



FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS  
June 30, 2021

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
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VINCENT D. CULLEN, CPA  
(1950 – 2013)

JAMES E. DANOWSKI, CPA  
PETER F. RODRIGUEZ, CPA  
JILL S. SANDERS, CPA  
DONALD J. HOFFMANN, CPA  
CHRISTOPHER V. REINO, CPA  
ALAN YU, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Changes in Accounting Principles***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District’s proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District’s total OPEB liability and related ratios on pages 3 through 19 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Shore Central School District’s basic financial statements. The other supplementary 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 supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021 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*

November 8, 2021

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

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

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2021 are as follows:

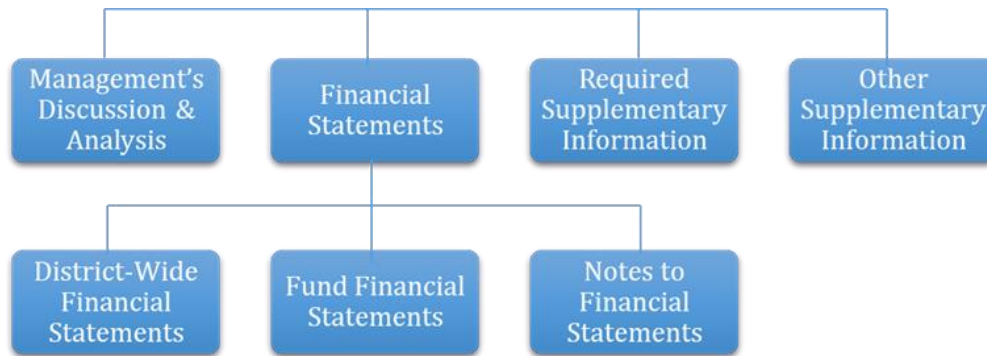
- The District's main operating fund, the general fund, ended the 2020-2021 fiscal year with a \$3,345,059 decrease in total fund balance. Total actual expenditures including operating transfers for special aid fund summer program costs, debt service fund long-term debt principal and interest payments, and capital projects funding were more than total actual revenues recognized.
- The general fund's operating results reflect the District's planned use of available fund balance amounts to pay for expenditures. During the 2020-2021 fiscal year, to address additional expenditures for reopening schools safely and for teachers' professional development for continuation of online learning due to the impact of the COVID-19 pandemic, the Board of Education authorized the District to use \$2,700,000 and \$200,000 of assigned fund balance designated by the Board last year for these expenditures.
- The District was one of six school districts in Nassau County to reopen the 2020-2021 school year full time for K-8 and also provide remote learning for the school year.
- Actual expenditures for the year plus outstanding encumbrances totaled \$112,975,403, which was 97.6% of the general fund's final budget.
- The District continued to utilize the Board-designated assigned fund balance - Special Designation-LIPA, originally established with funds from special state legislative grants and the liquidation of the tax certiorari reserve, to provide funding for annual budgets. In addition to releasing \$573,516 from the special designation-LIPA last year for the 2020-2021 fiscal year budget, the Board of Education released another \$1,154,398 from the special designation into appropriated fund balance this year for the 2021-2022 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, 2021 decreased by \$15,311,992 to a deficit net position balance of \$51,250,390. The decrease was primarily attributable to changes in the actuarially determined pension and OPEB liabilities and related amounts.
- The District's total net position at June 30, 2020 was restated and increased by \$860,953, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- 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 June 8, 2021, the District issued \$13,565,000 in serial bonds and received \$1,680,870 of bond issuance premium, all of which have been recorded in the capital projects fund as permanent financing and will be used towards the ongoing, voter-approved capital improvement projects.
- The District received funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program in the amount of \$83,397. The District applied for additional funding in the amount of \$335,849 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; the grant was awarded in September 2021.

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



**A. District-Wide Financial Statements**

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

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

**The Statement of Net Position**

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

**The Statement of Activities**

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

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

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**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.

Governmental Funds

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

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

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

The District maintains eight individual governmental funds: general fund, special aid fund, school food service fund, debt service fund, capital projects fund, extraclassroom activities fund, 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**

Certain balances at June 30, 2020, were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, which required the District to record activities in the Governmental Funds that had previously been recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities, scholarships, and student activities funds as separate governmental funds. The changes resulted in an increase in total net position. Note 20 to the financial statements provides details of the changes. The following is a summary of these changes:

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

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and Other Assets	\$ 48,498,021	\$ 46,582,480	\$ 1,915,541
Current and Other Liabilities	10,547,311	9,492,723	1,054,588
Restricted Net Position	19,231,161	18,682,682	548,479
Unrestricted Net Position (Deficit)	(112,375,440)	(112,687,914)	312,474
Total Net Position (Deficit)	(35,938,398)	(36,799,351)	860,953

The District's total net position decreased by \$15,311,992 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
<b>Asset</b>				
Current and Other Assets	\$ 59,248,378	\$ 48,498,021	\$ 10,750,357	22.17 %
Capital Assets, Net	81,415,674	78,170,660	3,245,014	4.15 %
Net Pension Asset - Proportionate Share		7,320,455	(7,320,455)	(100.00)%
Total Assets	140,664,052	133,989,136	6,674,916	4.98 %
<b>Deferred Outflows of Resources</b>	70,277,115	58,923,517	11,353,598	19.27 %
<b>Liabilities</b>				
Current and Other Liabilities	13,336,976	10,547,311	2,789,665	26.45 %
Long-Term Liabilities	36,271,041	23,947,950	12,323,091	51.46 %
Net Pension Liabilities - Proportionate Share	7,739,241	7,874,350	(135,109)	(1.72)%
Total OPEB Liability	162,466,713	173,458,137	(10,991,424)	(6.34)%
Total Liabilities	219,813,971	215,827,748	3,986,223	1.85 %
<b>Deferred Inflows of Resources</b>	42,377,586	13,023,303	29,354,283	225.40 %
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	60,357,507	57,205,881	3,151,626	5.51 %
Restricted	18,320,900	19,231,161	(910,261)	(4.73)%
Unrestricted (Deficit)	(129,928,797)	(112,375,440)	(17,553,357)	(15.62)%
Total Net Position (Deficit)	\$ (51,250,390)	\$ (35,938,398)	\$ (15,311,992)	(42.61)%

The increase in current and other assets is primarily related to increases in cash and amounts due from state and federal, offset by decreases in taxes receivable and amounts due from other governments.

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

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

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. In the current year, the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

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

The increase in current and other liabilities is primarily due to increases in accounts payable, accrued liabilities and amounts due to teachers' retirement system.

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

Net pension liabilities – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The District's share of the New York State Teachers' Retirement System's collective net pension liability is also included in the current year balance. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) liability decreased, 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 2021-2022 year, 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 and related outstanding debt. The accompanying Other Supplementary Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves. This number decreased from the prior year principally due to the budgeted use of the employees' retirement system reserve and the continued use of voter-authorized spending of capital reserves for capital projects, net of interest earnings, Board-authorized return of funds to the unemployment insurance reserve and the repair reserve, and Board-authorized funding of the teachers' retirement system reserve and the capital reserve for voter-approved projects.

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.

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

**B. Changes in Net Position**

The June 30, 2020, revenues and expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, as follows:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	\$ 1,976,147	\$ 1,603,159	\$ 372,988
Operating Grants & Contributions	1,681,256	1,382,927	298,329
Instruction Expense	100,166,488	99,499,175	667,313

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

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 1,041,089	\$ 1,976,147	\$ (935,058)	(47.32)%
Operating Grants & Contributions	2,306,599	1,681,256	625,343	37.19 %
Capital Grants		17,716	(17,716)	(100.00)%
General Revenues				
Property Taxes & STAR	91,236,164	88,453,393	2,782,771	3.15 %
State Sources	5,762,560	5,220,379	542,181	10.39 %
Other	9,923,052	9,989,657	(66,605)	(0.67)%
Total Revenues	<u>110,269,464</u>	<u>107,338,548</u>	<u>2,930,916</u>	2.73 %
<b>Expenses</b>				
General Support	15,703,669	14,753,090	950,579	6.44 %
Instruction	104,246,436	100,166,488	4,079,948	4.07 %
Pupil Transportation	3,633,891	3,574,166	59,725	1.67 %
Community Service	14,517	49,685	(35,168)	(70.78)%
Debt Service - Interest	584,645	609,870	(25,225)	(4.14)%
Food Service Program	1,398,298	1,351,906	46,392	3.43 %
Total Expenses	<u>125,581,456</u>	<u>120,505,205</u>	<u>5,076,251</u>	4.21 %
Decrease in Net Position	<u>\$ (15,311,992)</u>	<u>\$ (13,166,657)</u>	<u>\$ (2,145,335)</u>	16.29 %

The District's net position decreased by \$15,311,992 and \$13,166,657 for the years ended June 30, 2021 and 2020, respectively.

The District's revenues increased by \$2,930,916 or 2.73%. The major factors that contributed to the increase were the voter-approved increase in property taxes and STAR, and the receipt of more state and federal operating grants. This increase was offset by the decrease in charges for services. Charges for

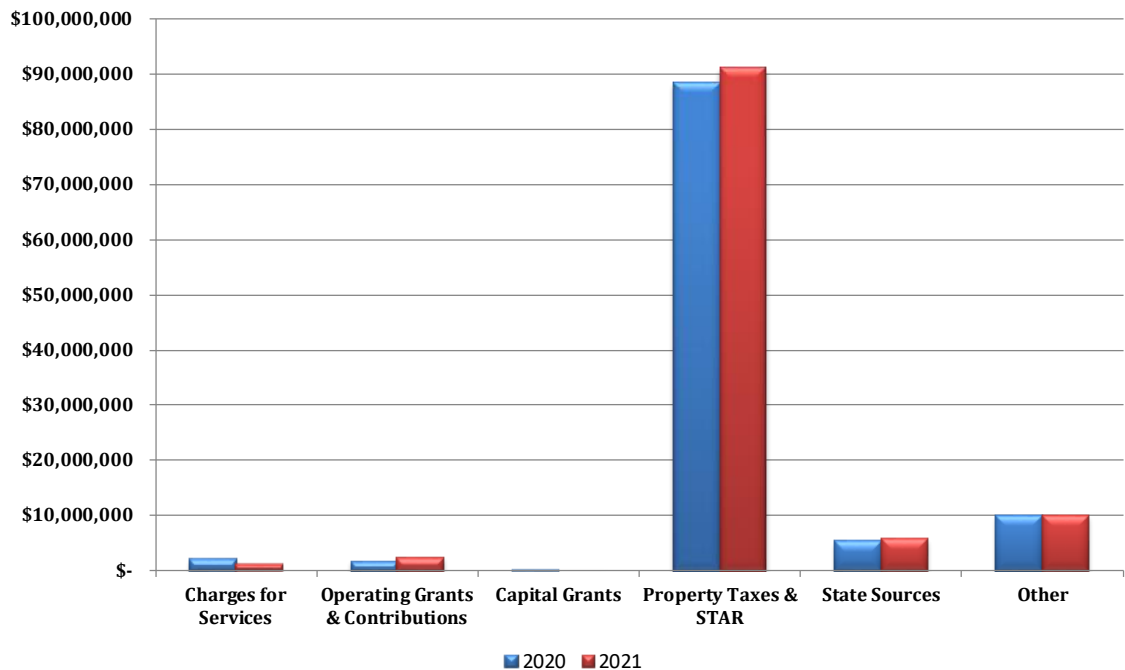
**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

services decreased mainly due to a decrease in sales in the food service program, as a result of an Executive Order that allowed for students to receive free meals all year.

The District's total expenses for the year increased by \$5,076,251 or 4.21%. The increase in expenses is primarily due to increases in instruction and general support, which are the result of increases in payroll costs, maintenance expenses, and legal expenses. Instructional salaries increased primarily due to additional teaching and support staff hired; due to the COVID-19 pandemic and to ensure that students were socially distanced in classrooms, class sizes were reduced and additional staff were hired to accommodate the need. Maintenance expenses increased due to increases in custodial staff, additional building cleaning supplies to ensure the health and safety of students and unforeseen storm damages. Legal expenses increased as a result of legal challenges, appeals, and FOIL requests received by the District.

As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 82.7% and 82.4% of the total for the years 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 83.0% and 83.2% of the total for the years 2021 and 2020, respectively).

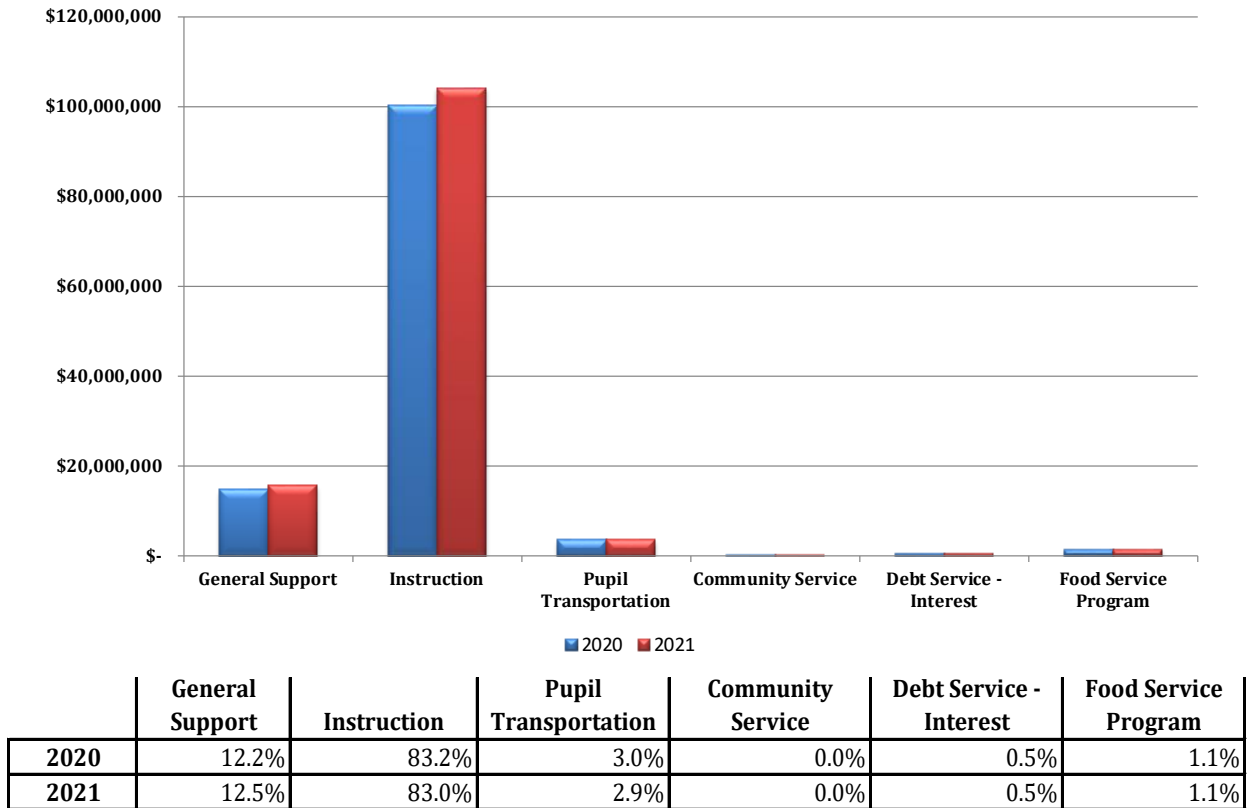
A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes & STAR	State Sources	Other
2020	1.8%	1.6%	0.0%	82.4%	4.9%	9.3%
2021	0.9%	2.1%	0.0%	82.7%	5.2%	9.1%

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

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



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

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$43,466,074, which is an increase of \$8,023,086 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting, which include the proceeds from the issuance of serial bonds as another financing source. The June 30, 2020 amounts were restated to include the extraclassroom activities, scholarships, and student activities funds, as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

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

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Nonspendable: Advance	\$ 179,923	\$	\$ 179,923	N/A
Restricted				
Workers' compensation	1,748,720	2,018,494	(269,774)	(13.37)%
Unemployment insurance	1,691,738	1,652,744	38,994	2.36 %
Retirement contribution				
Teachers' retirement system	1,548,257	601,230	947,027	157.51 %
Employees' retirement system	5,052,896	6,234,575	(1,181,679)	(18.95)%
Liability	113,254	113,254	-	0.00 %
Employee benefit accrued liability	330,122	351,160	(21,038)	(5.99)%
Capital	1,059,912	264,012	795,900	301.46 %
Repairs	1,152,061	1,126,496	25,565	2.27 %
Assigned:				
Appropriated fund balance	1,980,162	1,642,417	337,745	20.56 %
Special designation - LIPA	1,156,965	2,311,363	(1,154,398)	(49.94)%
Reopening of schools		2,700,000	(2,700,000)	(100.00)%
Professional development for online learning		200,000	(200,000)	(100.00)%
Unappropriated fund balance	1,919,113	2,488,621	(569,508)	(22.88)%
Unassigned: Fund balance	4,673,669	4,247,485	426,184	10.03 %
	<u>22,606,792</u>	<u>25,951,851</u>	<u>(3,345,059)</u>	<u>(12.89)%</u>
<b>School Food Service Fund</b>				
Nonspendable: Inventory	47,260	58,904	(11,644)	(19.77)%
Assigned: Unappropriated fund balance		251,766	(251,766)	(100.00)%
Unassigned: Fund balance (deficit)	(179,923)		(179,923)	N/A
	<u>(132,663)</u>	<u>310,670</u>	<u>(443,333)</u>	<u>(142.70)%</u>
<b>Debt Service Fund</b>				
Restricted: Debt service	1,228,347	1,278,347	(50,000)	(3.91)%
<b>Capital Projects Fund</b>				
Restricted:				
Capital	3,500,776	4,774,275	(1,273,499)	(26.67)%
Repairs	268,095	268,095	-	0.00 %
Unspent bond proceeds	12,896,303	510,960	12,385,343	2423.94 %
Assigned: Unappropriated fund balance	2,238,148	1,487,837	750,311	50.43 %
	<u>18,903,322</u>	<u>7,041,167</u>	<u>11,862,155</u>	<u>168.47 %</u>
<b>Extraclassroom Activities Fund</b>				
Assigned: Unappropriated fund balance	233,554	312,474	(78,920)	(25.26)%
<b>Scholarships Fund</b>				
Restricted: Scholarships	193,898	163,119	30,779	18.87 %
<b>Student Activities Fund</b>				
Restricted: Student Activities	432,824	385,360	47,464	12.32 %
Total Fund Balance	<u>\$ 43,466,074</u>	<u>\$ 35,442,988</u>	<u>\$ 8,023,086</u>	<u>22.64 %</u>

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

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**A. General Fund**

The net change in the general fund – fund balance is a decrease of \$3,345,059, compared to a decrease of \$1,534,245 in 2020. This resulted from expenditures and other financing uses in excess of revenues.

The District's revenues increased by \$3,341,437 (3.20%), as compared to the prior year. This increase is primarily attributable to increases in real property taxes and state sources. Property taxes increased based on the 2020-2021 voter-approved budget, while state sources increased mainly due to additional BOCES aid and excess cost aid. The District also received \$83,397 of Federal CARES Act funds.

Expenditures and other financing uses increased \$5,152,251 (4.87%) over the prior year. This increase was primarily due to increases in instruction, general support, and employee benefits. The District was one of six school districts in Nassau County to reopen full-time for K-8 students and also provided remote instruction the entire 2020-21 school year. Students in grades 9 through 12 alternated between remote learning and in-person. The District incurred approximately \$2.9 million in additional expenditures to reopen schools safely. Due to the pandemic and to ensure that students were socially distanced in classrooms, class sizes were reduced and additional teachers and support staff were hired. In addition, to ensure the health and safety of students, additional building cleaning supplies and ventilation systems were purchased. Remaining expenses pertain to staff raises, lack of substitute teachers which required the use of other full-time teaching staff to act as substitutes, legal expenses, and unforeseen storm damage.

During the 2013-2014 and 2014-2015 fiscal years, the District received special legislative grants from the state totaling \$5.4 million to help offset the property tax impact on the District and its homeowners due to the ramp-down of the Glenwood Landing power plant by LIPA. The Board of Education designated a portion of its additional fund balance (resulting primarily from the special legislative grants, as well as the tax certiorari reserve in the amount of \$2,504,398, which was liquidated after the County of Nassau lost its appeal to have school districts pay for the districts' tax certiorari judgments) towards reducing future tax levies. This special designation is reported as Special Designation-LIPA under assigned fund balance on the general fund balance sheet. Each year since June 30, 2015, the District has released amounts from the Special Designation-LIPA to offset the tax levies. At June 30, 2021, the District released \$1,154,398 from amounts assigned for Special Designation-LIPA to appropriated fund balance to fund the 2021-2022 budget. Assigned, unappropriated fund balance represents the open encumbrances at June 30<sup>th</sup>.

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:

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

	Balance at June 30, 2020	Use of Reserves	Interest	Funding/ Reimbursement	Balance at June 30, 2021
Workers' compensation	\$ 2,018,494	\$ (270,000)	\$ 226	\$	\$ 1,748,720
Unemployment insurance	1,652,744	(185,000)	226	223,768	1,691,738
Retirement contribution					
TRS	601,230			947,027	1,548,257
ERS	6,234,575	(1,200,000)	18,321		5,052,896
Liability	113,254				113,254
EBAL	351,160	(21,038)			330,122
Capital	264,012			795,900	1,059,912
Repairs	1,126,496		226	25,339	1,152,061
	<u>\$ 12,361,965</u>	<u>\$ (1,676,038)</u>	<u>\$ 18,999</u>	<u>\$ 1,992,034</u>	<u>\$ 12,696,960</u>

**B. School Food Service Fund**

The school food service fund – fund balance decreased by \$443,333 as compared to the prior year. This decrease is primarily attributable to the operating loss of the food service program. Although Federal and State reimbursements increased due to all students receiving free meals, revenues from sales decreased significantly compared to the previous school year due to a number of factors:

- Regular meals were free but snacks were not included. Snack sales make up about 65% of the school food service total revenues. The District could not sell snacks at the beginning of the school year because students ate in their classrooms and the District did not have point-of-sale systems to ring up snack sales.
- Students at the High School, where most of the District's a la carte sales occur, were in school on alternate days, further reducing revenues from a la carte sales.
- The District could not serve a variety of food because each meal had to be individually wrapped.

In addition, the District had to purchase portable point-of-sales devices to facilitate snack sales. Supplies and utensils costs increased because each meal had to be wrapped.

**C. Debt Service Fund**

The net change in the debt service fund – fund balance is a decrease of \$50,000, which reflects the budgeted use of the fund balance towards principal and interest payments on long-term debt. The District budgeted an operating transfer of \$3,284,660 from the general fund, the current year's total debt service payments were \$3,334,660.

**D. Capital Projects Fund**

The net change in the capital projects fund – fund balance is an increase of \$11,862,155. The District issued \$13,565,000 of serial bonds and received a \$1,680,870 bond issuance premium. The total proceeds of \$15,245,870 are recorded as revenues (other financing sources) to the capital projects fund. The District also transferred \$1,719,093 from the general fund to provide funding for new capital projects in accordance with the adopted 2020-2021 budget, and received \$2,412 of donations in the current year. The District expended \$5,105,220 on ongoing capital projects. Construction work is ongoing and has not been completed, this resulted in the increase.

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

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**E. Extraclassroom Activities Fund**

The net change in the extraclassroom activities fund – fund balance is a decrease of \$78,920. Disbursements for student clubs activities exceeded cash receipts from fundraising and collections for student clubs.

**F. Scholarships Fund**

The net change in the scholarships fund – fund balance is an increase of \$30,779, as donations received exceeded scholarships awarded.

**G. Student Activities Fund**

The net change in the student activities fund – fund balance is an increase of \$47,464. Receipts received from student activities exceeded disbursements paid for student activities.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2020-2021 Budget**

The District's general fund adopted budget for the year ended June 30, 2021 was \$110,315,209. This amount was increased by encumbrances carried forward from the prior year in the amount of \$2,488,621 and a budget revision of \$2,900,000 for a total final budget of \$115,703,830. The Board of Education authorized the District to use \$2,700,000 and \$200,000 of assigned fund balance, designated by the Board last year to address additional expenditures for reopening schools safely and for teachers' professional development for continuation of online learning due to the impact of the COVID-19 pandemic.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$91,181,704 in estimated property taxes, including \$150,000 of estimated split property line taxes from the Glen Cove and Locust Valley School Districts.

**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, special designations, 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:

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

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Opening, Unassigned Fund Balance	\$ 4,247,485
Revenues Over Budget	238,439
Expenditures and Encumbrances Under Budget	2,728,427
Increase to nonspendable fund balance	(179,923)
Decrease in Special Designations	4,054,398
Assigned Fund Balance Used for Budget Revision	(2,900,000)
Additional Appropriation from Reserves for Expenditures	476,038
Allocation to Reserves	(2,011,033)
Appropriated to Fund the June 30, 2022 Budget	<u>(1,980,162)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 4,673,669</u></u>

Opening, Unassigned Fund Balance

The \$4,247,485 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 budget for revenues was \$107,472,792. Actual revenues recognized for the year were \$107,711,231. The excess of actual revenues over estimated or budgeted revenues was \$238,439, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures, including prior year open encumbrances and budget revisions as of June 30, 2020, was \$115,703,830. Actual expenditures and other financing uses as of June 30, 2021 were \$111,056,290 and outstanding encumbrances were \$1,919,113. Combined, the expenditures plus encumbrances for 2020-2021 were \$112,975,403. The final budget variance was \$2,728,427, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Increase in Nonspendable Fund Balance

The District recorded the advance for the school food service fund at June 30, 2021. The resulting balance sheet asset (due from other fund) cannot currently be spent as a result of the operating deficit incurred by the school food service fund and the fund's inability to repay the interfund payable in a current period. Accordingly, an equal amount of the general fund's fund balance is classified as nonspendable. The increase in nonspendable fund balance decreases unassigned fund balance.

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

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Decrease in Special Designations

The \$4,054,398 shown in the previous table is comprised of the release of the \$2,900,000 from designation for safe reopening of schools and teachers professional development to revise the 2020-21 budget for related expenditures, and the use of \$1,154,398 from the Special Designation-LIPA towards the appropriated fund balance amount for the 2021-22 budget.

Assigned Fund Balance Used for Budget Revision

The District increased appropriations by \$2,900,000, funded by assigned, designated fund balance as discussed above. The increase was needed to fund additional costs of ventilation systems upgrade, supplies and equipment for health and safety, and additional teaching and support staff to ensure the safe reopening of schools, and teachers' professional development for the continuation of online learning to students. This decreases the unassigned portion of the fund balance.

Additional Appropriation from Reserves for Expenditures

During the 2020-21 fiscal year, the Board of Education authorized the use of monies from the workers' compensation, unemployment insurance, and employee benefits accrued liability reserves to pay for unanticipated additional expenditures. The release of funds from the reserves increases the unassigned fund balance to provide for the additional expenditures.

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 Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$1,980,162 of the available June 30, 2021 fund balance, including \$1,154,398 released from Special Designation-LIPA, to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the changes shown in the summary table, the unassigned fund balance at June 30, 2021 was \$4,673,669. For purposes of determining the 4% limit pursuant to Real Property Tax Law §1318, New York State also includes the fund balance assigned for Special Designation-LIPA amount of \$1,156,965. The Special Designation-LIPA was made by the Board of Education in a prior year to set aside additional fund balance, resulting primarily from the special legislative grants received in prior years, as well as the tax certiorari reserve in the amount of \$2,504,398, which was liquidated after the County of Nassau lost its appeal to have school districts pay for the Districts' tax certiorari judgments, to help offset the long-term property tax impact from the Glenwood Landing Power Plant ramp-down.

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

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

**A. Capital Assets**

At June 30, 2021, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$5,642,971 in excess of \$2,397,957 of depreciation expense, and a loss on disposal of an obsolete asset, recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Land	\$ 1,544,932	\$ 1,544,932	\$ -
Construction in progress	2,935,811	1,956,615	979,196
Buildings & improvements	74,775,106	72,612,552	2,162,554
Land improvements	44,410	95,252	(50,842)
Furniture and equipment	1,395,835	1,258,763	137,072
Vehicles	719,580	702,546	17,034
Capital assets, net	<u>\$ 81,415,674</u>	<u>\$ 78,170,660</u>	<u>\$ 3,245,014</u>

**B. Debt Administration**

At June 30, 2021, the District had total bonds payable of \$30,859,960. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The District also had an outstanding balance on an energy performance contract of \$1,413,640. The decreases in outstanding debt represent principal payments made during the year ended June 30, 2021. A summary of the outstanding bonded debt at June 30, 2021 and 2020 is as follows:

Issue Date	Interest Rate	2021	2020	Increase (Decrease)
<b>Bonds Payable</b>				
3/7/13	2.0-4.0%	\$ 2,460,000	\$ 3,030,000	\$ (570,000)
11/3/14	2.0-3.0%	4,149,960	4,559,960	(410,000)
12/15/15	2.0-3.0%	9,285,000	10,100,000	(815,000)
5/26/16	4.0-5.0%	1,400,000	2,050,000	(650,000)
6/8/21	2.0-5.0%	13,565,000		13,565,000
		<u>\$ 30,859,960</u>	<u>\$ 19,739,960</u>	<u>\$ 11,120,000</u>
<b>Energy Performance Contract</b>				
5/29/08	3.71%	<u>\$ 1,413,640</u>	<u>\$ 1,735,779</u>	<u>\$ (322,139)</u>

On December 20, 2019, the voters approved a bond issue not to exceed \$39,899,786 to finance district-wide improvements. On June 8, 2021, the District issued \$13,565,000 in serial bonds and received \$1,680,870 of bond issuance premium, all of which will be used towards the voter-approved capital projects.

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

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

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

	2021	2020	Increase (Decrease)
Compensated absences payable	\$ 380,298	\$ 369,957	\$ 10,341
Workers' compensation liabilities	1,507,599	1,547,110	(39,511)
Net pension liabilities - proportionate share	7,739,241	7,874,350	(135,109)
Total OPEB liability	<u>162,466,713</u>	<u>173,458,137</u>	<u>(10,991,424)</u>
	<u>\$ 172,093,851</u>	<u>\$ 183,249,554</u>	<u>\$ (11,155,703)</u>

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

**A. Subsequent Year's Budget**

The general fund budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is \$111,641,018. This is an increase of \$1,325,809 or 1.20% over the previous year's budget. The increase is primarily in the teaching/instruction program area and the operating transfer to the debt service fund for principal and interest payments on long-term debt, net of a decrease in budgeted transfer to the capital projects fund.

The District budgeted revenues other than property taxes and STAR at an \$882,512 increase over the prior year's estimate, which is principally due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$1,980,162 is a \$337,745 increase over the previous year. Additionally, the District has elected not to appropriate reserves towards the next year's budget, a decrease of \$1,200,000. A property tax levy of \$92,337,256, an increase of \$1,305,552 (1.43%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

**B. Future Budgets**

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

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's 2021-2022 property tax increase of 1.43% was equal to the tax cap 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:

Ms. Olivia Buatsi  
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, 2021

**ASSETS**

Cash	
Unrestricted	\$ 23,425,203
Restricted	31,217,203
Receivables	
Accounts receivable	23,735
Taxes receivable	2,141,908
Due from state and federal	1,496,588
Due from other governments	896,481
Inventory	47,260
Capital assets:	
Not being depreciated	4,480,743
Being depreciated, net of accumulated depreciation	<u>76,934,931</u>
Total Assets	<u>140,664,052</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charges from advance refunding, net	162,437
Pensions	33,798,838
Other postemployment benefits	<u>36,315,840</u>
Total Deferred Outflows of Resources	<u>70,277,115</u>

**LIABILITIES**

Payables	
Accounts payable	2,935,392
Accrued liabilities	2,073,305
Due to other governments	1,347,686
Due to teachers' retirement system	5,373,183
Due to employees' retirement system	534,472
Other liabilities	1,000,367
Unearned credits - collections in advance	72,571
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,693,199
Energy performance contract payable	334,188
Compensated absences payable	20,000
Due and payable after one year	
Bonds payable, net	29,276,305
Energy performance contract payable	1,079,452
Compensated absences payable	360,298
Workers' compensation liabilities	1,507,599
Net pension liabilities - proportionate share	7,739,241
Total other postemployment benefits liability	<u>162,466,713</u>
Total Liabilities	<u>219,813,971</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred revenue	2,311,146
Pensions	13,243,697
Other postemployment benefits	<u>26,822,743</u>
Total Deferred Inflows of Resources	<u>42,377,586</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>60,357,507</u>
Restricted:	
Workers' compensation	1,748,720
Unemployment insurance	1,691,738
Retirement contribution	
Teachers' retirement system	1,548,257
Employees' retirement system	5,052,896
Liability	113,254
Employee benefit accrued liability	330,122
Capital	4,560,688
Repairs	1,420,156
Debt	1,228,347
Scholarships	193,898
Student activities	<u>432,824</u>
	<u>18,320,900</u>
Unrestricted (Deficit)	<u>(129,928,797)</u>
Total Net Position (Deficit)	<u>\$ (51,250,390)</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Activities**  
For the Year Ended June 30, 2021

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
	Expenses	Services	and Contributions	Changes in
				Net Position
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 15,703,669	\$	\$	\$ (15,703,669)
Instruction	104,246,436	825,719	1,581,786	(101,838,931)
Pupil transportation	3,633,891			(3,633,891)
Community service	14,517			(14,517)
Debt service - interest	584,645			(584,645)
Food service program	1,398,298	215,370	724,813	(458,115)
Total Functions and Programs	<u>\$ 125,581,456</u>	<u>\$ 1,041,089</u>	<u>\$ 2,306,599</u>	<u>(122,233,768)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				88,401,568
Other tax items				11,943,241
Use of money and property				61,899
Sale of property and compensation for loss				30,026
Miscellaneous				700,146
State sources				5,762,560
Medicaid reimbursement				22,336
Total General Revenues				<u>106,921,776</u>
Change in Net Position				(15,311,992)
Total Net Position (Deficit) - Beginning of Year, as Restated				<u>(35,938,398)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (51,250,390)</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Student Activities	Total Governmental Funds
<b>ASSETS</b>									
Cash									
Unrestricted	\$ 18,578,930	\$ 22,252	\$ 191,501	\$	\$ 4,384,962	\$ 233,554	\$	\$ 14,004	\$ 23,425,203
Restricted	12,696,960			1,228,347	16,665,174		193,898	432,824	31,217,203
Receivables									
Accounts receivable	23,735								23,735
Taxes receivable	2,141,908								2,141,908
Due from other funds	1,394,095				3,160				1,397,255
Due from state and federal	727,690	609,751	155,264		3,883				1,496,588
Due from other governments	896,481								896,481
Inventory			47,260						47,260
Total Assets	<u>\$ 36,459,799</u>	<u>\$ 632,003</u>	<u>\$ 394,025</u>	<u>\$ 1,228,347</u>	<u>\$ 21,057,179</u>	<u>\$ 233,554</u>	<u>\$ 193,898</u>	<u>\$ 446,828</u>	<u>\$ 60,645,633</u>
<b>LIABILITIES</b>									
Payables									
Accounts payable	\$ 1,153,077	\$ 82,084	\$ 36,935	\$	\$ 1,649,292	\$	\$	\$ 14,004	\$ 2,935,392
Accrued liabilities	1,844,678	814	75,264						1,920,756
Due to other funds	3,160	547,805	341,725		504,565				1,397,255
Due to other governments	1,346,193	1,300	193						1,347,686
Due to teachers' retirement system	5,373,183								5,373,183
Due to employees' retirement system	534,472								534,472
Other liabilities	1,000,367								1,000,367
Unearned credits - collections in advance			72,571						72,571
Total Liabilities	<u>11,255,130</u>	<u>632,003</u>	<u>526,688</u>	<u>-</u>	<u>2,153,857</u>	<u>-</u>	<u>-</u>	<u>14,004</u>	<u>14,581,682</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred revenues	2,311,146								2,311,146
Unavailable revenue	286,731								286,731
Total Deferred Inflows of Resources	<u>2,597,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,597,877</u>
<b>FUND BALANCES (DEFICIT)</b>									
Nonspendable:									
Inventory			47,260						47,260
Advance	179,923								179,923
Restricted:									
Workers' compensation	1,748,720								1,748,720
Unemployment insurance	1,691,738								1,691,738
Retirement contribution									
Teachers' retirement system	1,548,257								1,548,257
Employees' retirement system	5,052,896								5,052,896
Liability	113,254								113,254
Employee benefit accrued liability	330,122								330,122
Capital	1,059,912				3,500,776				4,560,688
Repairs	1,152,061				268,095				1,420,156
Debt				1,228,347					1,228,347
Scholarships							193,898		193,898
Student activities								432,824	432,824
Unspent bond proceeds					12,896,303				12,896,303
Assigned:									
Appropriated fund balance	1,980,162								1,980,162
Special designation - LIPA	1,156,965								1,156,965
Unappropriated fund balance	1,919,113				2,238,148	233,554			4,390,815
Unassigned: Fund balance (deficit)	<u>4,673,669</u>		<u>(179,923)</u>						<u>4,493,746</u>
Total Fund Balances (Deficit)	<u>22,606,792</u>	<u>-</u>	<u>(132,663)</u>	<u>1,228,347</u>	<u>18,903,322</u>	<u>233,554</u>	<u>193,898</u>	<u>432,824</u>	<u>43,466,074</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,459,799</u>	<u>\$ 632,003</u>	<u>\$ 394,025</u>	<u>\$ 1,228,347</u>	<u>\$ 21,057,179</u>	<u>\$ 233,554</u>	<u>\$ 193,898</u>	<u>\$ 446,828</u>	<u>\$ 60,645,633</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2021

Total Governmental Fund Balances (Deficit)	\$ 43,466,074
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Original cost of capital assets	\$ 122,946,550	
Less: Accumulated depreciation	<u>(41,530,876)</u>	
		81,415,674

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	33,798,838	
Net pension liability - teachers' retirement system	(7,708,906)	
Net pension liability - employees' retirement system	(30,335)	
Deferred inflows of resources	<u>(13,243,697)</u>	
		12,815,900

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>(275,591)</u>	
		162,437

Total other postemployment benefits liability and 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	36,315,840	
Total other postemployment benefits liability	(162,466,713)	
Deferred inflows of resources	<u>(26,822,743)</u>	
		(152,973,616)

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 long-term debt	(152,549)	
Bonds payable, net	(32,969,504)	
Energy performance contract payable	(1,413,640)	
Compensated absences payable	(380,298)	
Workers' compensation liabilities	<u>(1,507,599)</u>	
		(36,423,590)

Total Net Position (Deficit)	<u>\$ (51,250,390)</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, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Student Activities	Total Governmental Funds
<b>REVENUES</b>									
Real property taxes	\$ 88,401,568	\$	\$	\$	\$	\$	\$	\$	\$ 88,401,568
Other tax items	11,943,241								11,943,241
Charges for services	706,058								706,058
Use of money and property	61,899						54		61,953
Sale of property and compensation for loss	30,026								30,026
Miscellaneous	700,146				2,412	119,661	48,400	253,805	1,124,424
State sources	5,762,560	337,885	24,265						6,124,710
Medicaid reimbursement	22,336								22,336
Federal sources	83,397	855,833	700,548						1,639,778
Sales			215,370						215,370
<b>Total Revenues</b>	<b>107,711,231</b>	<b>1,193,718</b>	<b>940,183</b>	<b>-</b>	<b>2,412</b>	<b>119,661</b>	<b>48,454</b>	<b>253,805</b>	<b>110,269,464</b>
<b>EXPENDITURES</b>									
General support	11,955,975								11,955,975
Instruction	65,624,131	1,308,675				198,581	17,675	206,341	67,355,403
Pupil transportation	2,611,136	43							2,611,179
Community service	9,754								9,754
Employee benefits	25,651,541								25,651,541
Debt service									
Principal				2,767,139					2,767,139
Interest	85,000			567,521					652,521
Food service program			1,383,516						1,383,516
Capital outlay					5,105,220				5,105,220
<b>Total Expenditures</b>	<b>105,937,537</b>	<b>1,308,718</b>	<b>1,383,516</b>	<b>3,334,660</b>	<b>5,105,220</b>	<b>198,581</b>	<b>17,675</b>	<b>206,341</b>	<b>117,492,248</b>
Excess (Deficiency) of Revenues Over Expenditures	1,773,694	(115,000)	(443,333)	(3,334,660)	(5,102,808)	(78,920)	30,779	47,464	(7,222,784)
<b>OTHER FINANCING SOURCES AND (USES)</b>									
Proceeds of obligations					13,565,000				13,565,000
Premium on obligation					1,680,870				1,680,870
Operating transfers in		115,000		3,284,660	1,719,093				5,118,753
Operating transfers (out)	(5,118,753)								(5,118,753)
<b>Total Other Financing Sources and (Uses)</b>	<b>(5,118,753)</b>	<b>115,000</b>	<b>-</b>	<b>3,284,660</b>	<b>16,964,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,245,870</b>
<b>Net Change in Fund Balances</b>	<b>(3,345,059)</b>	<b>-</b>	<b>(443,333)</b>	<b>(50,000)</b>	<b>11,862,155</b>	<b>(78,920)</b>	<b>30,779</b>	<b>47,464</b>	<b>8,023,086</b>
<b>Fund Balances (Deficit) - Beginning of Year, as Restated</b>	<b>25,951,851</b>		<b>310,670</b>	<b>1,278,347</b>	<b>7,041,167</b>	<b>312,474</b>	<b>163,119</b>	<b>385,360</b>	<b>35,442,988</b>
<b>End of Year</b>	<b>\$ 22,606,792</b>	<b>\$ -</b>	<b>\$ (132,663)</b>	<b>\$ 1,228,347</b>	<b>\$ 18,903,322</b>	<b>\$ 233,554</b>	<b>\$ 193,898</b>	<b>\$ 432,824</b>	<b>\$ 43,466,074</b>

**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, 2021

Net Change in Fund Balances \$ 8,023,086

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 \$ 39,511

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 (10,341) 29,170

Capital Related Differences

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

Capital outlays and other additions 5,642,971  
Depreciation expense and loss on disposals (2,397,957) 3,245,014

Long-Term Debt Transactions Differences

Proceeds and premium from the issuance of bonds are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (15,245,870)

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 126,470  
Amortization of deferred charges on refunding (58,392)

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

Repayment of bond principal 2,445,000  
Repayment of energy performance contract payable 322,139

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 increased from June 30, 2020 to June 30, 2021. (202) (12,410,855)

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 (5,464,360)  
Employees' retirement system 553,977  
Other postemployment benefits (9,288,024) (14,198,407)

Change in Net Position of Governmental Activities \$ (15,311,992)

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

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

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

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

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

**Debt Service Fund** - accounts for the accumulation of resources for 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 acquisition, construction, renovation or major repair of capital facilities and other capital assets.

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

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

**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.

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

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**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, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**E. Real Property Taxes**

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.

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

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

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$9,074,027 in LIPA PILOT revenue during the 2020-2021 fiscal year.

**G. Restricted Resources**

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

**H. Interfund Transactions**

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

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

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

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.

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

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**I. Use of Estimates**

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

**J. Cash and Cash Equivalents**

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.

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

**M. Capital Assets**

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

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

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

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	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	20-50 years
Furniture and equipment	5,000	5-20 years
Vehicles	5,000	8 years

**N. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has 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 straight-line 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 other postemployment benefits liability not included in OPEB expense.

**O. 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.

**P. Collections in Advance**

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

**Q. Employee Benefits – Compensated Absences**

Compensated absences consist of unpaid accumulated vacation time.

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.

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

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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>.

**R. Other Benefits**

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

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

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

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible 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.

**S. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has four 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 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 fourth item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

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

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**T. Equity Classifications**

District-Wide Statements

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

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

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

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

Fund Statements

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

*Nonspendable* – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, which is accounted for in the school food service fund and the long-term portion of loans 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

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

*Retirement Contribution Reserve*

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

*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 benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

*Capital Reserve*

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

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

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

*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.

*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 of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, encumbrances not classified as restricted at the end of the fiscal year, and amounts designated by the Board for specific purposes.

*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 of Education if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

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

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

**2. CHANGES IN ACCOUNTING PRINCIPLES**

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

**3. FUTURE ACCOUNTING STANDARDS**

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

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

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

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

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

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

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

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

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

**5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

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

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Contingent expenditures for costs related to necessary staff, services, supplies and materials in response to the COVID-19 pandemic to ensure safe reopening of schools, funded by assigned fund balance	\$ 2,700,000
Professional development and payment for teachers for continuation of online learning in response to the COVID-19 pandemic, funded by assigned fund balance	<u>200,000</u>
	<u><u>\$ 2,900,000</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.

**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. Unassigned Fund Balance**

The District's general fund unassigned fund balance plus assigned special designated amount were in excess of the New York State Real Property Tax Law §1318 limit, which restricts the unassigned fund balance to an amount not greater than 4% of the District's budget for the upcoming school year. The District will continue to apply the special designation – LIPA funds to help fund the budget in future years.

**D. School Food Service Fund Deficit**

The school food service fund has an unassigned fund balance deficit of \$179,923. This will be funded by increased cafeteria sales in the 2021-2022 school year as all grades return to in-person instructions, and if necessary, a budgeted transfer from the general fund in 2022-2023.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

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

**7. PARTICIPATION IN BOCES**

During the year ended June 30, 2021, the District was billed \$3,936,163 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,216,819. 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.

**8. DUE FROM STATE AND FEDERAL**

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

General Fund	
New York State - building aid	\$ 12,983
New York State - excess cost aid	616,668
New York State - emergency relief funds	60,998
New York State - taxes	37,041
	<hr/>
	727,690
Special Aid Fund	
Federal and state grants	609,751
School Food Service Fund	
Federal and state food service program reimbursements	155,264
Capital Projects Fund	
Dormitory Authority State Grant	3,883
	<hr/>
	<u>\$ 1,496,588</u>

District management expects these amounts to be fully collectible.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. DUE FROM OTHER GOVERNMENTS**

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

General Fund	
BOCES aid	\$ 692,275
Other districts - tuition and health services	161,811
Other districts - parentally placed	38,949
Miscellaneous	3,446
	<u>896,481</u>
	<u>\$ 896,481</u>

District management expects these amounts to be fully collectible.

**10. CAPITAL ASSETS**

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,544,932	\$	\$	\$ 1,544,932
Construction in progress	1,956,615	2,935,811	(1,956,615)	2,935,811
Total capital assets not being depreciated	<u>3,501,547</u>	<u>2,935,811</u>	<u>(1,956,615)</u>	<u>4,480,743</u>
Capital assets being depreciated:				
Buildings & improvements	103,997,955	4,126,025		108,123,980
Land improvements	1,366,354			1,366,354
Furniture and equipment	5,415,673	398,223	(81,891)	5,732,005
Vehicles	3,172,706	139,527	(68,765)	3,243,468
Total capital assets being depreciated	<u>113,952,688</u>	<u>4,663,775</u>	<u>(150,656)</u>	<u>118,465,807</u>
Less accumulated depreciation for:				
Buildings & improvements	31,385,403	1,963,471		33,348,874
Land improvements	1,271,102	50,842		1,321,944
Furniture and equipment	4,156,910	258,050	(78,790)	4,336,170
Vehicles	2,470,160	122,493	(68,765)	2,523,888
Total accumulated depreciation	<u>39,283,575</u>	<u>2,394,856</u>	<u>(147,555)</u>	<u>41,530,876</u>
Total capital assets, being depreciated, net	<u>74,669,113</u>	<u>2,268,919</u>	<u>(3,101)</u>	<u>76,934,931</u>
Capital assets, net	<u>\$ 78,170,660</u>	<u>\$ 5,204,730</u>	<u>\$ (1,959,716)</u>	<u>\$ 81,415,674</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Depreciation expense and loss on disposals was charged to governmental functions as follows:

General support	\$ 729,552
Instruction	1,443,672
Pupil transportation	<u>224,733</u>
Total depreciation expense and loss on disposal	<u><u>\$ 2,397,957</u></u>

**11. INTERFUND TRANSACTIONS**

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,394,095	\$ 3,160	\$	\$ 5,118,753
Special Aid Fund		547,805	115,000	
School Food Service Fund		341,725		
Debt Service Fund			3,284,660	
Capital Projects Fund	<u>3,160</u>	<u>504,565</u>	<u>1,719,093</u>	
	<u><u>\$ 1,397,255</u></u>	<u><u>\$ 1,397,255</u></u>	<u><u>\$ 5,118,753</u></u>	<u><u>\$ 5,118,753</u></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; 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 provide funding for various capital projects in accordance with the voter-approved general fund budget.

**12. SHORT-TERM DEBT**

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

	Issue Date	Maturity	Stated Interest Rate	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021
TAN	9/25/2020	6/24/2021	1.25%	\$	\$ 9,000,000	\$ (9,000,000)	\$
TAN	11/9/2020	12/11/2020	0.50%		1,500,000	(1,500,000)	
				<u><u>\$</u></u>	<u><u>\$ 10,500,000</u></u>	<u><u>\$ (10,500,000)</u></u>	<u><u>\$</u></u>

The TANs were issued to provide cash flow for the District until the District receives the real property taxes from the Town.

The District's Repair Reserve, Unemployment Insurance Reserve, and Workers' Compensation Reserve invested in the \$1,500,000 TAN issued by the District. Total interest paid to the three reserves was \$678.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Total interest paid on short-term debt for the year was \$85,000. The District received a premium of \$60,837 on the \$9,000,000 TAN issuance, to yield an effective interest rate of 0.35% and net interest cost of \$23,225.

**13. LONG-TERM LIABILITIES**

**A. Changes**

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bonds payable	\$ 19,739,960	\$ 13,565,000	\$ (2,445,000)	\$ 30,859,960	\$ 3,335,000
Add: Premium	555,144	1,680,870	(126,470)	2,109,544	358,199
	20,295,104	15,245,870	(2,571,470)	32,969,504	3,693,199
Energy performance contract	1,735,779		(322,139)	1,413,640	334,188
	22,030,883	15,245,870	(2,893,609)	34,383,144	4,027,387
<u>Other long-term liabilities:</u>					
Compensated absences	369,957	10,341		380,298	20,000
Workers' compensation	1,547,110	480,427	(519,938)	1,507,599	
	1,917,067	490,768	(519,938)	1,887,897	20,000
	<u>\$ 23,947,950</u>	<u>\$ 15,736,638</u>	<u>\$ (3,413,547)</u>	<u>\$ 36,271,041</u>	<u>\$ 4,047,387</u>

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Refunding serial bond	3/7/2013	7/15/2024	2.0-4.0%	\$ 2,460,000
Construction serial bond	11/3/2014	7/15/2029	2.0-3.0%	4,149,960
Construction serial bond	12/15/2015	12/15/2030	2.0-3.0%	9,285,000
Refunding serial bond	5/26/2016	8/1/2022	4.0-5.0%	1,400,000
Construction serial bond	6/8/2021	6/1/2036	2.0-5.0%	13,565,000
				<u>\$ 30,859,960</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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The following is a summary of debt service requirements for bonds payable:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,335,000	\$ 904,636	\$ 4,239,636
2023	3,270,000	798,409	4,068,409
2024	2,635,000	711,772	3,346,772
2025	2,710,000	636,425	3,346,425
2026	2,155,000	564,575	2,719,575
2027 - 2031	11,449,960	1,607,086	13,057,046
2032 - 2036	5,305,000	322,500	5,627,500
Total	<u>\$ 30,859,960</u>	<u>\$ 5,545,403</u>	<u>\$ 36,405,363</u>

**C. Advance Refunding**

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:

Year Ending June 30,	Amortization of Premium	Deferred Charge	Interest Expense Increase / (Decrease)
2022	\$ (358,199)	\$ 58,391	\$ (299,808)
2023	(343,133)	58,391	(284,742)
2024	(255,353)	30,438	(224,915)
2025	(217,914)	15,217	(202,697)
2026	(179,627)		(179,627)
2027 - 2031	(599,714)		(599,714)
2032 - 2036	(155,604)		(155,604)
Total	<u>\$ (2,109,544)</u>	<u>\$ 162,437</u>	<u>\$ (1,947,107)</u>

**D. Energy Performance Contract**

Energy performance contract is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract	5/29/2008	5/1/2025	3.71%	<u>\$ 1,413,640</u>

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 334,188	\$ 49,322	\$ 383,510
2023	346,688	36,822	383,510
2024	359,655	23,855	383,510
2025	373,109	10,402	383,511
Total	<u>\$ 1,413,640</u>	<u>\$ 120,401</u>	<u>\$ 1,534,041</u>

**E. Interest Expense**

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

Interest paid	\$ 567,521
Less interest accrued in the prior year	(152,347)
Plus interest accrued in the current year	152,549
Plus amortization of deferred charges on refunding	58,392
Less amortization of deferred premium on refunding and serial bonds	<u>(126,470)</u>
Total interest expense on long-term debt	<u>\$ 499,645</u>

**F. 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. As of June 30, 2021, the District has issued \$13,565,000 of serial bonds and received \$1,680,870 of bond issuance premium which will also be used for capital construction. Work has commenced and total expenditures incurred to date are recorded in the capital projects fund.

On June 18, 2020, the District entered into an energy performance contract with a total project cost of \$7,190,000, which is anticipated to be financed through a municipal lease.

**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, 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,

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(Continued)

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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, NY, 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (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, NY, 12244.

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, and employer contributions are deducted from state aid in the subsequent months of September, October, and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 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 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 15.93% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021 was \$4,846,086 for TRS at the contribution rate of 9.53% and \$1,598,011 for ERS at an average contribution rate of 14.24%.

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

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

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	\$ (7,708,906)	\$ (30,335)
District's portion of the Plan's total net pension asset/(liability)	0.278978%	0.0304649%
Change in proportion since the prior measurement date	(0.002794)	0.0007286

For the year ended June 30, 2021, the District recognized pension expense of \$10,293,545 for TRS and \$1,013,630 for ERS. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 6,754,545	\$ 370,474	\$ 395,067	\$
Change of assumptions	9,749,972	5,577,649	3,475,355	105,196
Net difference between projected and actual earnings on pension plan investments	5,034,592			8,714,031
Changes in proportion and differences between the District's contributions and proportionate share of contributions	140,542	790,506	433,198	120,850
District contributions subsequent to the measurement date	4,846,086	534,472		
Total	<u>\$ 26,525,737</u>	<u>\$ 7,273,101</u>	<u>\$ 4,303,620</u>	<u>\$ 8,940,077</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, 2022. 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
2022	\$ 2,917,687	\$ (262,249)
2023	5,976,772	14,684
2024	4,899,641	(360,655)
2025	3,062,445	(1,593,228)
2026	138,926	
Thereafter	380,560	
	\$ 17,376,031	\$ (2,201,448)

**Actuarial Assumptions**

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net investment expense, including inflation)	7.10%	5.90%
Cost of living adjustment	1.30%	1.40%

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 7.10% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	<u>\$ (48,694,505)</u>	<u>\$ (7,708,906)</u>	<u>\$ 26,688,398</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>\$ (8,419,854)</u>	<u>\$ (30,335)</u>	<u>\$ 7,706,765</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) 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, 2020	March 31, 2021
Employers' total pension liability	\$ (123,242,776)	\$ (220,680,157)
Plan fiduciary net position	<u>120,479,505</u>	<u>220,580,583</u>
Employers' net pension liability	<u>\$ (2,763,271)</u>	<u>\$ (99,574)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	97.76%	99.95%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the system in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2021 amounted to \$4,846,086 of employer contributions and \$527,097 of employee contributions.

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

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For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$534,472 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, 2021, totaled \$7,500 and \$3,499,900, respectively.

**B. Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$309,398.

**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 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 June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	477
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>604</u>
	<u><u>1,081</u></u>

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

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**B. Total OPEB Liability**

The District's total OPEB liability of \$162,466,713 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

*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	2.60%
Discount rate	2.16%
Healthcare cost trend rates	5.30% for 2020, decreasing to an ultimate rate of 4.10% over 55 years
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 RP-2014 adjusted to the 2006 Total Dataset Mortality Table, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

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

Balance at June 30, 2020	<u>\$ 173,458,137</u>
Changes for the year	
Service cost	6,888,920
Interest	3,941,112
Changes of benefit terms	-
Effect of demographic (gains) or losses	(30,447,438)
Changes in assumptions or other inputs	12,680,551
Benefit payments	<u>(4,054,569)</u>
	<u>(10,991,424)</u>
Balance at June 30, 2021	<u><u>\$ 162,466,713</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

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

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	<u>\$ (193,608,823)</u>	<u>\$ (162,466,713)</u>	<u>\$ (137,916,796)</u>

*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 (4.30%) or 1 percentage point higher (6.30%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.30% decreasing to 3.10%	Healthcare Cost Trend Rates 5.30% decreasing to 4.10%	1% Increase 6.30% decreasing to 5.10%
Total OPEB liability	<u>\$ (138,144,737)</u>	<u>\$ (162,466,713)</u>	<u>\$ (195,112,955)</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$13,342,593. At June 30, 2021, 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	\$ 2,707,515	\$ 26,822,743
Changes of assumptions or other inputs	<u>33,608,325</u>	
Total	<u>\$ 36,315,840</u>	<u>\$ 26,822,743</u>

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

Year Ending June 30,	Amount
2022	\$ 2,512,561
2023	2,512,561
2024	2,512,561
2025	2,512,561
2026	2,506,177
Thereafter	<u>(3,063,324)</u>
	<u>\$ 9,493,097</u>

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

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**17. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2021, 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, 2021, total \$286,731.

Also included in the governmental fund financial statements as deferred inflows of resources is LIPA PILOT earmarked for the 2021-22 fiscal year but was received by the District by June 30, 2021 and is recorded as deferred revenue. Deferred revenues in the general fund at June 30, 2021, total \$2,311,146.

**18. 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>2020</u>	<u>2021</u>
Unpaid claims at beginning of year	\$ 1,192,158	\$ 1,547,110
Incurred claims and claim adjustment expenses	779,491	480,427
Claim payments	<u>(424,539)</u>	<u>(519,938)</u>
Unpaid claims at year end	<u>\$ 1,547,110</u>	<u>\$ 1,507,599</u>

At June 30, 2021, the District had \$1,748,720 of funds in the workers' compensation reserve.

**19. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$1,980,162 has been appropriated to provide funding to the budget for the year ending June 30, 2022.

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

**20. RESTATEMENT OF FUND BALANCE AND NET POSITION**

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, which resulted in an increase of \$860,953 in fund balance in the governmental funds, as well as the Statement of Net Position. The District's fund balance and net position have been restated as follows:

	General Fund	Extraclassroom Activities Fund	Scholarships Fund	Student Activities Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)					
Beginning of Year, as Reported	\$ 25,951,851	\$	\$	\$	\$ (36,799,351)
<i>Assets</i>					
Cash	1,045,788	312,474	163,119	386,580	1,907,961
Accounts receivable	8,775			6,317	15,092
Due from fiduciary fund	(12)			(7,500)	(7,512)
	<u>1,054,551</u>	<u>312,474</u>	<u>163,119</u>	<u>385,397</u>	<u>1,915,541</u>
<i>Liabilities</i>					
Other liabilities	<u>1,054,551</u>			<u>37</u>	<u>1,054,588</u>
<i>Fund Balance/Net Position (Deficit)</i>					
Restricted			163,119	385,360	548,479
Assigned, unappropriated		312,474			
Unrestricted					312,474
	<u>-</u>	<u>312,474</u>	<u>163,119</u>	<u>385,360</u>	<u>860,953</u>
Fund Balance/Net Position (Deficit)					
Beginning of Year, as Restated	<u>\$ 25,951,851</u>	<u>\$ 312,474</u>	<u>\$ 163,119</u>	<u>\$ 385,360</u>	<u>\$ (35,938,398)</u>

**21. TAX ABATEMENTS**

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's 2020-2021 property tax revenue abated was \$47,726. The District received payment in lieu of taxes (PILOT) payments totaling \$34,274.

The District also recognized \$9,074,027 in LIPA PILOT revenue. As indicated in Note 1.F., these LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, "Tax Abatement Disclosures."

**22. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

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

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

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Restricted Fund Balance	
Capital Projects Fund	
Capital projects	<u>\$ 13,507,320</u>
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	1,321,413
Instruction	503,999
Pupil transportation	74,504
Employee Benefits	19,197
	<u>1,919,113</u>
Capital Projects Fund	
Capital projects	<u>669,229</u>
	<u><u>\$ 16,095,662</u></u>

**B. Grants**

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

**C. Litigation**

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

**D. Operating Leases**

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$11,528. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 10,491
2023	10,491
2024	7,386
2025	5,168
2026	<u>1,861</u>
	<u><u>\$ 35,397</u></u>

**E. BOCES Agreements**

The District has various agreements with BOCES to lease copier equipment. The expenditure for these agreements was approximately \$178,073 for the year ended June 30, 2021. The following is a summary of future obligations under these BOCES agreements:

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

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<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 178,073
2023	155,072
2024	<u>133,993</u>
	<u>\$ 467,138</u>

**23. 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:

**A. Tax Anticipation Notes**

On September 24, 2021, the District issued tax anticipation notes in the amount of \$9,000,000, which are due June 23, 2022, and bear interest at a stated rate of 1.50%. The District received premiums of \$88,290 with the borrowing to yield an effective interest rate of 0.1871%.

**B. Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act**

In September 2021, the District was awarded CRRSA funding of \$335,849 through the Elementary and Secondary School Emergency Relief (ESSER) Program. The fund is to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The fund will be recognized in the special aid fund as expended.

**C. Lease Purchase Agreement**

The District entered into a \$7,190,000 lease purchase agreement dated October 28, 2021 with Banc of America Public Capital Corp. to acquire equipment and fund project costs associated with an energy performance contract. The lease terms include an interest rate of 1.4795%. Lease payments are due semi-annually with payments of \$276,918 due on June 15, 2022 and December 15, 2022 and payable semi-annually thereafter, on each June 15<sup>th</sup> and December 15<sup>th</sup> until maturity on June 15, 2036.

**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, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 91,181,704	\$ 88,347,108	\$ 88,401,568	\$ 54,460
Other tax items	9,106,027	11,940,623	11,943,241	2,618
Charges for services	665,000	665,000	706,058	41,058
Use of money and property	540,000	540,000	61,899	(478,101)
Sale of property and compensation for loss			30,026	30,026
Miscellaneous	657,184	657,184	700,146	42,962
Total Local Sources	102,149,915	102,149,915	101,842,938	(306,977)
State Sources	5,322,877	5,322,877	5,762,560	439,683
Medicaid Reimbursement			22,336	22,336
Federal Sources			83,397	83,397
Total Revenues	107,472,792	107,472,792	107,711,231	\$ 238,439
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	1,642,417	4,542,417		
Prior Year's Encumbrances	2,488,621	2,488,621		
Appropriated Reserves	1,200,000	1,200,000		
Total Appropriated Fund Balance	5,331,038	8,231,038		
Total Revenues and Appropriated Fund Balance	\$ 112,803,830	\$ 115,703,830		

**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, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 241,349	\$ 889,927	\$ 876,737	\$ 1,266	\$ 11,924
Central administration	445,778	459,896	453,091	28	6,777
Finance	1,320,614	1,375,409	1,352,839	1,165	21,405
Staff	476,715	538,679	480,805	12,490	45,384
Central services	7,367,356	9,454,041	7,815,649	1,301,170	337,222
Special items	1,008,879	1,008,879	976,854	5,294	26,731
Total General Support	10,860,691	13,726,831	11,955,975	1,321,413	449,443
Instruction					
Administration & improvement	5,993,046	5,867,800	5,732,468	35,540	99,792
Teaching - regular school	37,536,432	38,317,674	37,944,771	118,456	254,447
Programs for students with disabilities	13,447,601	13,213,313	13,083,836	2,887	126,590
Occupational education	390,581	360,581	360,259		322
Teaching - special schools	141,943	103,140	50,162		52,978
Instructional media	2,792,777	2,942,340	2,532,147	306,980	103,213
Pupil services	6,455,685	6,679,723	5,920,488	40,136	719,099
Total Instruction	66,758,065	67,484,571	65,624,131	503,999	1,356,441
Pupil Transportation	2,897,495	2,907,290	2,611,136	74,504	221,650
Community Services	47,895	47,895	9,754		38,141
Employee Benefits	27,039,108	26,333,490	25,651,541	19,197	662,752
Debt Service					
Interest	85,000	85,000	85,000		-
Total Expenditures	107,688,254	110,585,077	105,937,537	1,919,113	2,728,427
<b>OTHER USES</b>					
Operating Transfers Out	5,115,576	5,118,753	5,118,753		-
Total Expenditures and Other Uses	<u>\$ 112,803,830</u>	<u>\$ 115,703,830</u>	<u>111,056,290</u>	<u>\$ 1,919,113</u>	<u>\$ 2,728,427</u>
Net Change in Fund Balance			(3,345,059)		
Fund Balance - Beginning of Year			25,951,851		
Fund Balance - End of Year			<u>\$ 22,606,792</u>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

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

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

***Teachers' Retirement System***

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.278978%	0.281772%	0.280130%	0.278671%	0.271678%	0.269480%	0.267390%
District's proportionate share of the net pension asset (liability)	\$ (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	\$ 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	(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	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

***Employees' Retirement System***

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0304649%	0.0297363%	0.0329703%	0.0320411%	0.0320850%	0.0323126%	0.0323126%
District's proportionate share of the net pension liability	\$ (30,335)	\$ (7,874,350)	\$ (2,336,049)	\$ (1,034,108)	\$ (3,014,774)	\$ (5,186,259)	\$ (5,186,259)
District's covered payroll	\$ 11,333,845	\$ 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 liability as a percentage of its covered payroll	(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	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

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

***Teachers' Retirement System***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 4,846,086	\$ 4,214,643	\$ 5,014,833	\$ 4,523,151	\$ 5,210,023	\$ 5,592,679	\$ 7,096,070	\$ 6,418,380	\$ 4,651,542	\$ 4,445,825
Contributions in relation to the contractually required contribution	<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>	<u>4,651,542</u>	<u>4,445,825</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	\$50,850,850	\$47,959,283	\$47,630,194	\$46,343,887	\$44,714,477	\$42,334,323	\$40,834,874	\$39,917,240	\$39,752,414	\$40,583,269
Contributions as a percentage of covered payroll	10%	9%	11%	10%	12%	13%	17%	16%	12%	11%

***Employees' Retirement System***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,598,011	\$ 1,515,292	\$ 1,643,920	\$ 1,630,369	\$ 1,561,054	\$ 1,719,150	\$ 1,818,587	\$ 1,899,306	\$ 1,739,800	\$ 1,331,513
Contributions in relation to the contractually required contribution	<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>	<u>1,739,800</u>	<u>1,331,513</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	\$11,619,679	\$11,181,817	\$11,164,507	\$10,905,633	\$10,613,227	\$10,248,524	\$ 9,964,689	\$ 9,480,525	\$ 9,441,547	\$ 9,329,793
Contributions as a percentage of covered payroll	14%	14%	15%	15%	15%	17%	18%	20%	18%	14%

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 6,888,920	\$ 5,644,364	\$ 5,438,455	\$ 4,872,186
Interest	3,941,112	5,026,551	3,920,019	3,764,877
Changes in benefit terms	-	-	-	-
Demographic gains or losses	(30,447,438)	-	4,195,678	89,421
Changes of assumptions or other inputs	12,680,551	27,238,086	3,883,594	-
Benefit payments	<u>(4,054,569)</u>	<u>(4,803,168)</u>	<u>(4,594,597)</u>	<u>(3,655,062)</u>
Net change in total OPEB liability	(10,991,424)	33,105,833	12,843,149	5,071,422
Total OPEB liability, beginning	<u>173,458,137</u>	<u>140,352,304</u>	<u>127,509,155</u>	<u>122,437,733</u>
Total OPEB liability, ending	<u><u>\$ 162,466,713</u></u>	<u><u>\$ 173,458,137</u></u>	<u><u>\$ 140,352,304</u></u>	<u><u>\$ 127,509,155</u></u>
Covered employee payroll	\$ 55,094,962	\$ 52,868,037	\$ 52,868,037	\$ 52,323,746
Total OPEB liability as a percentage of covered employee payroll	294.88%	328.10%	265.48%	243.69%
Discount rate	2.16%	2.21%	3.50%	3.00%
Healthcare trend rates	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, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 110,315,209
Additions:	
Prior year's encumbrances	<u>2,488,621</u>
Original Budget	112,803,830
Budget revisions	<u>2,900,000</u>
Final Budget	<u><u>\$ 115,703,830</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget	<u><u>\$ 111,641,018</u></u>
Maximum allowed (4% of 2021-2022 budget)	<u><u>\$ 4,465,641</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 5,056,240
Unassigned fund balance	<u>4,673,669</u>
	\$ 9,729,909
Less:	
Appropriated fund balance	1,980,162
Encumbrances	<u>1,919,113</u>
Total adjustments	<u>3,899,275</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 5,830,634</u></u>
Actual Percentage	5.2%

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2021

PROJECT TITLE	Methods of Financing									
	Budget	Budget	Expenditures to Date		Unexpended	Proceeds	State Aid	Local	Total	Fund Balance
	June 30, 2020	June 30, 2021	Prior Years	Current Year	Total	Balance		of Obligations		Sources
2012-2013 (\$19 Million) Bond Proposition:										
Middle School Roof and Playground	\$ 1,994,474	\$ 1,994,474	\$ 1,986,885	\$	\$ 1,986,885	\$ 7,589	\$ 1,994,474	\$	\$ 1,994,474	\$ 7,589
Middle School Science Rooms and Fields	2,089,930	2,089,930	1,998,009		1,998,009	91,921	2,089,930		2,089,930	91,921
Glen Head Roof	966,484	966,484	958,906		958,906	7,578	966,484		966,484	7,578
Glen Head Flooring	138,542	138,542	137,710		137,710	832	138,542		138,542	832
Glen Head Water and Masonry	1,202,497	1,202,497	1,184,200		1,184,200	18,297	1,202,497		1,202,497	18,297
Glenwood Landing Flooring and Paving	484,134	484,134	466,152		466,152	17,982	484,134		484,134	17,982
Glenwood Landing Masonry	2,439,865	2,439,865	2,261,306		2,261,306	178,559	2,439,865		2,439,865	178,559
Sea Cliff Electric and Playground	139,117	139,117	130,367		130,367	8,750	139,117		139,117	8,750
Sea Cliff Masonry	1,064,310	1,064,310	1,031,149		1,031,149	33,161	1,064,310		1,064,310	33,161
Districtwide Security	495,004	495,004	465,493		465,493	29,511	485,581	9,423	495,004	29,511
Middle School Masonry and Windows	3,110,938	3,110,938	3,071,005		3,071,005	39,933	3,110,938		3,110,938	39,933
Transportation Garage Roof	51,764	51,764	46,578		46,578	5,186	51,764		51,764	5,186
Glenwood Landing Auditorium	276,821	276,821	274,546		274,546	2,275	276,821		276,821	2,275
High School Auditorium and Paving	3,683,586	3,683,586	3,679,686		3,679,686	3,900	3,683,586		3,683,586	3,900
Sea Cliff Roof and HVAC	1,493,256	1,493,256	1,427,769		1,427,769	65,487	1,493,256		1,493,256	65,487
General Fund Appropriations:										
Middle School Science Rooms and Fields	309,873	309,873	251,387		251,387	58,486		309,873	309,873	58,486 *
High School Tennis Courts and HVAC	1,111,551	1,111,551	1,107,313		1,107,313	4,238		1,111,551	1,111,551	4,238 *
Middle School Kitchen	491,000	491,000	448,645		448,645	42,355	75,000	416,000	491,000	42,355 *
High School Electric Switchgear	200,000	200,000	112,906		112,906	87,094		200,000	200,000	87,094 *
Victorian House	474,811	446,391	446,391		446,391	-		357,092	357,092	(89,299) *
High School Mansard Roof	1,068,194	1,068,194	1,053,527		1,053,527	14,667		1,068,194	1,068,194	14,667 *
Elementary Playground Surface	698,200	698,200	654,778		654,778	43,422		698,200	698,200	43,422 *
Middle School Electric Renovations	268,243	268,243	175,338		175,338	92,905		268,243	268,243	92,905 *
Elementary Kitchens - DASNY	122,000	122,000	21,533	92,324	113,857	8,143	50,000	72,000	122,000	8,143
High School Cafeteria Duct Work Renovations	422,609	422,609	117,210	304,790	422,000	609		422,609	422,609	609
High School Front Entrance Renovations	79,411	85,000	10,032		10,032	74,968		85,000	85,000	74,968
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	320,135	320,135	54,912	8,600	63,512	256,623		320,135	320,135	256,623
Middle School Library Air Conditioning		822,330		18,455	18,455	803,875		822,330	822,330	803,875
Glenwood Landing Connecting Corridor Roof		97,775			-	97,775		97,775	97,775	97,775
High School Generator Replacement		290,784			-	290,784		290,784	290,784	290,784
Districtwide Telephone System, Network Switches		505,027		465,453	465,453	39,574		505,027	505,027	39,574
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	587,900	560,471		560,471	27,429		587,900	587,900	27,429
Middle School Locker Room	2,550,000	2,550,000	52,029	74,386	126,415	2,423,585		2,550,000	2,550,000	2,423,585
Glen Head Nursing Station	450,000	450,000	-	11,610	11,610	438,390		450,000	450,000	438,390
Glen Head HVAC Cafeteria	453,300	453,300	423,650		423,650	29,650		453,300	453,300	29,650
Glenwood Landing HVAC Auditorium	547,100	547,100	501,874		501,874	45,226		547,100	547,100	45,226
Sea Cliff HVAC Cafeteria	633,412	633,412	173,987	389,114	563,101	70,311		633,412	633,412	70,311
High School HVAC Cafeteria Ceiling	1,222,200	1,222,200	432,203	798,390	1,230,593	(8,393)		1,222,200	1,222,200	(8,393)
Repair Reserve:										
Glen Head Masonry	212,886	212,886	212,886		212,886	-		212,886	212,886	-
Sea Cliff Masonry	159,806	159,806	156,404		156,404	3,402		159,806	159,806	3,402
High School Masonry	127,308	127,308	72,408		72,408	54,900		127,308	127,308	54,900
Emergency School House Repair	270,669	270,669	124,322		124,322	146,347		270,669	270,669	146,347
High School Windows and Door Repairs	125,000	125,000	82,828		82,828	42,172		125,000	125,000	42,172
High School Courtyard	56,594	56,594	37,814		37,814	18,780		56,594	56,594	18,780
Glen Head, Glenwood Landing and Sea Cliff Windows	52,959	52,959	50,465		50,465	2,494		52,959	52,959	2,494

## For the Year Ended June 30, 2021

\* Budgeted to be closed out to the General Fund in the 2021-2022 fiscal year.

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2021

Capital assets, net	<u>\$ 81,415,674</u>
Deduct:	
Short-term portion of bonds payable	3,335,000
Long-term portion of bonds payable	27,524,960
Unamortized construction bond premium	1,680,870
Less: Unspent bond proceeds	(12,896,303)
Short-term portion of energy performance contract	334,188
Long-term portion of energy performance contract	<u>1,079,452</u>
	<u>21,058,167</u>
Net Investment in Capital Assets	<u><u>\$ 60,357,507</u></u>



VINCENT D. CULLEN, CPA  
(1950 – 2013)

JAMES E. DANOWSKI, CPA  
PETER F. RODRIGUEZ, CPA  
JILL S. SANDERS, CPA  
DONALD J. HOFFMANN, CPA  
CHRISTOPHER V. REINO, CPA  
ALAN YU, CPA

**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, each major fund and the fiduciary fund of the North Shore Central School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 8, 2021.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the North Shore Central School District in a separate letter dated November 8, 2021.

## **Purpose of this Report**

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

*Cullen & Danowski, LLP*

November 8, 2021

