39,775	39,775
Total Liabilities	42,951,909	2,419,406	4,744,708	187,057	50,303,080
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	356,456		450,000		806,456
FUND BALANCES					
Nonspendable	100,000			23,633	123,633
Restricted	60,611,499		40,514,621	442,445	101,568,565
Assigned	1,124,134		2,361,647	2,354,422	5,840,203
Unassigned	7,200,051				7,200,051
Total Fund Balances	69,035,684	-	42,876,268	2,820,500	114,732,452
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 112,344,049	$ 2,419,406	$ 48,070,976	$ 3,007,557	$ 165,841,988

BALDWIN UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the District-wide Statement of Net Position
June 30, 2026

Total Governmental Fund Balances		$ 114,732,452
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 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	$ 146,859,155	
Less: Accumulated depreciation	(66,126,465)	
		80,732,690
Proportionate share of long-term assets and liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or assets and liabilities and are not reported in the funds.		
Deferred outflows of resources	25,871,349	
Net pension asset - teachers' retirement system	18,569,524	
Net pension liability - employees' retirement system	(2,022,733)	
Deferred inflows of resources	(18,568,071)	
		23,850,069
Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	4,902,687	
Total other postemployment benefits liability	(120,164,789)	
Deferred inflows of resources	(60,624,558)	
		(175,886,660)
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.		806,456
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	(189,938)	
Bonds payable, net	(11,130,819)	
Installment purchase debt payable	(4,996)	
Compensated absences payable	(3,491,969)	
Workers' compensation payable	(1,345,085)	
		(16,162,807)
Total Net Position (Deficit)		$ 28,072,200

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2026

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes	$ 104,127,366	$	$	$	$ 104,127,366
Other tax items	7,779,477				7,779,477
Charges for services	852,203				852,203
Use of money and property	4,383,495			334,494	4,717,989
Sale of property and compensation for loss	167,646				167,646
Miscellaneous	919,817			161,860	1,081,677
State sources	56,172,398	1,965,449	65,123	992,626	59,195,596
Medicaid reimbursement	313,320				313,320
Federal sources		2,663,092		1,275,765	3,938,857
Sales				347,632	347,632
Total Revenues	174,715,722	4,628,541	65,123	3,112,377	182,521,763
EXPENDITURES					
General support	17,046,040				17,046,040
Instruction	92,139,736	4,465,621		165,662	96,771,019
Pupil transportation	11,621,523	507,920			12,129,443
Employee benefits	31,964,910			207,474	32,172,384
Debt service, Principal					
Principal	64,587			535,000	599,587
Interest	1,646			469,194	470,840
Food service program				1,932,855	1,932,855
Capital outlay			18,379,204		18,379,204
Total Expenditures	152,838,442	4,973,541	18,379,204	3,310,185	179,501,372
Excess (Deficiency) of Revenues Over Expenditures	21,877,280	(345,000)	(18,314,081)	(197,808)	3,020,391
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in	241,300	345,000	12,025,000	1,004,194	13,615,494
Operating transfers (out)	(13,374,194)			(241,300)	(13,615,494)
Total Other Financing Sources and (Uses)	(13,132,894)	345,000	12,025,000	762,894	-
Net Change in Fund Balances	8,744,386	-	(6,289,081)	565,086	3,020,391
Fund Balances -					
Beginning of Year	60,291,298		49,165,349	2,255,414	111,712,061
End of Year	$ 69,035,684	$ -	$ 42,876,268	$ 2,820,500	$ 114,732,452

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, 2026

Net Change in Fund Balances		$ 3,020,391
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.	$ (317,408)	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Decrease in compensated absences payable	327,079	
		9,671
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation expense in the period.		
Capital outlays and other additions	18,046,150	
Depreciation expense	(2,782,523)	
		15,263,627
Long-Term Debt Transaction Differences		
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.	49,017	
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	64,587	
Bond payable	535,000	
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, 2025 to June 30, 2026.	(26)	
		648,578
Pension and Other Postemployment Benefits Differences		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	6,903,065	
Employees' retirement system	(269,976)	
Other postemployment benefits	13,251,120	
		19,884,209
Change in Net Position		$ 38,826,476

BALDWIN UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2026

	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, 2026

	Custodial
ADDITIONS	
Real property taxes collected for the Library	$ 6,059,344
DEDUCTIONS	
Disbursements of real property taxes to the Library	6,059,344
Change in Net Position	-
Net Position - Beginning of Year	
Net Position - End of Year	$ -

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 (U.S. GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education ("the Board") consisting of 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.

C. Basis of Presentation

District-Wide Financial Statements

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

Funds Financial Statements

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

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

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

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

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

The following are the District's nonmajor governmental funds:

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

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.

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. Charges for services are recognized in the year the services are provided.

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

are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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 ("the Town") and remitted to the District.

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County ("the 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 payments collected on behalf of the Library that are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenue; however, the amounts are recorded within the custodial fund.

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

G. Restricted Resources

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

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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, 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 governmental funds financial statements. Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

L. Inventories and Prepaid 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.

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:

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

N. Deferred Outflows of Resources

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

O. Collections in Advance

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

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

Q. Other Benefits

Eligible District employees participate in the 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).

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.

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 governmental funds 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 funds 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.

Governmental Funds Financial Statements

The governmental funds financial 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.

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.

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. ADOPTION OF GASB STATEMENTS

For the year ended June 30, 2026, the District adopted the following GASB Statements, which had no impact on the financial statements.

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

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

3. FUTURE ACCOUNTING STANDARDS

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

Effective for the Year Ending	**Statement**
June 30, 2027	GASB No. 105 – *Subsequent Events*

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

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

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

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

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

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

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

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.

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	$ 20,582
Retirement payouts funded by the use of employee benefit accrued liability reserve	326,524
Chrome books funded by the use of Technology Reserve	450,000
Kitchen/cafeteria expenditures funded by use of the capital reserve	8,300,000
	$ 9,097,106

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

B. Encumbrances

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

C. Net Position Deficit

As of June 30, 2026, the governmental activities reported a net position deficit of $158,195,579. 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, 2026, was 48 days and the weighted average life (WAL) was 77 days. These investments are included in cash, as follows:

Fund	Carrying Amount
General	$ 48,853,167
Capital projects	11,673,058
	$ 60,526,225

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.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2026, the District was billed $16,350,823 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $3,004,657. 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.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2026, consisted of:

General Fund	
New York State Aid - General Aid	$ 430,521
Medicaid	3,548
New York State Aid - Excess Cost Aid	1,606,581
BOCES aid	1,317,951
	3,358,601
Special Aid Fund	
State and federal grants	1,825,506
Nonmajor Funds	
State and federal food service program reimbursements	292,766
	$ 5,476,873

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
Nassau County Department of Social Services	$ 22,928
PILOT Town of Hempstead Industrial Development Agency	9,202
	32,130
Capital Projects Fund	
Dormitory Authority of the State of New York	450,000
	$ 482,130

District management expects these amounts to be fully collectible.

10. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 3,383,204	$ 32,000,000	$ 241,300	$ 13,374,194
Special Aid Fund		2,296,160	345,000	
Capital Projects Fund	32,000,000	1,277,523	12,025,000	
Nonmajor Funds	332,004	141,525	1,004,194	241,300
	$ 35,715,208	$ 35,715,208	$ 13,615,494	$ 13,615,494

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. The transfers from/to nonmajor funds consisted of the transfer from the general fund to the debt service fund for the payment of principal and interest on long-term outstanding indebtedness.

11. CAPITAL ASSETS

A. Changes

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

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026
Governmental activities				
Capital assets not being depreciated:				
Land	$ 1,820,600	$	$	$ 1,820,600
Construction in progress	31,261,087	17,781,456	(279,110)	48,763,433
Total capital assets not being depreciated	33,081,687	17,781,456	(279,110)	50,584,033
Capital assets being depreciated:				
Buildings and improvements	93,471,054	319,705	(9,300)	93,781,459
Furniture and equipment	2,918,512	224,099	(648,948)	2,493,663
Total capital assets being depreciated	96,389,566	543,804	(658,248)	96,275,122
Less accumulated depreciation for:				
Buildings and improvements	62,048,020	2,581,917	(9,300)	64,620,637
Furniture and equipment	1,954,170	200,606	(648,948)	1,505,828
Total accumulated depreciation	64,002,190	2,782,523	(658,248)	66,126,465
Total capital assets being depreciated, net	32,387,376	(2,238,719)	-	30,148,657
Capital assets, net	$ 65,469,063	$ 15,542,737	$ (279,110)	$ 80,732,690

Depreciation expense was charged to governmental functions, as follows:

General support	$ 181,527
Instruction	2,569,072
Food Service	31,924
	$ 2,782,523

B. Impairment Losses

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

12. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026	Amounts Due Within One Year
Long-term liabilities:					
Bonds payable	$ 11,000,000	$	$ (535,000)	$ 10,465,000	$ 545,000
Add: premium on obligation	714,836		(49,017)	665,819	49,017
	11,714,836	-	(584,017)	11,130,819	594,017
Installment purchase debt	69,583		(64,587)	4,996	4,996
Other long-term liabilities:					
Compensated absences	3,819,048		(327,079)	3,491,969	349,197
Workers' compensation	1,345,085	947,482	(947,482)	1,345,085	
Total OPEB liability	124,697,320	22,348,053	(26,880,584)	120,164,789	3,317,000
Net pension liability - proportionate share	6,110,487		(4,087,754)	2,022,733	
	$147,756,359	$ 23,295,535	$ (32,891,503)	$ 138,160,391	$ 4,265,210

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.

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2026
Serial Bonds - Library	1/29/2025	2/1/2040	4.00% - 5.00%	$ 10,465,000

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

Year Ending June 30,	Principal	Interest	Total
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	665,000	337,850	1,002,850
2032-2036	3,805,000	1,203,000	5,008,000
2037-2040	3,635,000	370,800	4,005,800
	$ 10,465,000	$ 3,565,550	14,030,550

C. Remedies Upon Default in Bonds 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.

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:

Year Ending June 30,	Amortization of Premium
2027	$ 49,017
2028	49,017
2029	49,017
2030	49,017
2031	49,017
2032-2036	245,087
2037-2040	175,647
Total	$ 665,819

E. Installment Purchase Debt

Installment purchase debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2026
Copiers	8/1/2022	7/31/2026	2.366%	$ 4,996

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

Year Ending June 30,	Principal	Interest	Total
2027	$ 4,996	$ 119	$ 5,115

F. Interest Expense

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

Interest paid	$ 470,840
Plus interest accrued in the current year	189,938
Less interest accrued in the prior year	(189,912)
Less amortization of bond premium	(49,017)
Total interest expense on long-term debt	$ 421,849

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, 2026, these bonds have not been issued.

H. Library Bond Obligation

On May 21, 2023, the voters of the District authorized the Board 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, 2026, the District incurred expenditures totaling $8,688,281 that were recorded in the capital projects fund.

As of June 30, 2026, the District holds unspent bond proceeds totaling $2,911,719 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.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund ("the Fund"), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York ("the Comptroller") serves as 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

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

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.11% of covered payroll for the TRS' fiscal year ended June 30, 2025. The District's average contribution rate was 14.20% of covered payroll for the ERS' fiscal year ended March 31, 2026.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2026 was $6,117,143 for TRS at the contribution rate of 9.59% and $1,934,030 for ERS at an average contribution rate of 14.82%.

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

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

	TRS	ERS
Measurement date	June 30, 2024	March 31, 2025
District's proportionate share of the net pension asset/(liability)	$ 18,569,524	$ (2,022,733)
District's portion of the Plan's net pension liability	0.313618%	0.0358530%
Change in proportion since the prior measurement date	(0.002871)	0.0002144

For the year ended June 30, 2026, the District recognized a pension (credit) expense of $(842,052) for TRS and $2,200,669 for ERS. At June 30, 2026, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 9,734,571	$ 1,157,527	$	$
Changes of assumptions	7,351,097	347,214	200,210	
Net difference between projected and actual earnings on pension plan investments			14,502,752	3,626,873
Changes in proportion and differences between the District's contributions and proportionate share of contributions	461,233	135,457	57,421	180,815
District contributions subsequent to the measurement date	6,117,143	567,107		
Total	$ 23,664,044	$ 2,207,305	$ 14,760,383	$ 3,807,688

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense, as follows:

Year Ending June 30,	TRS	ERS
2027	$ 9,513,665	$ 761,314
2028	(3,836,056)	(1,338,554)
2029	(4,100,515)	(781,468)
2030	(811,709)	(808,782)
2031	1,669,354	
Thereafter	351,779	
	$ 2,786,518	$ (2,167,490)

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 30, 2024
Inflation	2.50%	2.90%
Salary increases	2.04 - 5.80%	5.20%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.40%	1.50%

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

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

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. Completed March 31, 2025, demographic assumptions are primarily based on system experience over the period April 1, 2020 – March 31, 2025.

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

	TRS		ERS	
	Target Allocation	Long-term Expected 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%	6.70%	25.0%	3.29%
International equity	15.0%	7.40%	14.0%	5.85%
Global equity	4.0%	7.00%		
Real estate equity	11.0%	6.50%	12.0%	5.20%
Private equities	9.0%	9.80%	15.0%	7.00%
Alternatives investments			11.0%	5.10-5.54%
Domestic fixed income	16.0%	2.60%		
Global bonds	1.0%	2.40%		
High-yield bonds	2.0%	4.70%		
Fixed income			22.0%	1.75%
Private debt	2.0%	6.10%		
Real estate debt	6.0%	3.80%		
Cash equivalents	1.0%	0.60%		
Cash			1.0%	0.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.5% for TRS and 2.9% 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 assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset/(liability)	$ (35,681,577)	$ 18,569,524	$ 64,219,003

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	$ (13,814,715)	$ (2,022,733)	$ 7,835,885

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
	(Dollars in Thousands)	
Measurement date	June 30, 2024	March 31, 2025
Employers' total pension liability	$ (148,272,069)	$ (253,773,040)
Plan fiduciary net position	154,193,125	248,131,290
Employers' net pension asset/(liability)	$ 5,921,056	$ (5,641,750)
Ratio of plan fiduciary net position to the employers' total pension liability	103.99 %	97.78%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2026, are paid to the system in September, October, and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026, represent employer and employee contributions for the fiscal year ended June 30, 2026, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2026 amounted to $6,117,143 of employer contributions and $728,106 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2026, represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $567,107 of employer contributions. Employee contributions are remitted monthly.

14. PENSION PLANS - OTHER

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 for the year ended June 30, 2026, totaled $610,118.

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, 2025 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	432
Inactive employees entitled to but not yet receiving benefits	-
Active employees	789
	1,221

B. Total OPEB Liability

The District's total OPEB liability of $120,164,789 was measured as of June 30, 2026, and was determined by an actuarial valuation as of July 1, 2025.

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

Inflation	3.00%	
Salary increases	2.50%	average, including inflation
Discount rate	4.30%	
Healthcare cost trend rates	6.75%	decreasing per year to an ultimate rate of 4.50% after 8 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, 2026 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, 2025	$ 124,697,320
Changes for the year	
Service cost	3,131,832
Interest on total OPEB liability	5,905,856
Changes of benefit terms	-
Differences between expected and actual experience	(23,563,272)
Changes in assumptions or other inputs	13,310,365
Benefit payments	(3,317,312)
	(4,532,531)
Balance at June 30, 2026	$ 120,164,789

Changes of assumptions and other inputs reflect a change in the discount rate from 4.80% in 2025 to 4.30% in 2026, 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 (3.30%) or 1 percentage point higher (5.30%) than the current discount rate:

OPEB	1% Decrease 3.30%	Discount Rate 4.30%	1% Increase 5.30%
Total OPEB liability	$ (141,158,105)	$ (120,164,789)	$ (103,596,561)

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:

OPEB	1% Decrease 5.75% decreasing to 3.50%	Healthcare Cost Trend Rates 6.75% decreasing to 4.50%	1% Increase 7.75% decreasing to 5.50%
Total OPEB liability	$ (101,986,494)	$ (120,164,789)	$ (143,379,822)

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

For the year ended June 30, 2026, the District recognized OPEB (credit) of $(9,933,808). At June 30, 2026, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 23,551,672
Changes of assumptions or other inputs	4,902,687	37,072,886
Total	$ 4,902,687	$ 60,624,558

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

Year Ending June 30,	Amount
2027	$ (22,205,103)
2028	(25,282,831)
2029	(6,181,280)
2030	(2,052,657)
	$ (55,721,871)

16. DEFERRED INFLOWS OF RESOURCES

In the governmental funds financial statements, deferred inflows of resources, at June 30, 2026, 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, 2026, consists of $35,880 of donations pledged, and $320,576 for uncollected tuition billings from school districts, for a total of $356,456.

Also included in the governmental funds financial statements as deferred inflows of resources, at June 30, 2026, 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, 2026 consists of $450,000 from New York State.

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:

	2025	2026
Unpaid claims at beginning of year	$ 1,242,233	$ 1,345,085
Incurred claims and adjustments	918,797	947,482
Claim payments	(815,945)	(947,482)
Unpaid claims at year end	$ 1,345,085	$ 1,345,085

At June 30, 2026, the District had $3,307,357 of funds in the workers' compensation reserve.

18. FUND BALANCE – GOVERNMENTAL FUNDS

A. Fund Balance

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

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaids	$ 100,000	$	$	$ 100,000
Inventory			23,633	23,633
	100,000	-	23,633	123,633
Restricted:				
Workers' Compensation	3,307,357			3,307,357
Unemployment Insurance	392,386			392,386
Retirement Contribution				
TRS	5,863,013			5,863,013
ERS	6,990,709			6,990,709
EBAL	3,052,298			3,052,298
Capital	41,005,736	37,602,902		78,608,638
Debt			332,004	332,004
Scholarships			110,441	110,441
Unspent bond proceeds		2,911,719		2,911,719
	60,611,499	40,514,621	442,445	101,568,565
Assigned:				
Appropriated FB	800,000			800,000
Unappropriated FB	324,134	2,361,647	2,354,422	5,040,203
	1,124,134	2,361,647	2,354,422	5,840,203
Unassigned: FB	7,200,051			7,200,051
Total Fund Balance	$ 69,035,684	$ 42,876,268	$ 2,820,500	$ 114,732,452

B. 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 Fun	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	$ 12,635,134	$ 25,000,000	$ 15,397,441	$103,032,575
Interest Earnings	33,854	21,263	203,137	4,135,770	1,041,038	2,628,309	190,394	8,253,765
Use of Reserve	(5,033,854)	(5,021,263)	(15,203,137)	(29,135,770)	(1,645,000)	(14,241,580)		(70,280,604)
	-	-	-	-	12,031,172	13,386,729	15,587,835	41,005,736
Capital Projects Fund								
Funding Provided	5,033,854	5,021,263	15,203,137	29,135,770		14,241,580		68,635,604
Use of Reserve	(4,562,791)	(4,835,854)	(4,494,459)	(14,503,866)		(2,635,732)		(31,032,702)
	471,063	185,409	10,708,678	14,631,904	-	11,605,848	-	37,602,902
Balance as of June 30, 2026	$ 471,063	$ 185,409	$ 10,708,678	$ 14,631,904	$ 12,031,172	$ 24,992,577	$ 15,587,835	$ 78,608,638

19. FUND BALANCE APPROPRIATED FOR THE 2026-2027 BUDGET

A. Restricted Fund Balance – Appropriated Reserves

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

Workers' compensation	$ 500,000
Retirement contribution - TRS	215,905
Retirement contribution - ERS	1,400,000
	$ 2,115,905

B. Assigned: Appropriated Fund Balance

The amount of $800,000 has been appropriated to reduce taxes for the year ending June 30, 2027.

20. TAX ABATEMENTS

The Town of Hempstead Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced by $871,414. The District received PILOT payments totaling $138,785.

In addition, the District recognized $1,422,290 in LIPA PILOT, which is included in other items revenue; however, these payments are not the result of a tax abatement.

21. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted Fund Balance	
Capital Projects Fund	
Capital Projects	$ 39,149,708
Assigned: Unappropriated Fund Balance	
General Fund	
General Support	185,954
Instruction	138,180
	324,134
	$ 39,473,842

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 commenced against the District under the Child Victim's Act. The District denies all allegations and liability in the lawsuit. The District is continuing to explore whether there is insurance coverage from the insurance carrier for each claim.

22. SUBSEQUENT EVENTS

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

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

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Final Budget Variance with Actual
REVENUES					
Local Sources					
Real property taxes	$ 102,561,424	$ 104,127,366	$ 1,565,942	$ 104,127,366	$ -
Other tax items	9,352,230	7,544,988	(1,807,242)	7,779,477	234,489
Charges for services	542,000	542,000	-	852,203	310,203
Use of money and property	1,406,136	1,406,136	-	4,383,495	2,977,359
Sale of property and compensation for loss	120,000	120,000	-	167,646	47,646
Miscellaneous	600,000	620,582	20,582	919,817	299,235
Total Local Sources	114,581,790	114,361,072	(220,718)	118,230,004	3,868,932
State Sources	55,083,193	55,083,193	-	56,172,398	1,089,205
Medicaid Reimbursement	300,000	300,000	-	313,320	13,320
Total Revenues	169,964,983	169,744,265	(220,718)	174,715,722	4,971,457
OTHER FINANCING SOURCES					
Operating Transfers In		241,300	241,300	241,300	-
Total Revenues and Other Financing Sources	169,964,983	169,985,565	20,582	174,957,022	$ 4,971,457
APPROPRIATED FUND BALANCE					
Prior Years' Surplus	800,000	800,000	-		
Prior Year's Encumbrances	106,684	106,684	-		
Appropriated Reserves	2,115,905	11,192,429	9,076,524		
Total Appropriated Fund Balance	3,022,589	12,099,113	9,076,524		
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	$ 172,987,572	$ 182,084,678	$ 9,097,106		

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

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES						
General Support						
Board of education	$ 187,380	$ 187,654	$ 274	$ 163,988	$	$ 23,666
Central administration	493,508	770,031	276,523	760,341		9,690
Finance	1,451,621	1,399,521	(52,100)	1,282,733	57,547	59,241
Staff	1,376,766	1,477,262	100,496	1,306,171	18,272	152,819
Central services	13,463,519	13,358,759	(104,760)	11,503,504	110,135	1,745,120
Special items	2,047,330	2,047,330	-	2,029,303		18,027
Total General Support	19,020,124	19,240,557	220,433	17,046,040	185,954	2,008,563
Instruction						
Administration & improvement	7,883,975	7,483,841	(400,134)	7,179,709		304,132
Teaching - regular school	45,921,322	46,567,339	646,017	44,660,342	587	1,906,410
Programs for students with disabilities	29,183,031	29,174,353	(8,678)	26,681,786		2,492,567
Occupational education	1,513,506	1,513,506	-	1,456,474		57,032
Teaching - special schools	440,804	372,585	(68,219)	343,464		29,121
Instructional media	3,159,499	3,796,060	636,561	3,400,687	137,593	257,780
Pupil services	8,461,379	8,570,522	109,143	8,417,274		153,248
Total Instruction	96,563,516	97,478,206	914,690	92,139,736	138,180	5,200,290
Pupil Transportation	11,822,751	11,946,955	124,204	11,621,523		325,432
Community Services	16,290	16,290	-	-		16,290
Employee Benefits	40,424,464	39,962,243	(462,221)	31,964,910		7,997,333
Debt Service						
Principal	64,587	64,587	-	64,587		-
Interest	1,646	1,646	-	1,646		-
Total Debt Service	66,233	66,233	-	66,233		-
Total Expenditures	167,913,378	168,710,484	797,106	152,838,442	324,134	15,547,908
OTHER FINANCING USES						
Operating Transfers Out	5,074,194	13,374,194	8,300,000	13,374,194		-
Total Expenditures and Other Financing Uses	$ 172,987,572	$ 182,084,678	$ 9,097,106	166,212,636	$ 324,134	$ 15,547,908
Net Change in Fund Balance				8,744,386		
Fund Balance - Beginning of Year				60,291,298		
Fund Balance - End of Year				$ 69,035,684		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

BALDWIN UNION FREE SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparisons (Unaudited)
For the Year Ended June 30, 2026

Budgetary Basis of Accounting

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

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

General Fund Original Budget to Final Budget Highlights

Fund Balance

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

Appropriated Reserves: Represents voter-authorized appropriations from the Capital Reserve and Technology Reserve and a Board-approved appropriation from the Employee Benefit Accrued Liability Reserve (EBALR) for retirement related expenditures.	$ 9,076,524

Revenues

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

Other tax items: The decrease in other tax items is attributable to an amendment of the District's budget to reflect the actual STAR reimbursement allocation received from New York State. As a result, budgeted revenues were allocated from real property taxes to STAR reimbursement revenue, reducing the amount reported as other tax items.	(1,807,242)
Operating transfer in: Represents a transfer from the Debt Service Fund of bond premium proceeds used to pay interest on the Library's outstanding debt. Property taxes are levied annually to support debt service requirements, including amounts funded through the application of bond premium resources.	241,300

Expenditures

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

General Support - Central administration: Represents the net effect of a retirement payout funded from the employee benefit accrued liability reserve, offset by a transfer related to charter school tuition expenditures.	276,523
Instruction - Administration and improvement: Appropriations were reduced and reallocated to other expenditure functions as funds were transferred to Instructional media to support E-Rate related expenditures which will be reimbursed at 60%.	(400,134)
Instruction - Instructional media: Appropriations increased to support technology-related expenditures funded through the technology reserve, as well as the reallocation of available appropriations resulting from E-Rate related expenditures which will be reimbursed at 60%.	636,561
Other financing uses - Operating transfers out: Represents the voter-approved appropriation and transfer of $8,300,000 from the capital reserve for capital project expenditures as authorized by proposition #3 during the 2026-27 budget vote.	8,300,000

General Fund Budget to Actual Highlights

Final Budget Compared to Actual Revenues

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

Charges for services: The favorable variance in charges for services is primarily attributable to foster care tuition revenue, Committee on Preschool Special Education cost reimbursement from Nassau County, and the receipt of Office of Addiction Services and Supports grant reimbursements relating to multiple years that exceeded amounts anticipated in the final budget.	317,395
Use of money and property: Interest earnings exceeded budgeted amounts as a result of higher-than-anticipated interest rates and the maintenance of significant reserve balances throughout the year.	2,977,359
State sources: The favorable variance in State sources is primarily attributable to excess cost aid and transportation aid revenues received in excess of amounts projected in the final budget.	1,089,205

Final Budget Compared to Actual Expenditures

The following is a brief summary of actual expenditure amounts that were less than budgeted, excluding subsequent year encumbrances:

Instruction - Teaching - regular school: Expenditures were below the final budget primarily due to lower-than-anticipated substitute teachers and monitor costs resulting from staffing shortages, savings from retirements that were replaced with lower salaried employees.	1,906,410
Instruction - Programs for students with disabilities and English language learners or English as a new language: Expenditures were below the final budget primarily due to lower-than-anticipated costs for out-of-district placements, as fewer students were placed than projected and certain placements did not occur for the full year. Additional savings resulted from lower teacher aide salary costs due to staffing vacancies and turnover.	2,492,567
Employee benefits: The favorable variance in employee benefits is primarily attributable to hospital and medical insurance costs that were lower than anticipated, as well as savings in TRS and ERS contributions.	7,997,333

BALDWIN UNION FREE SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability) (Unaudited)

Last Ten Fiscal Years

Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net pension asset/(liability)										
District's proportion	0.313618%	0.316489%	0.322589%	0.320692%	0.327396%	0.328226%	0.328629%	0.332811%	0.331337%	0.336514%
District's proportionate share	$ 18,569,524	$ 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)
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
District's proportionate share as a percentage of its covered payroll	29.70%	15.36%	6.10%	10.69%	100.82%	16.15%	15.38%	10.99%	4.75%	6.86%
Plan fiduciary net position as a percentage of the total pension liability	103.99%	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%
Discount Rate	6.95%	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%

Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net pension asset/(liability)										
District's proportion	0.0358530%	0.0356386%	0.0377947%	0.0365519%	0.0365569%	0.0349923%	0.0370500%	0.0375466%	0.0378002%	0.0379443%
District's proportionate share	$ (2,022,733)	$ (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)
District's covered payroll	$ 13,618,748	$ 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
District's proportionate share as a percentage of its covered payroll	14.85%	45.82%	48.93%	65.74%	25.22%	0.30%	90.72%	22.85%	11.06%	29.92%
Plan fiduciary net position as a percentage of the total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.32%	98.24%	94.70%
Discount Rate	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%

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

Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 6,117,143	$ 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
Contributions in relation to the contractually required contribution	6,117,143	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
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 63,557,851	$ 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
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	10%	9%	10%	10%	12%

Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,934,030	$ 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
Contributions in relation to the contractually required contribution	1,934,030	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
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 13,047,227	$ 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
Contributions as a percentage of covered payroll	15%	14%	10%	11%	13%	14%	15%	14%	15%	13%

BALDWIN UNION FREE SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios (Unaudited)

Last Nine Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	$ 3,131,832	$ 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	5,905,856	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	(23,563,272)	-	(37,493,325)	-	(11,287,288)	-	12,234,718	-	-
Changes of assumptions or other inputs	13,310,365	(16,100,155)	(10,245,090)	(6,360,162)	(55,589,779)	21,544,098	10,327,929	14,747,077	-
Benefit payments	(3,317,312)	(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	(4,532,531)	(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	124,697,320	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	$ 120,164,789	$ 124,697,320	$ 134,887,229	$ 175,422,584	$ 172,642,268	$ 226,425,019	$ 193,632,126	$ 161,731,858	$ 138,621,691
Covered employee payroll	$ 68,888,420	$ 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	174.43%	192.12%	207.82%	280.18%	275.74%	358.36%	306.46%	267.85%	229.57%
Discount rate	4.30%	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 2034	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, 2026

	School Food Service	Debt Service	Extraclassroom Activities	Scholarships	Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	$ 2,144,465	$	$ 101,005	$	$ 2,245,470
Restricted				110,441	110,441
Receivables					
Accounts receivable	3,242				3,242
Due from other funds		332,004			332,004
Due from state and federal	292,766				292,766
Inventories	23,634				23,634
Total Assets	$ 2,464,107	$ 332,004	$ 101,005	$ 110,441	$ 3,007,557
LIABILITIES					
Payables					
Accounts payable	$ 2,796	$	$	$	$ 2,796
Accrued liabilities	2,634				2,634
Due to other funds	141,525				141,525
Due to other governments	327				327
Unearned credits					
Collections in advance	39,775				39,775
Total Liabilities	187,057	-	-	-	187,057
FUND BALANCES					
Nonspendable: Inventories	23,633				23,633
Restricted:					
Debt		332,004			332,004
Scholarships				110,441	110,441
Assigned: Unappropriated fund balance	2,253,417		101,005		2,354,422
Total Fund Balances	2,277,050	332,004	101,005	110,441	2,820,500
Total Liabilities and Fund Balances	$ 2,464,107	$ 332,004	$ 101,005	$ 110,441	$ 3,007,557

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

	School Food Service	Debt Service	Extraclassroom Activities	Scholarships	Nonmajor Governmental Funds
REVENUES					
Use of money and property	$ 51,095	$ 282,926	$	$ 473	$ 334,494
Miscellaneous	1,797		157,613	2,450	161,860
State sources	992,626				992,626
Federal sources	1,275,765				1,275,765
Sales	347,632				347,632
Total Revenues	2,668,915	282,926	157,613	2,923	3,112,377
EXPENDITURES					
Instruction			151,830	13,832	165,662
Employee benefits	207,474				207,474
Food service program	1,932,855				1,932,855
Debt service					
Principal		535,000			535,000
Interest		469,194			469,194
Total Expenditures	2,140,329	1,004,194	151,830	13,832	3,310,185
Excess (Deficiency) of Revenues Over Expenditures	528,586	(721,268)	5,783	(10,909)	(197,808)
OTHER FINANCING SOURCES (USES)					
Operating Transfer In		1,004,194			1,004,194
Operating Transfer Out		(241,300)			(241,300)
Total Other Financing Sources and (Uses)	-	762,894	-	-	762,894
Net Change in Fund Balances	528,586	41,626	5,783	(10,909)	565,086
Fund Balances - Beginning of Year	1,748,464	290,378	95,222	121,350	2,255,414
Fund Balances - End of Year	$ 2,277,050	$ 332,004	$ 101,005	$ 110,441	$ 2,820,500

BALDWIN UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund (Unaudited)
For the Year Ended June 30, 2026

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 172,880,888
Additions:		
Prior year's encumbrances		106,684
Original Budget		172,987,572
Budget revisions		9,097,106
Final Budget		$ 182,084,678

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-2027 voter-approved expenditure budget		$ 180,001,342
Maximum allowed (4% of 2026-2027 budget)		$ 7,200,054
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 1,124,134	
Unassigned fund balance	7,200,051	
		$ 8,324,185
Less:		
Appropriated fund balance	800,000	
Encumbrances	324,134	
Total adjustments		1,124,134
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 7,200,051
Actual Percentage		4.00%

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2026

PROJECT TITLE	Budget June 30, 2025	Budget June 30, 2026	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance	Methods of Financing Proceeds of Debt	Methods of Financing State & Other Aid	Methods of Financing Local Sources	Methods of Financing Total	Fund Balance June 30, 2026
Middle School-Cameras & Lighting	$ 105,910	$ 105,910	$ 34,830	$	$ 34,830	$ 71,080	$	$	$ 105,910	$ 105,910	$ 71,080
2010-2011 Capital Improvements	547,000	547,000	477,073		477,073	69,927			547,000	547,000	69,927
2011-2012 Capital Reserve Projects	1,200,000	1,200,000	1,126,857		1,126,857	73,143			1,200,000	1,200,000	73,143
2013-2014 Capital Reserve Projects	1,330,453	1,330,453	1,317,753		1,317,753	12,700		108,390	1,222,063	1,330,453	12,700
2014-2015 Capital Reserve Projects	1,500,000	1,500,000	1,127,980		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	10,959,175	10,959,175	10,774,538	150,984	10,925,522	33,653			10,959,175	10,959,175	33,653
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	2,018,220	255,554	2,273,774	88,726			2,362,500	2,362,500	88,726
2022-23 Capital Improvements	3,725,000	3,725,000	2,012,730	25,101	2,037,831	1,687,169			3,725,000	3,725,000	1,687,169
2023-24 Capital Improvements	3,725,000	3,725,000	593,184	413,181	1,006,365	2,718,635			3,725,000	3,725,000	2,718,635
2024-25 Capital Improvements	3,725,000	3,725,000	1,023,613	2,393,909	3,417,522	307,478			3,725,000	3,725,000	307,478
2025-26 Capital Improvements		3,725,000	-	1,000,930	1,000,930	2,724,070			3,725,000	3,725,000	2,724,070
2022-23 Capital Reserve Projects	16,100,000	16,100,000	11,281,866	3,071,016	14,352,882	1,747,118			16,100,000	16,100,000	1,747,118
2023-24 Capital Reserve Projects	11,600,000	11,600,000	460,896	1,257,348	1,718,244	9,881,756			11,600,000	11,600,000	9,881,756
2024-25 Capital Reserve Projects	18,100,000	18,100,000	279,665	637,823	917,488	17,182,512			18,100,000	18,100,000	17,182,512
2025-26 Capital Reserve Projects		8,300,000	-		-	8,300,000			8,300,000	8,300,000	8,300,000
High School-Electric Sign	192,284	192,284	179,300		179,300	12,984		181,250	11,034	192,284	12,984
High School Wellness Center	690,000	590,000	662,116	(72,116)	590,000	-		590,000		590,000	-
Middle School Wellness Center	150,000	65,123	80,771	(15,648)	65,123	-		65,123		65,123	-
2024-2025 Bond	134,861,938	134,861,938	2,484,783	2,538,151	5,022,934	129,839,004	134,861,938			134,861,938	129,839,004
2024-2025 Library Bond	11,600,000	11,600,000	1,965,310	6,722,971	8,688,281	2,911,719	11,000,000		600,000	11,600,000	2,911,719
Totals	$ 226,592,260	$ 238,432,383	$ 41,864,973	$ 18,379,204	$ 60,244,177	$ 178,188,206	$ 145,861,938	$ 994,763	$ 91,575,682	$ 238,432,383	178,188,206
										Revenue not yet recognized	(134,861,938)
										Grants not yet received	(450,000)
											$ 42,876,268

BALDWIN UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets (Unaudited)
June 30, 2026

Capital assets, net	$	80,732,690
Deduct:		
Capital related accounts payable		3,467,185
Short-term portion of bonds payable		545,000
Long-term portion of bonds payable		9,920,000
Less: Unspent bond proceeds		(2,911,719)
Unamortized bond premium		665,819
Short-term portion of installment purchase debt		4,996
		11,691,281
Net investment in capital assets	$	69,041,409

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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 Baldwin Union Free School District ("the District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 7, 2026. 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 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 Baldwin Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 Baldwin Union Free School District in a separate letter dated October 7, 2026.

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
October 7, 2026