



FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS  
June 30, 2023

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

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	<u><b>Page</b></u>
<b>Independent Auditor's Report</b>	1
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis (MD&A)	4
<b>Financial Statements:</b>	
Statement of Net Position	20
Statement of Activities	21
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	25
Notes to Financial Statements	26
<b>Required Supplementary Information Other than MD&amp;A:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	57
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)	59
Schedule of District Pension Contributions	60
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	61
<b>Other Information:</b>	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	62
Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	63
Schedule of Net Investment in Capital Assets	65
<b>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 <i>Government Auditing Standards</i></b>	66



## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
North Shore Central School District  
Sea Cliff, New York

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the North Shore Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for 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, 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 19 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

The other information on pages 62 through 65 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 18, 2023 on our consideration of the North Shore Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Shore Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Shore Central School District's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

October 18, 2023

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2023 are as follows:

- The District's main operating fund, the general fund, ended the 2022-2023 fiscal year with a \$1,263,524 increase in total fund balance. Total actual revenues, operating transfers in, and the extraordinary item, recognized were more than the actual expenditures including operating transfers out for special aid fund summer program costs, debt service fund long-term debt principal and interest payments, and repair projects funding.
- Actual expenditures for the year plus outstanding encumbrances totaled \$117,584,529, which was 99.0% of the general fund's final budget.
- In the district-wide financial statements, which utilize the economic resources measurement focus and the accrual basis of accounting, and include unfunded long-term liabilities that do not come due in a current period, such as workers' compensation liabilities and other postemployment benefits liability (OPEB), the total net position as of June 30, 2023 decreased by \$3,698,786 to a deficit net position balance of \$48,770,701. The decrease was primarily attributable to changes in the actuarially determined pension and OPEB liabilities and related amounts.
- On December 10, 2019, the voters approved a proposition for the issuance of bonds in an amount not to exceed \$39,899,786 to finance district-wide improvements. On April 27, 2023, the District issued \$2,700,000 in serial bonds and received \$300,000 of bond issuance premium, to provide additional permanent financing for the ongoing, voter-approved capital improvement projects. On the same day, the District also issued a short-term bond anticipation note in the amount of \$21,654,296 to provide additional cash flows for the ongoing bond projects.
- In October of 2013, the Board of Education of the North Shore Central School District commenced litigation in Nassau County Supreme Court against the Long Island Power Authority (LIPA). In July 2022 the District arrived at a settlement agreement with LIPA in which LIPA would provide Direct Payments to the school district in a total amount of \$3,250,000 over three years. The District received the first payment of \$2,000,000 in July 2022 and will receive the remaining \$1,250,000, over the next two years with \$750,000 being provided during the 2023-2024 fiscal year and \$500,000 being provided in fiscal year 2024-2025.
- During 2022-2023, a Grant-in-Aid of \$1,000,000 was apportioned to the North Shore Central School District by New York State. This Grant-in-Aid was included in the 2022-23 State budget due to the efforts of Senator Gaughran. These monies were provided as a result of the impact of reduction the taxable property valuations within utility classification.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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



**A. District-Wide Financial Statements**

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

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

The Statement of Net Position

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

The Statement of Activities

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

**B. Fund Financial Statements**

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Governmental Funds

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

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

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

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

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's total net position decreased by \$3,698,786 between fiscal year 2023 and 2022. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Asset</b>				
Current and Other Assets	\$ 58,288,587	\$ 71,169,558	\$ (12,880,971)	(18.10)%
Capital Assets, Net	115,281,622	94,367,437	20,914,185	22.16 %
Net Pension Assets - Proportionate Share	<u>-</u>	<u>54,632,637</u>	<u>(54,632,637)</u>	(100.00)%
Total Assets	<u>173,570,209</u>	<u>220,169,632</u>	<u>(46,599,423)</u>	(21.17)%
<b>Deferred Outflows of Resources</b>	<u>72,990,437</u>	<u>65,734,814</u>	<u>7,255,623</u>	11.04 %



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Liabilities</b>				
Current and Other Liabilities	\$ 36,393,129	\$ 33,043,206	\$ 3,349,923	10.14 %
Long-Term Liabilities	37,749,472	39,681,887	(1,932,415)	(4.87)%
Net Pension Liabilities -				
Proportionate Share	12,200,041	-	12,200,041	N/A
Total OPEB Liability	<u>157,443,943</u>	<u>135,601,074</u>	<u>21,842,869</u>	16.11 %
 Total Liabilities	 <u>243,786,585</u>	 <u>208,326,167</u>	 <u>35,460,418</u>	 17.02 %
 <b>Deferred Inflows of Resources</b>	 <u>\$ 51,544,762</u>	 <u>\$ 122,650,194</u>	 <u>\$ (71,105,432)</u>	 (57.97)%
 <b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	65,075,402	64,364,067	711,335	1.11 %
Restricted	19,036,927	17,647,209	1,389,718	7.88 %
Unrestricted (Deficit)	<u>(132,883,030)</u>	<u>(127,083,191)</u>	<u>(5,799,839)</u>	(4.56)%
 Total Net Position (Deficit)	 <u><u>\$ (48,770,701)</u></u>	 <u><u>\$ (45,071,915)</u></u>	 <u><u>\$ (3,698,786)</u></u>	 (8.21)%

The decrease in current and other assets is related to a decrease in cash balance, offset by increases in various receivables, including \$1,250,000 of the balance under the settlement agreement with LIPA.

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

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State and Local Employees' Retirement System's (ERS) collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from assets to liabilities. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State," provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates, actuarial adjustments of the pension and OPEB plans that will be amortized in future years, and the amount of deferred charges from bond refunding that is being amortized over the remaining term of the bonds.

The increase in current and other liabilities is mainly due to increases in bond anticipation notes payable and amounts due to TRS, offset by decreases in accounts payable and other liabilities.

The decrease in long-term liabilities is primarily the result of repayments of the current maturity of indebtedness, offset by the issuance of a new serial bond.

Net pension liabilities – proportionate share represents the District's share of the TRS' and the ERS' collective net pension liabilities, at the measurement date of the respective year. The increase is due to the shift from net pension assets in the prior year, to net pension liabilities in the current year. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Total OPEB liability increased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits," provides additional information.

Deferred inflows of resources represents the portion of PILOT received that pertains to the 2023-2024 year, the remaining balance of the amount receivable under the settlement agreement with LIPA, and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

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

The restricted amount relates to the District's reserves, which increased compared to the prior year mainly due to transfers into and interest earned on the reserves, offset by the use of reserves.

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

**B. Changes in Net Position**

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

	2023	2022	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 3,148,559	\$ 1,730,362	\$ 1,418,197	81.96 %
Operating Grants & Contributions	3,341,834	3,434,929	(93,095)	(2.71)%
Capital Grants	-	32,771	(32,771)	(100.00)%
General Revenues				
Property Taxes & STAR	86,112,080	92,547,991	(6,435,911)	(6.95)%
State Sources	7,376,815	6,822,724	554,091	8.12 %
Other	20,321,507	10,554,375	9,767,132	92.54 %
Extraordinary Item	2,000,000	-	2,000,000	N/A
Total Revenues	<u>122,300,795</u>	<u>115,123,152</u>	<u>7,177,643</u>	6.23 %
<b>Expenses</b>				
General Support	15,050,186	13,786,615	1,263,571	9.17 %
Instruction	103,348,018	89,087,615	14,260,403	16.01 %
Pupil Transportation	4,198,929	3,444,061	754,868	21.92 %
Community Services	30,525	29,360	1,165	3.97 %
Debt Service - Interest	1,387,450	808,790	578,660	71.55 %
Food Service Program	1,984,473	1,788,236	196,237	10.97 %
Total Expenses	<u>125,999,581</u>	<u>108,944,677</u>	<u>17,054,904</u>	15.65 %
Change in Net Position	<u>\$ (3,698,786)</u>	<u>\$ 6,178,475</u>	<u>\$ (9,877,261)</u>	159.87 %

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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The District's net position decreased by \$3,968,786 and increased \$6,178,475 for the years ended June 30, 2023 and 2022, respectively.

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

- Charges for services increased mainly due to the growth in school cafeteria sales and extraclassroom activity revenues, as well as billings to other school districts.
- Capital grants decreased as the District received the balance of the Dormitory Authority of the State of New York (DASNY) grant funding towards the purchases of kitchen equipment in 2022.
- The decrease in real property taxes and STAR was the result of the exemption of various LIPA owned properties within the North Shore Central School District.
- The increase in state sources is due to the District receiving increased state general aid and BOCES aid.
- The increase in other general revenue was due to the receipt of "Direct Assessments" as provided by the stipulation of agreement between LIPA and the County of Nassau.
- The extraordinary item is the first installment of direct payment received by the District under the settlement agreement with LIPA.

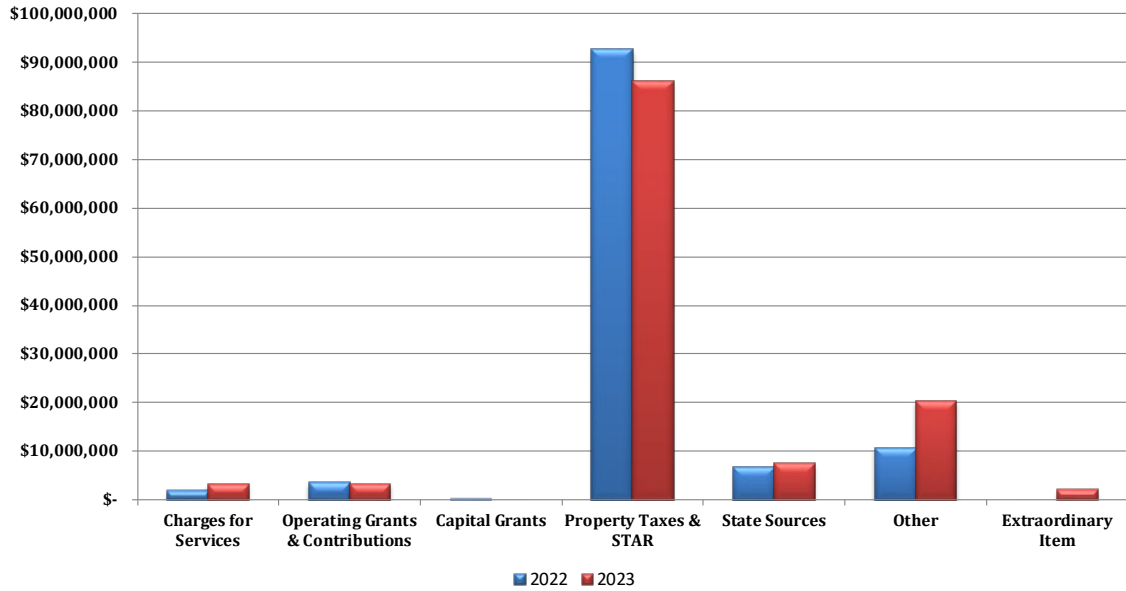
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- General support, instruction, and pupil transportation increased based on the impact of allocations of the net change in actuarially determined liabilities and expenses for TRS, ERS, and OPEB costs. The current fiscal year's actuarial determinations resulted in an increase in allocated expenses.
- Pupil transportation also increased due to new students requiring transportation to private schools.
- Debt service interest increased primarily due to interest expenses on the bond anticipation notes issued in April 2022, and much higher interest expense on the tax anticipation notes, as a result of the rise in interest rates.

As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 70.4% and 80.4% of the total for the years 2023 and 2022, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.1% and 81.8% of the total for the years 2023 and 2022, respectively).

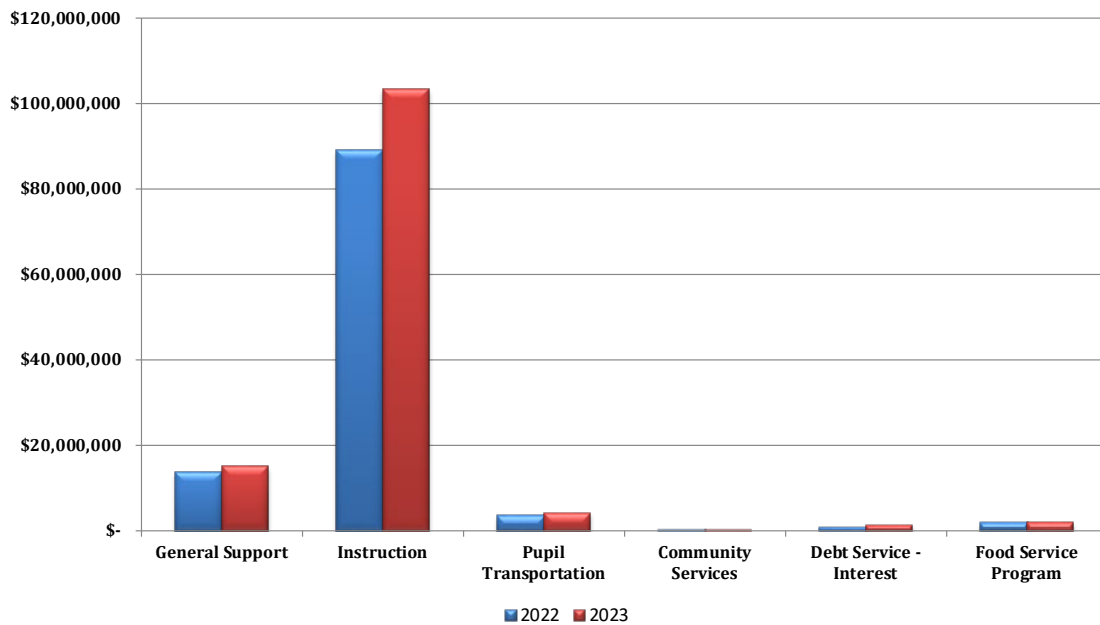
**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes & STAR	State Sources	Other	Extraordinary Item
2022	1.5%	3.0%	0.0%	80.4%	5.9%	9.2%	0.0%
2023	2.6%	2.7%	0.0%	70.4%	6.0%	16.7%	1.6%

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
2022	12.7%	81.8%	3.2%	0.0%	0.7%	1.6%
2023	11.9%	82.1%	3.3%	0.0%	1.1%	1.6%

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$18,286,329, which is a decrease of \$17,592,313 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources 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:

	2023	2022	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Nonspendable: Advance	\$ 534	\$ 173,148	\$ (172,614)	(99.69)%
Restricted				
Workers' compensation	1,475,977	1,598,720	(122,743)	(7.68)%
Unemployment insurance	1,747,900	1,691,738	56,162	3.32 %
Retirement contribution				
Teachers' retirement system	3,666,581	2,565,257	1,101,324	42.93 %
Employees' retirement system	5,926,759	5,191,357	735,402	14.17 %
Liability	116,221	113,254	2,967	2.62 %
Employee benefit accrued liability	338,772	330,122	8,650	2.62 %
Capital	871,066	1,059,912	(188,846)	(17.82)%
Repairs	623,927	693,807	(69,880)	(10.07)%
Assigned:				
Appropriated fund balance	3,292,621	3,363,930	(71,309)	(2.12)%
Unappropriated fund balance	1,018,883	1,203,461	(184,578)	(15.34)%
Unassigned: Fund balance	4,807,556	4,638,567	168,989	3.64 %
	<u>23,886,797</u>	<u>22,623,273</u>	<u>1,263,524</u>	5.59 %
<b>School Food Service Fund</b>				
Nonspendable: Inventory	40,078	36,211	3,867	10.68 %
Unassigned: Fund balance (deficit)	(534)	(173,148)	172,614	(99.69)%
	<u>39,544</u>	<u>(136,937)</u>	<u>176,481</u>	(128.88)%
<b>Debt Service Fund</b>				
Restricted: Debt service	<u>827,806</u>	<u>862,295</u>	<u>(34,489)</u>	(4.00)%
<b>Capital Projects Fund</b>				
Restricted:				
Capital	2,216,910	2,394,431	(177,521)	(7.41)%
Repairs	542,108	580,000	(37,892)	(6.53)%
Unspent debt proceeds	934,540	7,501,278	(6,566,738)	(87.54)%
Assigned: Unappropriated fund balance	-	1,257,794	(1,257,794)	(100.00)%
Unassigned: Fund balance (deficit)	(11,061,823)	-	(11,061,823)	N/A
	<u>(7,368,265)</u>	<u>11,733,503</u>	<u>(19,101,768)</u>	162.80 %
<b>Extraclassroom Activity Funds</b>				
Assigned: Unappropriated fund balance	<u>217,547</u>	<u>230,192</u>	<u>(12,645)</u>	(5.49)%

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Scholarships Fund</b>				
Restricted: Scholarships	\$ 199,827	\$ 195,903	\$ 3,924	2.00 %
<b>Student Activities Fund</b>				
Restricted: Student Activities	483,073	370,413	112,660	30.41 %
Total Fund Balance	<u>\$ 18,286,329</u>	<u>\$ 35,878,642</u>	<u>\$ (17,592,313)</u>	(49.03)%

**A. General Fund**

The general fund – fund balance is a net increase of \$1,263,524, compared to an increase of \$16,481 in 2022.

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

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Real Property Taxes & STAR	\$ 86,112,080	\$ 92,547,991	\$ (6,435,911)	(6.95)%
Other Local Sources	20,740,723	11,159,077	9,581,646	85.86 %
State Sources	7,376,815	6,822,724	554,091	8.12 %
Medicaid Reimbursement	30,684	35,698	(5,014)	(14.05)%
Federal Sources	568,868	267,198	301,670	112.90 %
Other Financing Sources	1,000,000	521,961	478,039	91.59 %
Extraordinary Item	2,000,000	-	2,000,000	N/A
	<u>\$ 117,829,170</u>	<u>\$ 111,354,649</u>	<u>\$ 6,474,521</u>	5.81 %

- Property taxes and STAR decreased as a result of the exemption of various LIPA-owned properties within the District.
- Other local sources increased primarily due to the receipt of “Direct Assessments” as provided by the stipulation of agreement between LIPA and the County of Nassau as well as higher bank interest earnings.
- State sources increased mainly due to increases in state general aid and BOCES aid.
- Federal sources increased as the District received disaster recovery aid reimbursements from FEMA.
- Other financing sources increased due to the general fund receiving a Board-authorized return of unspent capital reserve funds from the capital projects fund.
- Extraordinary item is the first direct payment installment received by the District under the settlement agreement with LIPA.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

	2023	2022	Increase (Decrease)	Percentage Change
General Support	\$ 11,174,435	\$ 11,256,500	\$ (82,065)	(0.73)%
Instruction	66,184,431	65,378,136	806,295	1.23 %
Pupil Transportation	2,998,164	2,715,218	282,946	10.42 %
Community Services	21,461	23,439	(1,978)	(8.44)%
Employee Benefits	28,508,930	26,625,867	1,883,063	7.07 %
Debt Service	440,225	163,945	276,280	168.52 %
Other Financing Uses	7,238,000	5,175,063	2,062,937	39.86 %
	<u>\$ 116,565,646</u>	<u>\$ 111,338,168</u>	<u>\$ 5,227,478</u>	4.70 %

- Pupil transportation increased due to new students requiring transportation to private schools.
- Employee benefits increased due to a higher pension contribution rate for the District's liabilities to the TRS, as well as increase in health insurance expenditures.
- Debt service increased as the interest cost for TAN borrowing increased significantly due to higher interest rate, and the accrual of BAN interest payable.
- Other financing uses increased predominately due to the transfers of capital reserve and repair reserve monies to the capital projects fund.

The District has established reserve funds in accordance with provisions of General Municipal Law and Education Law. The reserves are restricted for specific purposes, such as payments of workers' compensation claims, unemployment benefits, and required employer's contributions to the State's retirement systems. Funding of the reserves is authorized by the Board of Education; appropriations from the reserves for related purposes are authorized by the Board of Education or included in the annual adopted budget, or authorized by voters in the case of capital reserves. The following is a summary of the District's general fund restricted fund balance activity:

	Balance at June 30, 2022	Use of Reserves	Interest	Funding/ Reimbursement	Balance at June 30, 2023
Workers' compensation	\$ 1,598,720	\$ (168,388)	\$ 45,645	\$	\$ 1,475,977
Unemployment insurance	1,691,738		56,162		1,747,900
Retirement contribution					
TRS	2,565,257		74,285	1,027,039	3,666,581
ERS	5,191,357		175,402	560,000	5,926,759
Liability	113,254		2,967		116,221
EBAL	330,122		8,650		338,772
Capital	1,059,912	(1,300,000)	111,154	1,000,000	871,066
Repairs	693,807	(325,636)	14,648	241,108	623,927
	<u>\$ 13,244,167</u>	<u>\$ (1,794,024)</u>	<u>\$ 488,913</u>	<u>\$ 2,828,147</u>	<u>\$ 14,767,203</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**B. School Food Service Fund**

The school food service fund - fund balance net increase is the operating result of the current fiscal year, which included a \$150,000 budgeted transfer from the general fund.

**C. Debt Service Fund**

The debt service fund – fund balance net decrease reflects the planned use of fund balance towards principal and interest payments on long-term debt, offset by interest earnings and BAN issuance premium received in the current year.

**D. Capital Projects Fund**

The capital projects fund – fund balance net decrease is the result of expenditures related to ongoing capital improvement projects, offset by proceeds from the issuance of a serial bond and a transfer of funds from the general fund's repair reserve and capital reserve.

**E. Extraclassroom Activity Funds**

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

**F. Scholarships Fund**

The scholarships fund – fund balance net increase is primarily the result of scholarship donations and contributions exceeding scholarships awarded.

**G. Student Activities Fund**

The net change in the student activities fund – fund balance is an increase due to receipts received from student activities exceeding disbursements paid for student activities.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2022-2023 Budget**

The District's general fund adopted budget for the year ended June 30, 2023 was \$115,964,181. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,203,461 and budget revisions of \$1,625,636 for a total final budget of \$118,793,278. The Board of Education authorized the District to appropriate a total of \$325,636 from the repair reserve towards the High School roof repairs. The District's voters also approved Proposition Number 3 at the May 16, 2023 annual vote, allowing the District to appropriate \$1,300,000 from the capital reserve for the High School turf field and dance studio capital projects.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$85,925,546 in estimated property taxes.



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

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

Opening, Unassigned Fund Balance	\$ 4,638,567
Revenues, Other Financing Sources, and Extraordinary Item, Over Budget	5,228,919
Expenditures, Other Financing Uses, and Encumbrances Under Budget	1,208,749
Decrease in Nonspendable Fund Balance	172,614
Allocation to Reserves	(3,317,060)
Board-Approved use of Workers' Compensation Reserve	168,388
Appropriated to Fund the June 30, 2024 Budget	<u>(3,292,621)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 4,807,556</u></u>

Opening, Unassigned Fund Balance

The \$4,638,567 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned.

Revenues, Other Financing Sources, and Extraordinary Item, Over Budget

The 2022-2023 final budget for revenues was \$112,600,251. Actual revenues and other financing sources, including the extraordinary item recognized for the year were \$117,829,170. The excess of actual revenues and other financing sources, including the extraordinary item over estimated or budgeted revenues was \$5,228,919, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures, including prior year open encumbrances and budget revisions as of June 30, 2022, was \$118,793,278. Actual expenditures and other financing uses as of June 30, 2023 were \$116,565,646, and outstanding encumbrances were \$1,018,883. Combined, the expenditures plus encumbrances for 2022-2023 were \$117,584,529. The final budget variance was \$1,208,749, or 1.0%, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Change in Nonspendable Fund Balance

The District recorded the advance for the school food service fund at June 30, 2023, to the extent of the fund balance deficit of the school food service fund. The fund's deficit was reduced by \$172,614, accordingly, an amount of the general fund's fund balance classified as nonspendable was also reduced. The decrease in nonspendable fund balance increases unassigned fund balance.

Allocation to Reserves

Monies transferred into authorized reserves and interest earnings do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this MD&A details the allocation of interest earnings and funding transfers to the reserves, net of a Board-approved use of the workers' compensation reserve towards related expenditures in the general fund.

Appropriated Fund Balance

The District has chosen to use \$3,292,621 of the available June 30, 2023 fund balance to partially fund the 2023-2024 approved operating budget. As such, the June 30, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2023 was \$4,807,556. This amount equals 3.99% of the 2023-2024 budget and is within the 4% statutory limit.

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

**A. Capital Assets**

At June 30, 2023, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$23,571,824 in excess of \$2,657,639 of depreciation/amortization expense, recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Land	\$ 1,544,932	\$ 1,544,932	\$ -
Construction in progress	22,711,818	14,450,629	8,261,189
Buildings and improvements	88,617,698	75,807,402	12,810,296
Land improvements	34,689	39,549	(4,860)
Furniture and equipment	1,498,409	1,466,876	31,533
Vehicles	744,516	786,594	(42,078)
Leased equipment	129,560	271,455	(141,895)
Capital assets, net	<u>\$ 115,281,622</u>	<u>\$ 94,367,437</u>	<u>\$ 20,914,185</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**B. Debt Administration**

At June 30, 2023, the District had combined total debt of \$34,346,494. The decreases in outstanding debt represent principal payments made throughout the year, while the increase indicates a new issuance. A summary of the outstanding long-term debt at June 30, 2023 and 2022 is as follows:

Issue/Commencement Date	Interest Rate	2023	2022	Increase (Decrease)
<b>Bonds Payable</b>				
3/7/2013	2.0-4.0%	\$ 1,260,000	\$ 1,870,000	\$ (610,000)
11/3/2014	2.0-3.0%	3,309,960	3,734,960	(425,000)
12/15/2015	2.0-3.0%	7,610,000	8,455,000	(845,000)
5/26/2016	4.0-5.0%	-	715,000	(715,000)
6/8/2021	2.0-5.0%	12,075,000	12,750,000	(675,000)
4/27/2023	2.0-3.0%	2,700,000	-	2,700,000
		<u>\$ 26,954,960</u>	<u>\$ 27,524,960</u>	<u>\$ (570,000)</u>
<b>Energy Performance Contracts</b>				
5/29/2008	3.7060%	\$ 732,764	\$ 1,079,451	\$ (346,687)
10/28/2021	1.4795%	6,527,927	6,980,158	(452,231)
		<u>\$ 7,260,691</u>	<u>\$ 8,059,609</u>	<u>\$ (798,918)</u>
<b>Lease Liabilities</b>				
10/2018	0.893%	\$ 937	\$ 4,669	\$ (3,732)
10/2018	0.893%	393	1,959	(1,566)
March 2019	0.893%	-	15,149	(15,149)
7/2020	0.893%	115,947	230,864	(114,917)
10/2020	0.893%	2,068	3,602	(1,534)
11/2020	0.893%	4,828	6,944	(2,116)
11/2020	0.893%	4,828	6,944	(2,116)
1/2021	0.893%	1,842	2,649	(807)
		<u>\$ 130,843</u>	<u>\$ 272,780</u>	<u>\$ (141,937)</u>

On December 20, 2019, the voters approved a bond issue not to exceed \$39,899,786 to finance district-wide improvements. On April 27, 2023, the District issued \$2,700,000 in serial bonds and received \$300,000 of bond issuance premium, all of which will be used towards the voter-approved capital projects.

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**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 liabilities, net pension liabilities – proportionate share, and total OPEB liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Compensated absences payable	\$ 370,190	\$ 367,088	\$ 3,102
Workers' compensation liabilities	1,324,576	1,706,105	(381,529)
Net pension liabilities - proportionate share	12,200,041	-	12,200,041
Total OPEB liability	<u>157,443,943</u>	<u>135,601,074</u>	<u>21,842,869</u>
	<u>\$ 171,338,750</u>	<u>\$ 137,674,267</u>	<u>\$ 33,664,483</u>

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**A. Subsequent Year's Budget**

The general fund budget for the year ending June 30, 2024, as approved by the voters on May 16, 2023, is \$120,354,393. This is an increase of \$4,390,211 or 3.79% over the previous year's budget.

The original adopted budget has a property tax levy of \$89,092,028, or a 3.685% increase over the 2022-2023 property tax levy, and is below the District's maximum levy increase (tax cap) of 5.52%. The District estimates an increase in state aid and a decrease in direct assessments payments from LIPA as stipulated in the County's settlement with LIPA. The District budgeted to use \$3,292,621 of appropriated fund balance and \$560,000 of appropriated reserves towards the 2023-2024 budget.

**B. Future Budgets**

In addition to the continual impact of the LIPA-Nassau County settlement, dwindling state and federal support of initiatives established during the pandemic, the continued need for additional resources to close learning gaps, fluctuating rates in this inflationary environment, and increases in health insurance premium, pension plans contribution rates, charges of fuel, goods, and borrowing costs may impact the District's future budgets.

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's 2023-2024 property tax levy of \$89,092,028 was an increase of 3.79%, and was lower than the District's calculated tax cap of 5.52% and did not require an override vote.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**8. CONTACTING THE DISTRICT**

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

Mr. James Pappas, CPA  
Assistant Superintendent of Business  
North Shore Central School District  
112 Franklin Avenue  
Sea Cliff, New York 11579

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2023

**ASSETS**

Cash	
Unrestricted	\$ 22,245,619
Restricted	29,737,229
Receivables	
Accounts receivable	100,783
Taxes receivable	2,244,183
Due from state and federal	1,168,682
Due from other governments	1,502,013
Other	1,250,000
Inventory	40,078
Capital assets:	
Not being depreciated/amortized	24,256,750
Being depreciated/amortized, net of accumulated depreciation/amortization	91,024,872
Total Assets	<u>173,570,209</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charges from advance refunding, net	45,655
Pensions	34,948,415
Other postemployment benefits	<u>37,996,367</u>
Total Deferred Outflows of Resources	<u>72,990,437</u>

**LIABILITIES**

Payables	
Accounts payable	4,375,251
Accrued liabilities	2,233,901
Due to other governments	805,434
Due to teachers' retirement system	6,060,945
Due to employees' retirement system	397,251
Other liabilities	700,281
Notes payable: Bond anticipation	21,654,296
Unearned credits - collections in advance	165,770
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,055,557
Energy performance contract payable	818,601
Lease liabilities	123,907
Compensated absences payable	20,000
Due and payable after one year	
Bonds payable, net	25,607,615
Energy performance contract payable	6,442,090
Lease liabilities	6,936
Compensated absences payable	350,190
Workers' compensation liabilities	1,324,576
Net pension liabilities - proportionate share	12,200,041
Total other postemployment benefits liability	<u>157,443,943</u>
Total Liabilities	<u>243,786,585</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred revenue	3,445,703
Pensions	3,444,249
Other postemployment benefits	<u>44,654,810</u>
Total Deferred Inflows of Resources	<u>51,544,762</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>65,075,402</u>
Restricted:	
Workers' compensation	1,475,977
Unemployment insurance	1,747,900
Retirement contribution	
Teachers' retirement system	3,666,581
Employees' retirement system	5,926,759
Liability	116,221
Employee benefit accrued liability	338,772
Capital	3,087,976
Repairs	1,166,035
Debt	827,806
Scholarships	199,827
Student activities	483,073
	<u>19,036,927</u>
Unrestricted (Deficit)	<u>(132,883,030)</u>
Total Net Position (Deficit)	<u>\$ (48,770,701)</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Activities**  
For the Year Ended June 30, 2023

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants & Contributions	Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 15,050,186	\$	\$	\$ (15,050,186)
Instruction	103,348,018	1,651,930	2,827,509	(98,868,579)
Pupil transportation	4,198,929			(4,198,929)
Community service	30,525			(30,525)
Debt service - interest	1,387,450			(1,387,450)
Food service program	1,984,473	1,496,629	514,325	26,481
Total Functions and Programs	<u>\$ 125,999,581</u>	<u>\$ 3,148,559</u>	<u>\$ 3,341,834</u>	<u>(119,509,188)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				83,681,607
Other tax items				20,285,498
Use of money and property				1,370,443
Sale of property and compensation for loss				84,796
Miscellaneous				980,559
State sources				7,376,815
Medicaid reimbursement				<u>30,684</u>
Total General Revenues				<u>113,810,402</u>
Change in Net Position Before Extraordinary Item				(5,698,786)
<b>EXTRAORDINARY ITEM</b>				
LIPA settlement				<u>2,000,000</u>
Change in Net Position				(3,698,786)
Total Net Position (Deficit) - Beginning of Year				<u>(45,071,915)</u>
Total Net Position (Deficit) - End of Year				<u><u>\$ (48,770,701)</u></u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2023

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extracurricular Activity	Scholarships	Student Activities	Total Governmental Funds
<b>ASSETS</b>									
Cash									
Unrestricted	\$ 18,286,450	\$ 67,984	\$ 165,480	\$	\$ 3,508,158	\$ 217,547	\$	\$	\$ 22,245,619
Restricted	14,767,203			498,712	13,774,941		199,827	496,546	29,737,229
Receivables									
Accounts receivable	100,783								100,783
Taxes receivable	2,244,183								2,244,183
Due from other funds	721,544	36,609	45,473	329,094	1,473,971				2,606,691
Due from state and federal	691,218	452,221	25,243						1,168,682
Due from other governments	1,502,013								1,502,013
Other	1,250,000								1,250,000
Inventory			40,078						40,078
Total Assets	<u>\$ 39,563,394</u>	<u>\$ 556,814</u>	<u>\$ 276,274</u>	<u>\$ 827,806</u>	<u>\$ 18,757,070</u>	<u>\$ 217,547</u>	<u>\$ 199,827</u>	<u>\$ 496,546</u>	<u>\$ 60,895,278</u>
<b>LIABILITIES</b>									
Payables									
Accounts payable	\$ 1,058,544	\$ 70,000	\$ 3,530	\$	\$ 3,229,704	\$	\$	\$ 13,473	\$ 4,375,251
Accrued liabilities	1,368,150	7,818	47,958		686,670				2,110,596
Due to other funds	1,556,054	473,928	22,044		554,665				2,606,691
Due to other governments	802,938	1,300	1,196						805,434
Due to teachers' retirement system	6,060,945								6,060,945
Due to employees' retirement system	397,251								397,251
Other liabilities	700,281								700,281
Notes payable: Bond anticipation					21,654,296				21,654,296
Unearned credits - collections in advance		3,768	162,002						165,770
Total Liabilities	<u>11,944,163</u>	<u>556,814</u>	<u>236,730</u>	<u>-</u>	<u>26,125,335</u>	<u>-</u>	<u>-</u>	<u>13,473</u>	<u>38,876,515</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred revenues	3,445,703								3,445,703
Unavailable revenue	286,731								286,731
Total Deferred Inflows of Resources	<u>3,732,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,732,434</u>
<b>FUND BALANCES (DEFICIT)</b>									
Nonspendable:									
Inventory			40,078						40,078
Advance	534								534
Restricted:									
Workers' compensation	1,475,977								1,475,977
Unemployment insurance	1,747,900								1,747,900
Retirement contribution									
Teachers' retirement system	3,666,581								3,666,581
Employees' retirement system	5,926,759								5,926,759
Liability	116,221								116,221
Employee benefit accrued liability	338,772								338,772
Capital	871,066				2,216,910				3,087,976
Repairs	623,927				542,108				1,166,035
Debt				827,806					827,806
Scholarships							199,827		199,827
Student activities								483,073	483,073
Unspent debt proceeds					934,540				934,540
Assigned:									
Appropriated fund balance	3,292,621								3,292,621
Unappropriated fund balance	1,018,883					217,547			1,236,430
Unassigned: Fund balance (deficit)	4,807,556		(534)		(11,061,823)				(6,254,801)
Total Fund Balances (Deficit)	<u>23,886,797</u>	<u>-</u>	<u>39,544</u>	<u>827,806</u>	<u>(7,368,265)</u>	<u>217,547</u>	<u>199,827</u>	<u>483,073</u>	<u>18,286,329</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 39,563,394</u>	<u>\$ 556,814</u>	<u>\$ 276,274</u>	<u>\$ 827,806</u>	<u>\$ 18,757,070</u>	<u>\$ 217,547</u>	<u>\$ 199,827</u>	<u>\$ 496,546</u>	<u>\$ 60,895,278</u>



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2023

Total Governmental Fund Balances (Deficit) \$ 18,286,329

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

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

Original cost of capital assets	\$ 161,783,330	
Less: Accumulated depreciation/amortization	<u>(46,501,708)</u>	
		115,281,622

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

Deferred outflows of resources	34,948,415	
Net pension liability - teachers' retirement system	(5,562,368)	
Net pension liability - employees' retirement system	(6,637,673)	
Deferred inflows of resources	<u>(3,444,249)</u>	
		19,304,125

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.

Deferred charges on advance refunding	438,028	
Less: Accumulated amortization	<u>(392,373)</u>	
		45,655

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

Deferred outflows of resources	37,996,367	
Total other postemployment benefits liability	(157,443,943)	
Deferred inflows of resources	<u>(44,654,810)</u>	
		(164,102,386)

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.

286,731

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	(123,305)	
Bonds payable, net	(28,663,172)	
Energy performance contract payable	(7,260,691)	
Lease liabilities	(130,843)	
Compensated absences payable	(370,190)	
Workers' compensation liabilities	<u>(1,324,576)</u>	
		(37,872,777)

Total Net Position (Deficit)		<u><u>\$ (48,770,701)</u></u>
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**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2023

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activity	Scholarships	Student Activities	Total Governmental Funds
<b>REVENUES</b>									
Real property taxes	\$ 83,681,607	\$	\$	\$	\$	\$	\$	\$	\$ 83,681,607
Other tax items	20,285,498								20,285,498
Charges for services	1,055,325								1,055,325
Use of money and property	1,041,180			329,263					1,370,443
Sale of property and compensation for loss	84,796								84,796
Miscellaneous	704,397			276,162		596,605	29,324	438,133	2,044,621
State sources	7,376,815	496,426	16,750						7,889,991
Medicaid reimbursement	30,684								30,684
Federal sources	568,868	1,294,758	497,575						2,361,201
Sales			1,496,629						1,496,629
<b>Total Revenues</b>	<b>114,829,170</b>	<b>1,791,184</b>	<b>2,010,954</b>	<b>605,425</b>	<b>-</b>	<b>596,605</b>	<b>29,324</b>	<b>438,133</b>	<b>120,300,795</b>
<b>EXPENDITURES</b>									
General support	11,174,435								11,174,435
Instruction	66,184,431	1,966,768				609,250	25,400	325,473	69,111,322
Pupil transportation	2,998,164	6,025							3,004,189
Community services	21,461								21,461
Employee benefits	28,508,930		127,241						28,636,171
Debt service									
Principal	141,937			4,068,918					4,210,855
Interest	298,288			1,382,131					1,680,419
Food service program			1,857,232						1,857,232
Capital outlay					23,197,024				23,197,024
<b>Total Expenditures</b>	<b>109,327,646</b>	<b>1,972,793</b>	<b>1,984,473</b>	<b>5,451,049</b>	<b>23,197,024</b>	<b>609,250</b>	<b>25,400</b>	<b>325,473</b>	<b>142,893,108</b>
Excess (Deficiency) of Revenues Over Expenditures	5,501,524	(181,609)	26,481	(4,845,624)	(23,197,024)	(12,645)	3,924	112,660	(22,592,313)
<b>OTHER FINANCING SOURCES AND (USES)</b>									
Proceeds of debt					2,700,000				2,700,000
Premium on obligation					300,000				300,000
Operating transfers in	1,000,000	181,609	150,000	4,811,135	2,095,636				8,238,380
Operating transfers (out)	(7,238,000)				(1,000,380)				(8,238,380)
<b>Total Other Financing Sources and (Uses)</b>	<b>(6,238,000)</b>	<b>181,609</b>	<b>150,000</b>	<b>4,811,135</b>	<b>4,095,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>
Net Change in Fund Balances Before Extraordinary Item	(736,476)	-	176,481	(34,489)	(19,101,768)	(12,645)	3,924	112,660	(19,592,313)
<b>EXTRAORDINARY ITEM</b>									
LIPA settlement	2,000,000								2,000,000
Net Change in Fund Balances	1,263,524	-	176,481	(34,489)	(19,101,768)	(12,645)	3,924	112,660	(17,592,313)
Fund Balances (Deficit) - Beginning of Year	22,623,273		(136,937)	862,295	11,733,503	230,192	195,903	370,413	35,878,642
End of Year	\$ 23,886,797	\$ -	\$ 39,544	\$ 827,806	\$ (7,368,265)	\$ 217,547	\$ 199,827	\$ 483,073	\$ 18,286,329

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
For the Year Ended June 30, 2023

Net Change in Fund Balances \$ (17,592,313)

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

Long-Term Revenue and Expense Differences

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in workers' compensation liabilities \$ 381,529

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

Increase in compensated absences payable (3,102) 378,427

Capital Related Differences

Capital outlays to purchase, build or lease 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/amortization expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions 23,571,824  
Depreciation/amortization expense (2,657,639) 20,914,185

Long-Term Debt Transactions Differences

Proceeds and premium from the issuance of debt are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

Bonds issued (2,700,000)  
Bond issuance premium (300,000)

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 and increases net position.

Amortization of deferred premium on refunding and serial bonds 343,133  
Amortization of deferred charges on refunding (58,391)

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.

Bond payable 3,270,000  
Energy performance contract payable 798,918  
Lease liabilities 141,937

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2022 to June 30, 2023.

8,227 1,503,824

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 (1,531,415)  
Employees' retirement system (1,371,358)  
Other postemployment benefits (6,000,136) (8,902,909)

Change in Net Position of Governmental Activities \$ (3,698,786)

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

**B. Joint Venture**

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**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. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds. The District's financial statements present the following fund type:

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

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

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

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

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

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

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

***Student Activities Fund*** – is used to account for cash receipts and disbursements for various student-related activities that are not part of the general fund.

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

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**E. Real Property Taxes and Other Tax Items**

Calendar

Real property taxes are levied annually by the Board no later than August 15<sup>th</sup> and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. Taxes are collected by the Town of Oyster Bay and remitted to the District from November to June.

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County.

School Tax Relief (STAR) Aid

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

**F. Payments in Lieu of Taxes (PILOT)**

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. In addition, Nassau County reached a settlement agreement with LIPA, removing various LIPA-owned properties within the District from the tax roll. Under the stipulation of agreement between LIPA and the County, the District will receive "Direct Assessments" instead. The District recognized \$12,906,767 in LIPA PILOT and direct assessments revenue during the 2022-2023 fiscal year.

**G. Restricted Resources**

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

**J. Cash and Cash Equivalents**

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

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

**K. Receivables**

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

**L. Inventory**

Inventory of food in the school food service fund is 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. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

**M. Other Receivable**

Other receivable represents amounts receivable resulting from a settlement agreement with the Long Island Power Authority (LIPA).

**N. Capital Assets**

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 5,000	20-50 years
Furniture and equipment	5,000	5-20 years
Vehicles	5,000	8 years
Leased equipment	N/A	Lease Term

**O. 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 three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from prior years' refunding of bonds that is being amortized as a component of interest expense on a weighted average basis through June 30, 2025. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

**P. Short-Term Debt**

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date; seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**Q. 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 the supply chain assistance grant and prepaid student lunch amounts 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.

**R. Employee Benefits – Compensated Absences**

Compensated absences consist of unpaid accumulated vacation leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

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

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

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

**S. Other Benefits**

Eligible District employees participate in the TRS or the ERS.

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

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

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**T. Deferred Inflows of Resources**

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 debt service fund.

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

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

**U. Long-Term Debt**

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 five 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. 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 PILOT monies received before the period to which the PILOT pertains. The amounts will be recognized in the period that the PILOT applies to. The third item is the remaining balance of the amounts receivable from LIPA over the next two fiscal years as a result of a settlement agreement. The fourth 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 fifth item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

**V. 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/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, and improvements of those assets, net of any unexpended proceeds.

*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.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Fund Statements

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

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

*Retirement Contribution Reserve*

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*Liability Reserve*

Liability Reserve (Education Law §1709(8) (c)) is used to pay for liability claims incurred. This reserve may not exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is 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 fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the general fund and capital projects fund.

*Repairs Reserve*

Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserves are accounted for in the general fund and capital projects fund.

*Restricted for Debt*

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

*Restricted – Unspent Debt Proceeds*

Unspent long-term debt 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.

*Restricted for Scholarships*

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*Restricted for Student Activities*

Amounts restricted for student activities are used to account for charges for services provided to students and the related expenses. The reserve is accounted for in the student activity 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 also includes an amount appropriated to partially fund the subsequent year's budget, and 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, plus assigned special designated amounts of the general fund, to an amount not greater than 4% of the subsequent year's budget.

**Fund Balance Classification**

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

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

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

**2. FUTURE ACCOUNTING STANDARDS**

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

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

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

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Pension and Other Postemployment Benefits Differences

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

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

**4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgets**

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

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

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

Voter-approved appropriation from capital reserve for transfer to the capital projects fund	\$ 1,300,000
Appropriations from repair reserve to fund repairs and remediation to the North Shore High School roof	<u>325,636</u>
	<u><u>\$ 1,625,636</u></u>

Budgets are adopted annually on a basis consistent with GAAP.

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



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**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. School Food Service Fund Deficit**

The school food service fund has an unassigned fund balance deficit of \$534. The District anticipates the food service program will generate an operating surplus in the 2023-2024 school year and eliminate the deficit.

**D. Capital Projects Fund Deficit**

The capital projects fund has an unassigned fund balance deficit of \$11,061,823. This will be funded when the District obtains permanent financing for its current construction project.

**5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

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

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

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

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

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

**6. PARTICIPATION IN BOCES**

During the year ended June 30, 2023, the District was billed \$4,118,404 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,105,696. Financial statements for BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**7. DUE FROM STATE AND FEDERAL**

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

General Fund	
New York State - Prior years' building aid	\$ 12,983
New York State - Prior years' excess cost aid	280,459
New York State - Current year excess cost aid	306,982
New York State - Summer Aid	63,834
New York State - FEMA reimbursements	26,960
	<u>691,218</u>
Special Aid Fund	
Federal and state grants	452,221
School Food Service Fund	
Federal and state food service program reimbursements	<u>25,243</u>
	<u>\$ 1,168,682</u>

District management expects these amounts to be fully collectible.

**8. DUE FROM OTHER GOVERNMENTS**

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

General Fund	
Nassau BOCES - BOCES aid	\$ 497,604
NYC Department of Social Services - Charges for services	438,601
Other school districts - charges for services	560,465
Miscellaneous	5,343
	<u>1,502,013</u>

District management expects these amounts to be fully collectible.

**9. OTHER RECEIVABLE**

In October of 2013, the Board of Education of the North Shore Central School District commenced litigation in the Nassau County Supreme Court against the Long Island Power Authority (LIPA). In July 2022 the District arrived at a settlement agreement with LIPA in which LIPA would provide Direct Payments to the District in a total amount of \$3,250,000 over three years. The District received the first payment of \$2,000,000 in July 2022, and will receive the remaining \$1,250,000, over the next two years, with \$750,000 to be provided during the 2023-2024 fiscal year and \$500,000 in fiscal year 2024-2025.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**10. CAPITAL ASSETS**

**A. Changes**

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 1,544,932	\$	\$	\$ 1,544,932
Construction in progress	14,450,629	21,952,148	(13,690,959)	22,711,818
Total capital assets not being depreciated/amortized	15,995,561	21,952,148	(13,690,959)	24,256,750
Capital assets being depreciated/amortized:				
Buildings & improvements	111,200,518	14,935,835		126,136,353
Land improvements	1,366,354			1,366,354
Furniture and equipment	5,885,726	270,394	(96,715)	6,059,405
Vehicles	3,438,715	104,406		3,543,121
Leased equipment	421,347			421,347
Total capital assets being depreciated/amortized	122,312,660	15,310,635	(96,715)	137,526,580
Less accumulated depreciation/amortization for:				
Buildings & improvements	35,393,116	2,125,539		37,518,655
Land improvements	1,326,805	4,860		1,331,665
Furniture and equipment	4,418,850	238,861	(96,715)	4,560,996
Vehicles	2,652,121	146,484		2,798,605
Leased equipment	149,892	141,895		291,787
Total accumulated depreciation/ amortization	43,940,784	2,657,639	(96,715)	46,501,708
Total capital assets being depreciated/amortized, net	78,371,876	12,652,996	-	91,024,872
Capital assets, net	\$ 94,367,437	\$ 34,605,144	\$ (13,690,959)	\$ 115,281,622

Depreciation/amortization expense and loss on disposals was charged to governmental functions as follows:

General support	\$ 676,057
Instruction	1,731,972
Pupil transportation	249,610
Total depreciation/amortization expense	\$ 2,657,639

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**B. Lease Assets**

The District has entered into various lease arrangements that are subject to GASB Statement No. 87. The terms of these leases vary between four and five years. The District estimated its incremental borrowing rate based on its credit rating, at 0.893%. These leases are included in leased equipment as shown in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

**C. Impairment Losses**

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

**11. INTERFUND TRANSACTIONS**

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 721,544	\$ 1,556,054	\$ 1,000,000	\$ 7,238,000
Special Aid Fund	36,609	473,928	181,609	
School Food Service Fund	45,473	22,044	150,000	
Debt Service Fund	329,094		4,811,135	
Capital Projects Fund	1,473,971	554,665	2,095,636	1,000,380
	<u>\$ 2,606,691</u>	<u>\$ 2,606,691</u>	<u>\$ 8,238,380</u>	<u>\$ 8,238,380</u>

The District typically transfers from the general fund to the special aid fund, the debt service fund, and the capital projects fund for necessary expenditures. 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 State-supported §4201 school; the transfer to the school food service fund was to subsidize the food service program and cover the fund balance deficit as provided in the 2022-2023 general fund budget; the transfer to the debt service fund was for required long-term debt principal and interest payments for the fiscal year; and, the transfer to the capital projects fund was to transfer funding from the general fund budget, as well as the District's repair and capital reserves for the High School roof repairs, and the High School turf field and dance studio capital projects. The transfer from the capital projects fund to the general fund in the amount of \$1,000,000 was the Board-authorized return of unexpended capital reserve-funded projects balances. The transfer from the capital projects fund to the debt service fund in the amount of \$380 was to transfer the portion of the June 2021 bond premium received that will be used for debt service payments instead of capital outlay.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**12. SHORT-TERM DEBT**

Short-term debt activity for the year is summarized below:

	Issue Date	Maturity	Stated Interest Rate	Balance June 30, 2022	Issued	Redeemed	Balance June 30, 2023
TAN	10/7/2022	5/18/2023	4.50%	\$ -	\$ 6,500,000	\$ (6,500,000)	\$ -
BAN	4/29/2022	4/28/2023	3.00%	5,000,000		(5,000,000)	-
BAN	4/29/2022	4/28/2023	3.25%	12,000,000		(12,000,000)	-
BAN	4/27/2023	4/26/2024	4.00%	-	21,654,296		21,654,296
				<u>\$ 17,000,000</u>	<u>\$ 28,154,296</u>	<u>\$ (23,500,000)</u>	<u>\$ 21,654,296</u>

The TANs were issued to provide cash flow for the District until real property taxes are received from the Town. The District received an issuance premium of \$36,920, which reduced the interest cost to the net amount of \$142,643, and an effective interest rate of 3.57%.

The BANs were issued to provide cash flows for the voter-approved capital improvement projects. The \$21,654,296 BAN was issued to redeem the \$17,000,000 BANs that matured on April 28, 2023. The District received issuance premium totaling \$273,061 for the April 2023 BAN, which has been recorded in the debt service fund and will be used to defray the interest cost upon the BAN's maturity in April 2024. As of June 30, 2023, the District has recorded accrued BAN interest payable in the amount of \$153,821 in the general fund.

**13. LONG-TERM LIABILITIES**

**A. Changes**

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bonds payable	\$ 27,524,960	\$ 2,700,000	\$ (3,270,000)	\$ 26,954,960	\$ 2,765,000
Premium	1,751,345	300,000	(343,133)	1,708,212	290,557
	<u>29,276,305</u>	<u>3,000,000</u>	<u>(3,613,133)</u>	<u>28,663,172</u>	<u>3,055,557</u>
Energy performance contract	8,059,609		(798,918)	7,260,691	818,601
Lease liabilities	272,780		(141,937)	130,843	123,907
	<u>37,608,694</u>	<u>3,000,000</u>	<u>(4,553,988)</u>	<u>36,054,706</u>	<u>3,998,065</u>
<u>Other long-term liabilities:</u>					
Compensated absences	367,088	3,102		370,190	20,000
Workers' compensation	1,706,105	193,614	(575,143)	1,324,576	
	<u>2,073,193</u>	<u>196,716</u>	<u>(575,143)</u>	<u>1,694,766</u>	<u>20,000</u>
	<u>\$ 39,681,887</u>	<u>\$ 3,196,716</u>	<u>\$ (5,129,131)</u>	<u>\$ 37,749,472</u>	<u>\$ 4,018,065</u>

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Refunding serial bond	3/7/2013	7/15/2024	2.0-4.0%	\$ 1,260,000
Construction serial bond	11/3/2014	7/15/2029	2.0-3.0%	3,309,960
Construction serial bond	12/15/2015	12/15/2030	2.0-3.0%	7,610,000
Construction serial bond	6/8/2021	6/1/2036	2.0-5.0%	12,075,000
Construction serial bond	4/27/2023	4/15/2038	2.0-3.0%	2,700,000
				<u>\$ 26,954,960</u>

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,765,000	\$ 827,917	\$ 3,592,917
2025	2,845,000	750,075	3,595,075
2026	2,295,000	671,475	2,966,475
2027	2,375,000	589,800	2,964,800
2028	2,465,000	498,725	2,963,725
2029-2033	9,864,960	1,244,311	11,109,271
2034-2038	4,345,000	265,900	4,610,900
Total	<u>\$ 26,954,960</u>	<u>\$ 4,848,203</u>	<u>\$ 31,803,163</u>

**C. Advance Bond Refunding and Amortization of Premiums**

In 2013 and 2016, the District defeased certain general obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. The outstanding principal balance of the defeased bonds was fully satisfied.

In the district-wide statements, the District is amortizing deferred charges on the advance refunding and bond premiums (resulting from refunding bonds and issuance of serial bonds) as a component of interest expense as follows:

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Year Ending June 30,	Amortization of Premium	Deferred Charge	Interest Expense Increase / (Decrease)
2024	\$ (290,557)	\$ 30,438	\$ (260,119)
2025	(251,347)	15,217	(236,130)
2026	(211,224)		(211,224)
2027	(190,382)		(190,382)
2028	(168,596)		(168,596)
2029-2033	(495,236)		(495,236)
2034-2038	(100,870)		(100,870)
Total	<u>\$ (1,708,212)</u>	<u>\$ 45,655</u>	<u>\$ (1,662,557)</u>

**D. Energy Performance Contract**

Energy performance contract is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract	5/29/2008	5/1/2025	3.706%	\$ 732,764
Energy performance contract	10/28/2021	6/15/2036	1.4795%	<u>6,527,927</u>
				<u>\$ 7,260,691</u>

The following is a summary of debt service requirements for energy performance contract payable:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 818,601	\$ 118,744	\$ 937,345
2025	838,869	98,476	937,345
2026	472,677	81,158	553,835
2027	479,696	74,139	553,835
2028	486,820	67,015	553,835
2029-2033	2,544,707	224,468	2,769,175
2034-2036	1,619,321	42,184	1,661,505
Total	<u>\$ 7,260,691</u>	<u>\$ 706,184</u>	<u>\$ 7,966,875</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**E. Lease Liabilities**

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Mail folder/insertter	10/2018	11/2023	0.893%	\$ 937
Mail folder/insertter	10/2018	11/2023	0.893%	393
Photocopiers	7/2020	6/2024	0.893%	115,947
Photocopiers	10/2020	10/2024	0.893%	2,068
Mailing machine	11/2020	10/2025	0.893%	4,828
Mailing machine	11/2020	10/2025	0.893%	4,828
Mailing machine	1/2021	12/2025	0.893%	1,842
				<u>\$ 130,843</u>

The following is a summary of principal and interest requirements for lease liabilities:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 123,907	\$ 661	\$ 124,568
2025	5,647	41	5,688
2026	1,289	3	1,292
Total	<u>\$ 130,843</u>	<u>\$ 705</u>	<u>\$ 131,548</u>

There were no additional lease commitments entered into by the District after June 30, 2023.

**F. Interest Expense**

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

Interest paid	\$ 1,383,955
Less interest accrued in the prior year	(131,532)
Plus interest accrued in the current year	123,305
Plus amortization of deferred charges on refunding	58,391
Less amortization of deferred premium on refunding and serial bonds	<u>(343,133)</u>
Total interest expense on long-term debt	<u>\$ 1,090,986</u>

**G. Authorized and Unissued Debt**

On December 10, 2019, the voters approved a bond issue not to exceed \$39,899,786 to finance district-wide capital improvements and additions. On April 27, 2023, the District issued \$2,700,000 of serial bonds and received \$300,000 of premium, which will also be used for capital construction. As of June 30, 2023, the District has issued a total of \$16,265,000 of serial bonds and received \$1,980,490 of bond issuance premium that will also be used for capital construction. As of June 30, 2023, the amount of unissued bonded debt was \$21,654,296. The \$21,654,296 of BANs issued in April 2023 provide additional short-term cash flows for the capital projects.



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**14. 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](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 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 (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 on the NYS Comptroller's website at [www.osc.state.ny.us/retire/publications/index.php](http://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, New York 12244.

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, 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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2022. The District's average contribution rate was 11.11% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2023 was \$5,404,960 for TRS at the contribution rate of 10.29% and \$1,301,097 for ERS at an average contribution rate of 11.51%.

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

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

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension liability	\$ (5,562,368)	\$ (6,637,673)
District's portion of the Plan's total pension liability	0.289874%	0.0309535%
Change in proportion since the prior measurement date	(0.009721)	(0.0022680)

For the year ended June 30, 2023, the District recognized a pension expense of \$6,933,936 for TRS and pension expense of \$2,667,345 for ERS. At June 30, 2023, 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	\$ 5,828,658	\$ 706,964	\$ 111,460	\$ 186,411
Change of assumptions	10,790,053	3,223,682	2,240,679	35,628
Net difference between projected and actual earnings on pension plan investments	7,187,107			38,996
Changes in proportion and differences between the District's contributions and proportionate share of contributions	603,670	806,070	693,601	137,474
District contributions subsequent to the measurement date	5,404,960	397,251		
Total	<u>\$ 29,814,448</u>	<u>\$ 5,133,967</u>	<u>\$ 3,045,740</u>	<u>\$ 398,509</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

Year Ending June 30,	TRS	ERS
2024	\$ 4,038,363	\$ 1,127,933
2025	2,126,623	(123,928)
2026	(911,986)	1,496,271
2027	14,150,036	1,837,931
2028	1,821,318	
Thereafter	139,394	
	\$ 21,363,748	\$ 4,338,207

**Actuarial Assumptions**

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

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

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

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

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

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

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

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

Discount Rate

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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:

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	<u>\$ (51,287,641)</u>	<u>\$ (5,562,368)</u>	<u>\$ 32,892,286</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	<u>\$ (16,040,410)</u>	<u>\$ (6,637,673)</u>	<u>\$ 1,219,407</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the system in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023, represent employer and employee contributions for the fiscal year ended June 30, 2023, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2023 amounted to \$5,404,960 of employer contributions and \$655,985 of employee contributions.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$397,251 of employer contributions. Employee contributions are remitted monthly.

**15. PENSION PLANS - OTHER**

**A. Tax Sheltered Annuities**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$13,167 and \$3,304,617, respectively.

**B. Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$420,803.

**16. POSTEMPLOYMENT HEALTHCARE BENEFITS**

**A. General Information about the OPEB Plan**

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

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

*Employees Covered by Benefit Terms* – At the actuarial valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	509
Inactive employees entitled to but not yet receiving benefits	-
Active employees	622
	<u>1,131</u>

**B. Total OPEB Liability**

The District's total OPEB liability of \$157,443,943 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*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	2.40%	
Discount rate	3.65%	
Healthcare cost trend rates	6.40%	decreasing to an ultimate rate of 3.80% by 2073
Retirees' share of benefit-related costs	15-65%	of projected health insurance premiums for retirees based on employee group

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index (with an average rating of AA/Aa or higher).

Mortality rates were based on the PubT-2010 and PubG-2010 Mortality Tables, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2022	<u>\$ 135,601,074</u>
Changes for the year	
Service cost	5,319,528
Interest on total OPEB liability	4,911,980
Changes of benefit terms	-
Effect of demographic (gains) or losses	654,259
Changes in assumptions or other inputs	15,323,250
Benefit payments	<u>(4,366,148)</u>
	<u>21,842,869</u>
Balance at June 30, 2023	<u><u>\$ 157,443,943</u></u>

Changes in assumptions and other inputs reflect the use of updated medical trend, salary scale, inflation assumptions, retirement and turnover rates, and a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

OPEB	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB liability	<u><u>\$ (184,348,303)</u></u>	<u><u>\$ (157,443,943)</u></u>	<u><u>\$ (135,831,546)</u></u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.4%) or 1 percentage point higher (7.4%) than the current healthcare cost trend rate:

	1% Decrease 5.40% decreasing to 2.80%	Healthcare Cost Trend Rates 6.40% decreasing to 3.80%	1% Increase 7.40% decreasing to 4.80%
OPEB			
Total OPEB liability	<u>\$ (131,692,835)</u>	<u>\$ (157,443,943)</u>	<u>\$ (190,884,560)</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$10,366,284. At June 30, 2023, 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	\$ 2,234,330	\$ 19,573,353
Changes of assumptions or other inputs	<u>35,762,037</u>	<u>25,081,457</u>
Total	<u>\$ 37,996,367</u>	<u>\$ 44,654,810</u>

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

Year Ending June 30,	Amount
2024	\$ 134,776
2025	134,776
2026	128,392
2027	(2,479,964)
2028	(4,492,891)
Thereafter	<u>(83,532)</u>
	<u>\$ (6,658,443)</u>

**17. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2023, consists of that portion of the amount due from New York State for local aid payments, including building aid and excess cost aid, which is recorded as unavailable revenue. Unavailable revenues in the general fund at June 30, 2023, total \$286,731.



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Also included in the governmental fund financial statements as deferred inflows of resources are LIPA PILOT earmarked for the 2023-2024 fiscal year, but was received by the District by June 30, 2023, as well as the balance of the direct payments receivable from LIPA as part of the legal settlement that the District reached with LIPA. Deferred revenues in the general fund at June 30, 2023, total \$3,445,703.

**18. EXTRAORDINARY ITEM**

During the year ended June 30, 2023, the District received \$2,000,000, as a result of a settlement agreement with LIPA. Due to the extraordinary and uncommon nature of this direct payment to the District, the amount has been reported as an extraordinary item in the financial statements.

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

	<u>2022</u>	<u>2023</u>
Unpaid claims at beginning of year	\$ 1,507,599	\$ 1,706,105
Incurred claims and claim adjustment expenses	657,034	193,614
Claim payments	<u>(458,528)</u>	<u>(575,143)</u>
Unpaid claims at year-end	<u>\$ 1,706,105</u>	<u>\$ 1,324,576</u>

At June 30, 2023, the District had \$1,475,977 of funds in the workers' compensation reserve.

**20. ASSIGNED: APPROPRIATED FUND BALANCE**

The total amount of \$3,292,621 has been appropriated from unrestricted fund balance to provide funding to the budget for the year ending June 30, 2024.

**21. APPROPRIATED RESTRICTED RESERVES**

The District has also estimated to appropriate \$200,000 from the ERS reserve, and \$360,000 from the TRS reserve to provide additional funding to the budget for the year ending June 30, 2024.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**22. TAX ABATEMENTS**

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's 2022-2023 property tax revenue abated was \$54,591. The District received PILOT payments totaling \$37,766.

**23. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

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

Assigned: Unappropriated Fund Balance:

General Fund

General support	\$ 716,789
Instruction	261,287
Pupil transportation	36,784
Employee Benefits	<u>4,023</u>
	<u>\$ 1,018,883</u>

The District has also encumbered \$8,728,658 in the capital projects fund for ongoing capital improvement projects costs.

**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.

**C. Litigation**

The District is involved in lawsuits arising from the normal conduct of its affairs. The District believes that the outcome of any matters will not have a material effect on these financial statements.

**24. SUBSEQUENT EVENTS**

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

**Tax Anticipation Notes**

On October 3, 2023, the District issued tax anticipation notes in the amount of \$5,000,000, which are due June 21, 2024, and bear interest at a stated rate of 5.00%. The District received premium of \$42,350 with the borrowing to yield an effective interest rate of 3.82%.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 94,794,364	\$ 83,645,073	\$ 83,681,607	\$ 36,534
Other tax items	9,578,830	20,228,121	20,285,498	57,377
Charges for services	615,000	615,000	1,055,325	440,325
Use of money and property	390,000	390,000	1,041,180	651,180
Sale of property and compensation for loss			84,796	84,796
Miscellaneous	849,608	1,349,608	704,397	(645,211)
Total Local Sources	106,227,802	106,227,802	106,852,803	625,001
State Sources	6,372,449	6,372,449	7,376,815	1,004,366
Medicaid Reimbursement			30,684	30,684
Federal Sources			568,868	568,868
Total Revenues	112,600,251	112,600,251	114,829,170	2,228,919
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In			1,000,000	1,000,000
Total Revenues and Other Sources	112,600,251	112,600,251	115,829,170	3,228,919
<b>EXTRAORDINARY ITEM</b>				
LIPA settlement			2,000,000	2,000,000
Total Revenues, and Other Financing Sources, and Extraordinary Item	112,600,251	112,600,251	117,829,170	\$ 5,228,919
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	3,363,930	3,363,930		
Prior Year's Encumbrances	1,203,461	1,203,461		
Appropriated Reserves	-	1,625,636		
Total Appropriated Fund Balance	4,567,391	6,193,027		
Total Revenues, and Other Financing Sources, Extraordinary Item, and Appropriated Fund Balance	\$ 117,167,642	\$ 118,793,278		

**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.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 280,997	\$ 586,793	\$ 497,394	\$ 79,438	\$ 9,961
Central administration	488,605	488,245	439,615	749	47,881
Finance	1,303,520	1,281,352	1,225,036	23,175	33,141
Staff	484,618	516,947	481,302	5,752	29,893
Central services	7,881,584	8,191,725	7,526,089	578,496	87,140
Special items	1,001,110	1,041,876	1,004,999	29,179	7,698
Total General Support	11,440,434	12,106,938	11,174,435	716,789	215,714
Instruction					
Administration & improvement	6,002,652	5,824,617	5,643,532	1,879	179,206
Teaching - regular school	38,760,763	38,166,402	37,674,320	61,318	430,764
Programs for students with disabilities	13,647,629	13,623,686	13,463,252	51,473	108,961
Occupational education	444,106	444,506	444,424		82
Teaching - special schools	139,450	115,087	77,656		37,431
Instructional media	2,212,373	2,373,943	2,192,851	116,397	64,695
Pupil services	6,523,320	6,771,780	6,688,396	30,220	53,164
Total Instruction	67,730,293	67,320,021	66,184,431	261,287	874,303
Pupil Transportation	2,814,897	3,046,492	2,998,164	36,784	11,544
Community Services	33,500	33,500	21,461		12,039
Employee Benefits	29,505,764	28,608,097	28,508,930	4,023	95,144
Debt Service					
Principal	-	141,942	141,937		5
Interest	67,000	298,288	298,288		-
Total Debt Service	67,000	440,230	440,225	-	5
Total Expenditures	111,591,888	111,555,278	109,327,646	1,018,883	1,208,749
<b>OTHER USES</b>					
Operating Transfers Out	5,575,754	7,238,000	7,238,000		-
Total Expenditures and Other Uses	\$ 117,167,642	\$ 118,793,278	116,565,646	\$ 1,018,883	\$ 1,208,749
Net Change in Fund Balance			1,263,524		
Fund Balance - Beginning of Year			22,623,273		
Fund Balance - End of Year			\$ 23,886,797		

**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.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)**  
Last Nine Fiscal Years

***Teachers' Retirement System***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.289874%	0.299595%	0.278978%	0.281772%	0.280130%	0.278671%	0.271678%	0.269480%	0.267390%
District's proportionate share of the net pension asset/(liability)	\$ (5,562,368)	\$ 51,916,915	\$ (7,708,906)	\$ 7,320,455	\$ 5,065,491	\$ 2,118,179	\$ (2,909,783)	\$ 27,990,400	\$ 29,785,620
District's covered payroll	\$ 51,351,969	\$ 50,850,850	\$ 47,959,283	\$ 47,630,194	\$ 46,343,887	\$ 44,714,477	\$ 42,334,323	\$ 40,834,874	\$ 39,917,240
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.83 %	102.10 %	16.07 %	15.37 %	10.93 %	4.74 %	6.87 %	68.55 %	74.62 %
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

***Employees' Retirement System***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0309535%	0.0332215%	0.0304649%	0.0297363%	0.0329703%	0.0320411%	0.0320850%	0.0323126%	0.0323126%
District's proportionate share of the net pension asset/(liability)	\$ (6,637,673)	\$ 2,715,722	\$ (30,335)	\$ (7,874,350)	\$ (2,336,049)	\$ (1,034,108)	\$ (3,014,774)	\$ (5,186,259)	\$ (5,186,259)
District's covered payroll	\$ 11,775,447	\$ 11,681,266	\$ 11,333,845	\$ 11,257,908	\$ 10,583,300	\$ 11,243,507	\$ 10,422,653	\$ 10,251,674	\$ 10,251,674
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	56.37 %	23.25 %	0.27 %	69.95 %	22.07 %	9.20 %	28.93 %	50.59 %	50.59 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of District Pension Contributions**  
Last Ten Fiscal Years

***Teachers' Retirement System***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,404,960	\$ 5,032,493	\$ 4,846,086	\$ 4,214,643	\$ 5,014,833	\$ 4,523,151	\$ 5,210,023	\$ 5,592,679	\$ 7,096,070	\$ 6,418,380
Contributions in relation to the contractually required contribution	<u>5,404,960</u>	<u>5,032,493</u>	<u>4,846,086</u>	<u>4,214,643</u>	<u>5,014,833</u>	<u>4,523,151</u>	<u>5,210,023</u>	<u>5,592,679</u>	<u>7,096,070</u>	<u>6,418,380</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 52,526,338	\$ 51,351,969	\$ 50,850,850	\$ 47,959,283	\$ 47,630,194	\$ 46,343,887	\$ 44,714,477	\$ 42,334,323	\$ 40,834,874	\$ 39,917,240
Contributions as a percentage of covered payroll	10%	10%	10%	9%	11%	10%	12%	13%	17%	16%

***Employees' Retirement System***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,301,097	\$ 1,776,826	\$ 1,598,011	\$ 1,515,292	\$ 1,643,920	\$ 1,630,369	\$ 1,561,054	\$ 1,719,150	\$ 1,818,587	\$ 1,899,306
Contributions in relation to the contractually required contribution	<u>1,301,097</u>	<u>1,776,826</u>	<u>1,598,011</u>	<u>1,515,292</u>	<u>1,643,920</u>	<u>1,630,369</u>	<u>1,561,054</u>	<u>1,719,150</u>	<u>1,818,587</u>	<u>1,899,306</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,304,442	\$ 11,877,813	\$ 11,619,679	\$ 11,181,817	\$ 11,164,507	\$ 10,905,633	\$ 10,613,227	\$ 10,248,524	\$ 9,964,689	\$ 9,480,525
Contributions as a percentage of covered payroll	12%	15%	14%	14%	15%	15%	15%	17%	18%	20%

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**  
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 5,319,528	\$ 7,612,919	\$ 6,888,920	\$ 5,644,364	\$ 5,438,455	\$ 4,872,186
Interest on total OPEB liability	4,911,980	3,628,335	3,941,112	5,026,551	3,920,019	3,764,877
Changes in benefit terms	-	-	-	-	-	-
Demographic gains or losses	654,259	-	(30,447,438)	-	4,195,678	89,421
Changes of assumptions or other inputs	15,323,250	(33,881,967)	12,680,551	27,238,086	3,883,594	-
Benefit payments	(4,366,148)	(4,224,926)	(4,054,569)	(4,803,168)	(4,594,597)	(3,655,062)
Net change in total OPEB liability	21,842,869	(26,865,639)	(10,991,424)	33,105,833	12,843,149	5,071,422
Total OPEB liability, beginning	135,601,074	162,466,713	173,458,137	140,352,304	127,509,155	122,437,733
Total OPEB liability, ending	<u>\$ 157,443,943</u>	<u>\$ 135,601,074</u>	<u>\$ 162,466,713</u>	<u>\$ 173,458,137</u>	<u>\$ 140,352,304</u>	<u>\$ 127,509,155</u>
Covered employee payroll	\$ 58,833,731	\$ 55,094,962	\$ 55,094,962	\$ 52,868,037	\$ 52,868,037	\$ 52,323,746
Total OPEB liability as a percentage of covered employee payroll	267.61%	246.12%	294.88%	328.10%	265.48%	243.69%
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%
Healthcare trend rates	6.4% to 3.8% by 2073	5.3% to 4.1% over 55 years	5.3% to 4.1% over 55 years	6.1% to 4.1% over 57 years	6.1% to 4.1% over 57 years	7.5% to 4.5% by 2022

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

**Note to Required Supplementary Information**

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedules of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit - General Fund**  
For the Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 115,964,181
Additions:	
Prior year's encumbrances	<u>1,203,461</u>
Original Budget	117,167,642
Budget revisions	<u>1,625,636</u>
Final Budget	<u><u>\$ 118,793,278</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget	<u><u>\$ 120,354,394</u></u>
Maximum allowed (4% of 2023-2024 budget)	<u><u>\$ 4,814,176</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 4,311,504
Unassigned fund balance	<u>4,807,556</u>
	\$ 9,119,060
Less:	
Appropriated fund balance	3,292,621
Encumbrances	<u>1,018,883</u>
Total adjustments	<u>4,311,504</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 4,807,556</u></u>
Actual Percentage	3.99%



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2023

PROJECT TITLE	Methods of Financing										
	Budget	Budget	Expenditures to Date			Unexpended Balance	Proceeds	State Aid	Local	Total	Fund Balance
	June 30, 2022	June 30, 2023	Prior Years	Current Year	Total		of Obligations		Sources		
2012-2013 (\$19 Million) Bond Proposition:											
Middle School Roof and Playground	\$ 1,986,885	\$ 1,986,885	\$ 1,986,885	\$	\$ 1,986,885	\$ -	\$ 1,986,885	\$	\$	\$ 1,986,885	\$ -
Middle School Science Rooms and Fields	1,998,009	1,998,009	1,998,009		1,998,009	-	1,998,009			1,998,009	-
Glen Head Roof	958,906	958,906	958,906		958,906	-	958,906			958,906	-
Glen Head Flooring	137,710	137,710	137,710		137,710	-	137,710			137,710	-
Glen Head Water and Masonry	1,184,200	1,184,200	1,184,200		1,184,200	-	1,184,200			1,184,200	-
Glenwood Landing Flooring and Paving	466,152	466,152	466,152		466,152	-	466,152			466,152	-
Glenwood Landing Masonry	2,261,306	2,261,306	2,261,306		2,261,306	-	2,261,306			2,261,306	-
Sea Cliff Electric and Playground	130,367	130,367	130,367		130,367	-	130,367			130,367	-
Sea Cliff Masonry	1,031,149	1,031,149	1,031,149		1,031,149	-	1,031,149			1,031,149	-
Districtwide Security	465,493	465,493	465,493		465,493	-	456,070		9,423	465,493	-
Middle School Masonry and Windows	3,071,005	3,071,005	3,071,005		3,071,005	-	3,071,005			3,071,005	-
Transportation Garage Roof	46,578	46,578	46,578		46,578	-	46,578			46,578	-
Glenwood Landing Auditorium	274,546	274,546	274,546		274,546	-	274,546			274,546	-
High School Auditorium and Paving	3,679,686	3,679,686	3,679,686		3,679,686	-	3,679,686			3,679,686	-
Sea Cliff Roof and HVAC	1,427,769	1,427,769	1,427,769		1,427,769	-	1,427,769			1,427,769	-
Glen Head Ceramic Wall and 2000 Section Roof	510,961	510,961	28,180	177,523	205,703	305,258	510,961			510,961	305,258
General Fund Appropriations:											
Elementary and High School Kitchens - DASNY	122,000	122,000	113,857		113,857	8,143		50,000	72,000	122,000	8,143
High School Cafeteria Duct Work Renovations	422,609	422,609	422,000		422,000	609			422,609	422,609	609
High School Front Entrance Renovations	85,000	85,000	84,972		84,972	28			85,000	85,000	28
21st Century Classroom Project Renovations	65,000	65,000	56,716		56,716	8,284			65,000	65,000	8,284
Middle School Softball Field Renovations	570,135	570,135	124,154	342,957	467,111	103,024		250,000	320,135	570,135	103,024
Middle School Library Air Conditioning	822,330	822,330	449,502	58,923	508,425	313,905			822,330	822,330	313,905
Glenwood Landing Connecting Corridor Roof	97,775	97,775	6,480	82,620	89,100	8,675			97,775	97,775	8,675
High School Generator Replacement	290,784	290,784	-		-	290,784			290,784	290,784	290,784
Districtwide Telephone System, Network Switches	505,027	505,027	465,453		465,453	39,574			505,027	505,027	39,574
High School Generator Replacement	-	470,000	-	362,450	362,450	107,550			470,000	470,000	107,550
Capital Reserves:											
High School Field House	1,169,003	1,169,003	1,168,985		1,168,985	18		105,000	1,064,003	1,169,003	18
High School Track and Field	2,686,046	2,686,046	2,681,019		2,681,019	5,027			2,686,046	2,686,046	5,027
Middle School HVAC	1,211,663	1,211,663	1,086,649		1,086,649	125,014			1,211,663	1,211,663	125,014
Glen Head HVAC	241,163	241,163	77,240		77,240	163,923			241,163	241,163	163,923
High School HVAC	820,164	820,164	747,695		747,695	72,469			820,164	820,164	72,469
Sea Cliff HVAC	873,164	873,164	765,037		765,037	108,127			873,164	873,164	108,127
Middle School HVAC Cafeteria	587,900	580,900	560,471		560,471	20,429			580,900	580,900	20,429
Middle School Locker Room	2,550,000	1,550,000	1,196,063	141,672	1,337,735	212,265			1,550,000	1,550,000	212,265
Glen Head Nursing Station	450,000	450,000	50,566	248,815	299,381	150,619			450,000	450,000	150,619
Glen Head HVAC Cafeteria	453,300	438,300	421,391		421,391	16,909			438,300	438,300	16,909
Glenwood Landing HVAC Auditorium	547,100	524,600	501,874		501,874	22,726			524,600	524,600	22,726
Sea Cliff HVAC Cafeteria	633,412	640,412	563,101	61,664	624,765	15,647			640,412	640,412	15,647
High School HVAC Cafeteria Ceiling	1,222,200	1,259,700	1,230,593	25,370	1,255,963	3,737			1,259,700	1,259,700	3,737
High School Turf Field and Dance Studio	-	1,300,000			-	1,300,000			1,300,000	1,300,000	1,300,000
Repair Reserve:											
Districtwide HVAC Repairs	580,000	580,000	-	72,825	72,825	507,175			580,000	580,000	507,175
High School Roof Repairs and Remediation		84,528		84,501	84,501	27			84,528	84,528	27
High School Roof Repairs		241,108		206,202	206,202	34,906			241,108	241,108	34,906

## For the Year Ended June 30, 2023

Bonds not yet issued	(21,654,296)
State aid revenue not yet realized	<u>(250,000)</u>
Fund Balance (Deficit)	<u>\$ (7,368,265)</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2023

Capital assets, net	<u>\$ 115,281,622</u>
Add:	
Deferred charges on advance refunding, net	<u>45,655</u>
Deduct:	
Capital related liabilities:	
Accounts payable	3,229,704
Bond anticipation notes	21,654,296
Less: Unspent BAN proceeds	(9,752,291)
Short-term portion of bonds payable	2,765,000
Long-term portion of bonds payable	24,189,960
Short-term portion of bond premium	290,557
Long-term portion of bond premium	1,417,655
Less: Unspent bond proceeds	(305,258)
Short-term portion of energy performance contract	818,601
Long-term portion of energy performance contract	6,442,090
Less: Unspent EPC proceeds	(629,282)
Short-term portion of lease liabilities	123,907
Long-term portion of lease liabilities	6,936
	<u>50,251,875</u>
Net Investment in Capital Assets	<u><u>\$ 65,075,402</u></u>



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

To the Board of Education  
North Shore Central School District  
Sea Cliff, 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 and each major fund of the North Shore Central School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 18, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the North Shore Central School District in a separate letter dated October 18, 2023.

### **Purpose of this Report**

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

*Cullen & Danowski, LLP*

October 18, 2023

