



FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORTS  
June 30, 2025

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

---

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



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Change in Accounting Principle*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the district's proportionate share of the net pension asset/(liability), schedule of district pension contributions, and schedule of changes in the district's total OPEB liability and related ratios on pages 4 through 19 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

The other information on pages 62 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is other information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025, on our consideration of 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 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 North Shore Central School District's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

Port Jefferson Station, New York

October 15, 2025

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

---

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

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2025, are as follows:

- The District's main operating fund, the general fund, ended the 2024-2025 fiscal year with a \$2,580,028 increase in total fund balance. Total actual revenues, operating transfers in, and the extraordinary item recognized were more than the actual expenditures, including operating transfers out for special aid fund summer program costs, debt service fund long-term debt principal and interest payments, and capital projects funding.
- Actual expenditures for the year plus outstanding encumbrances totaled \$120,453,536, which was 97.6% of the general fund's final budget.
- In the district-wide financial statements, which utilize the economic resources measurement focus and the accrual basis of accounting, and include unfunded long-term liabilities that do not come due in a current period, such as workers' compensation liabilities and other postemployment benefits liability (OPEB), the total net position as of June 30, 2025, decreased by \$957,085 to a deficit net position balance of \$56,681,009. The decrease was primarily attributable to changes in the actuarially determined pension and OPEB liabilities and related amounts.
- For the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation of this statement resulted in an increase in compensated absences payable and a decrease in total net position of \$439,461 as of July 1, 2024.
- On April 22, 2025, the District issued serial bonds in the amount of \$19,940,000 and used \$355,000 of general fund appropriation to redeem the outstanding bond anticipation note (BAN) and provide permanent financing to fund the construction of improvements and alterations to the District's buildings and sites. As part of the borrowing, the District received \$967,345 in premiums, \$965,000 of which was also used to redeem the BAN and provide permanent financing for the capital projects.
- In October of 2013, the Board of Education of North Shore Central School District commenced litigation in Nassau County Supreme Court against the Long Island Power Authority (LIPA). In July 2022, the District arrived at a settlement agreement with LIPA in which LIPA would provide direct payments to the school district in a total amount of \$3,250,000 over three years. The District received the first payment of \$2,000,000 in the 2022-2023 fiscal year, \$750,000 in July 2023, and the remaining \$500,000 during the 2024-2025 fiscal year.
- General fund restricted fund balances increased by \$2,738,556, due to the allocation of interest earnings and funding transfers to the reserves, offset by the use of reserves.

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

---

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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



**A. District-Wide Financial Statements**

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

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

The Statement of Net Position

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

The Statement of Activities

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

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

---

**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, lease liabilities, compensated absences, workers' compensation, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

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

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

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

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

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

**A. Net Position**

The District's total net position deficit increased by \$957,085 between fiscal year 2025 and 2024. The increase is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. Also, due to the implementation of GASB Statement No. 101, *Compensated Absences*, which is a change in accounting principle, an additional deficit increase of \$439,461 is reflected in the ending net position. The impact of the change in accounting principle was not required to be restated in the MD&A. A summary of the District's Statements of Net Position, follows:

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

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Asset</b>				
Current and Other Assets	\$ 50,012,413	\$ 50,877,709	\$ (865,296)	(1.70)%
Capital Assets, Net	119,594,156	120,808,587	(1,214,431)	(1.01)%
Net Pension Assets - Proportionate Share	<u>8,231,497</u>	<u>8,231,497</u>	<u>8,231,497</u>	N/A
Total Assets	<u>177,838,066</u>	<u>171,686,296</u>	<u>6,151,770</u>	3.58 %
<b>Deferred Outflows of Resources</b>	<u>60,761,026</u>	<u>57,286,991</u>	<u>3,474,035</u>	6.06 %
<b>Liabilities</b>				
Current and Other Liabilities	12,824,724	34,216,143	(21,391,419)	(62.52)%
Long-Term Liabilities	50,833,522	33,534,658	17,298,864	51.59 %
Total OPEB Liability	153,594,899	158,353,556	(4,758,657)	(3.01)%
Net Pension Liabilities - Proportionate Share	<u>4,888,794</u>	<u>8,249,573</u>	<u>(3,360,779)</u>	(40.74)%
Total Liabilities	<u>222,141,939</u>	<u>234,353,930</u>	<u>(12,211,991)</u>	(5.21)%
<b>Deferred Inflows of Resources</b>	<u>73,138,162</u>	<u>49,903,820</u>	<u>23,234,342</u>	46.56 %
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	73,632,026	70,217,032	3,414,994	4.86 %
Restricted	30,419,529	20,375,700	10,043,829	49.29 %
Unrestricted (Deficit)	<u>(160,732,564)</u>	<u>(145,877,195)</u>	<u>(14,855,369)</u>	10.18 %
Total Net Position (Deficit)	<u>\$ (56,681,009)</u>	<u>\$ (55,284,463)</u>	<u>\$ (1,396,546)</u>	2.53 %

The decrease in current and other assets is related to decreases in cash balances.

The decrease in capital assets, net is due to depreciation/amortization expense in excess of capital assets additions. The "Capital Assets" Note provides additional information.

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

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

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

---

The decrease in current and other liabilities is mainly due to the maturity of the bond anticipation notes.

The increase in long-term liabilities is primarily the result of the issuance of construction serial bonds, net of the repayment of the current maturity of the bond indebtedness. In addition, the long-term liabilities reflect a \$439,461 increase in the compensated absences liability as of July 1, 2024, as a result of the implementation of GASB Statement No. 101.

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

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

Deferred inflows of resources represents the portion of PILOT received that pertains to the 2025-2026 year, the remaining balance of the amount receivable under the settlement agreement with LIPA, and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

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

The restricted amount relates to the District's reserves, which increased over the prior year, mainly due to interest earnings and funding transfers into the reserves. In addition, the amount of the net pension asset has also been restricted in the district-wide statement of net position.

The unrestricted (deficit) amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability. The unrestricted (deficit) amount also reflects a decrease of \$439,461 as of July 1, 2024, as a result of the change in the compensated absences liability due to the implementation of GASB Statement No. 101.

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

**B. Changes in Net Position**

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

	2025	2024	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 2,989,280	\$ 3,097,246	\$ (107,966)	(3.49)%
Operating Grants & Contributions	2,987,356	3,554,373	(567,017)	(15.95)%
Capital Grants	-	250,000	(250,000)	(100.00)%
General Revenues				
Property Taxes & STAR	92,669,250	89,281,726	3,387,524	3.79 %
State Sources	9,569,873	8,852,520	717,353	8.10 %
Other	17,696,785	21,067,904	(3,371,119)	(16.00)%
Extraordinary Item	500,000	750,000	(250,000)	(33.33)%
Total Revenues	<u>126,412,544</u>	<u>126,853,769</u>	<u>(441,225)</u>	(0.35)%
<b>Expenses</b>				
General Support	15,448,490	15,465,812	(17,322)	(0.11)%
Instruction	103,587,673	109,767,660	(6,179,987)	(5.63)%
Pupil Transportation	4,400,186	4,291,283	108,903	2.54 %
Community Services	35,839	35,130	709	2.02 %
Debt Service - Interest	1,677,269	1,697,748	(20,479)	(1.21)%
Food Service Program	2,220,172	2,109,898	110,274	5.23 %
Total Expenses	<u>127,369,629</u>	<u>133,367,531</u>	<u>(5,997,902)</u>	(4.50)%
Change in Net Position	<u>(957,085)</u>	<u>\$ (6,513,762)</u>	<u>\$ 5,556,677</u>	(85.31)%
Net Position (Deficit) - Beginning of Year, as Previously Reported	(55,284,463)			
Change in Accounting Principle	<u>(439,461)</u>			
Net Position (Deficit) - Beginning of Year, as Restated	<u>(55,723,924)</u>			
Net Position (Deficit) - End of Year	<u>\$ (56,681,009)</u>			

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

---

The District's net position decreased by \$957,085 and \$6,513,762 for the years ended June 30, 2025 and 2024, respectively.

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

- Operating grants & contributions decreased, as the funding under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan Act (ARPA) through the Elementary and Secondary School Emergency Relief (ESSER) programs has expired.
- Capital grants decreased as the District received the Dormitory Authority of the State of New York (DASNY) grant funding towards the Middle School softball field renovation project in the prior year.
- The increase in real property taxes and STAR was the result of the budgeted tax levy increase.
- The increase in state sources is due to the District receiving more state aid.
- The extraordinary item is the third installment of direct payment received by the District under the settlement agreement with LIPA.

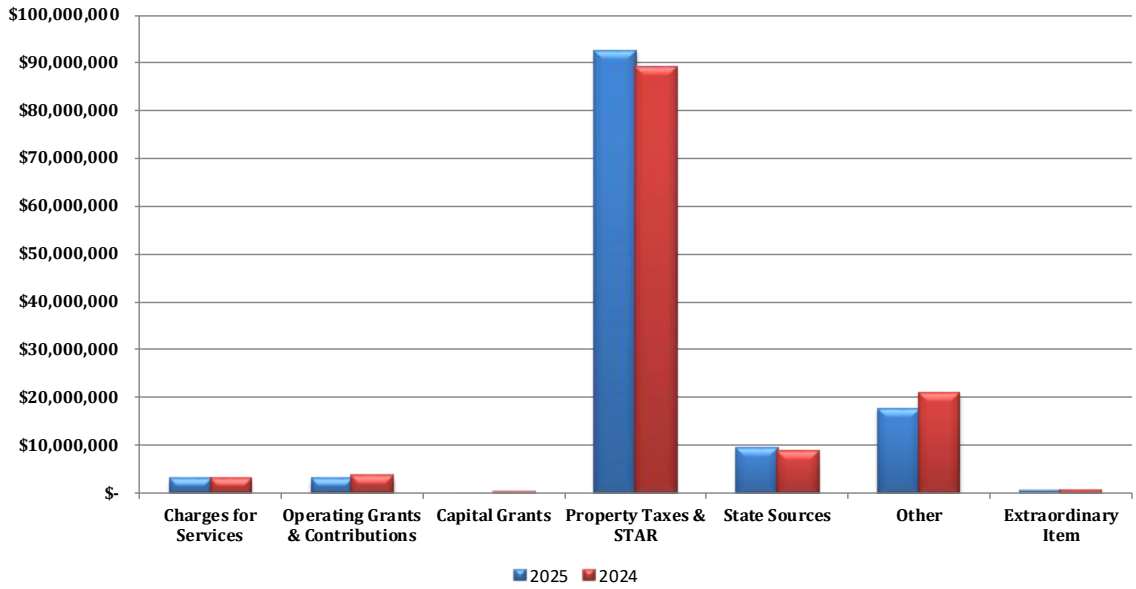
The District's expenses decreased when compared to the prior year, primarily due to the following changes:

- General support and instruction decreased based on the impact of allocations of the net change in actuarially determined liabilities and expenses for TRS, ERS, and OPEB costs. The current fiscal year's actuarial determinations resulted in an increase in allocated expenses.

As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 73.3% and 70.4% of the total for the years 2025 and 2024, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 81.4% and 82.3% of the total for the years 2025 and 2024, respectively).

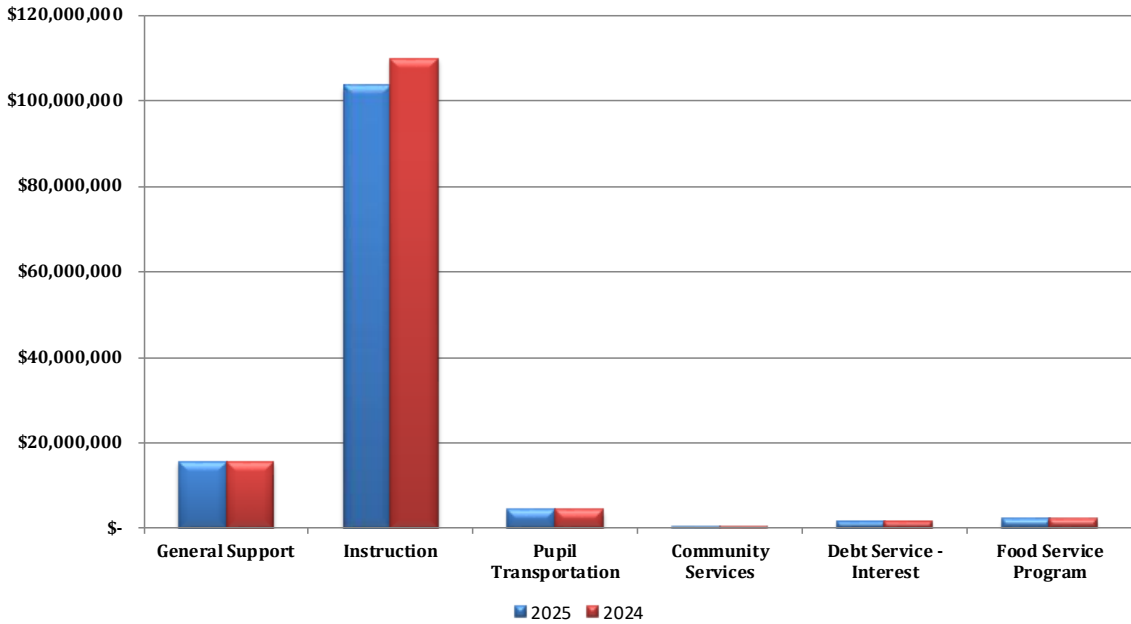
**NORTH SHORE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes & STAR	State Sources	Other	Extraordinary Item
<b>2025</b>	2.4%	2.4%	0.0%	73.3%	7.6%	13.9%	0.4%
<b>2024</b>	2.4%	2.8%	0.2%	70.4%	7.0%	16.6%	0.6%

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



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
<b>2025</b>	12.1%	81.4%	3.5%	0.0%	1.3%	1.7%
<b>2024</b>	11.6%	82.3%	3.2%	0.0%	1.3%	1.6%

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

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

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$35,166,273, which is an increase of \$21,124,378 from the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund, is as follows:

	2025	2024	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Nonspendable: Prepays	\$ 20,868	\$ -	\$ 20,868	N/A
Restricted				
Workers' compensation	1,848,037	1,770,575	77,462	4.37 %
Unemployment insurance	1,920,287	1,829,158	91,129	4.98 %
Retirement contribution				
Teachers' retirement system	5,172,371	4,470,513	701,858	15.70 %
Employees' retirement system	7,286,492	6,982,593	303,899	4.35 %
Liability	125,332	120,709	4,623	3.83 %
Employee benefit accrued liability	362,573	350,768	11,805	3.37 %
Capital	2,532,190	999,670	1,532,520	153.30 %
Repairs	656,321	641,061	15,260	2.38 %
Assigned:				
Appropriated fund balance	2,350,000	2,750,000	(400,000)	(14.55)%
Unappropriated fund balance	849,372	749,201	100,171	13.37 %
Unassigned: Fund balance	5,025,434	4,905,001	120,433	2.46 %
	<u>28,149,277</u>	<u>25,569,249</u>	<u>2,580,028</u>	10.09 %
<b>School Food Service Fund</b>				
Nonspendable: Inventory	39,045	62,810	(23,765)	(37.84)%
Assigned: Unappropriated fund balance	-	27,277	(27,277)	(100.00)%
Unassigned: Fund balance (deficit)	(9,453)	-	(9,453)	N/A
	<u>29,592</u>	<u>90,087</u>	<u>(60,495)</u>	(67.15)%
<b>Debt Service Fund</b>				
Restricted: Debt service	918,618	972,824	(54,206)	(5.57)%
<b>Capital Projects Fund</b>				
Restricted:				
Capital	483,610	1,376,902	(893,292)	(64.88)%
Repairs	105,546	132,754	(27,208)	(20.50)%
Unspent debt proceeds	3,378,304	749,809	2,628,495	350.56 %
Assigned: Unappropriated fund balance	1,083,164	-	1,083,164	N/A
Unassigned: Fund balance (deficit)	-	(15,797,438)	15,797,438	(100.00)%
	<u>5,050,624</u>	<u>(13,537,973)</u>	<u>18,588,597</u>	137.31 %
<b>Extraclassroom Activities Fund</b>				
Assigned: Unappropriated fund balance	241,507	219,535	21,972	10.01 %
<b>Scholarships Fund</b>				
Restricted: Scholarships	195,096	195,879	(783)	(0.40)%
<b>Student Activities Fund</b>				
Restricted: Student Activities	581,559	532,294	49,265	9.26 %
Total Fund Balance	<u>\$ 35,166,273</u>	<u>\$ 14,041,895</u>	<u>\$ 21,124,378</u>	150.44 %

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

**A. General Fund**

The general fund – fund balance is a net increase of \$2,580,028, compared to an increase of \$1,682,452 in 2024.

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

	2025	2024	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 92,669,250	\$ 89,281,726	\$ 3,387,524	3.79 %
Other Local Sources	18,125,011	20,154,373	(2,029,362)	(10.07)%
State Sources	9,569,873	9,139,251	430,622	4.71 %
Medicaid Reimbursement	12,286	12,635	(349)	(2.76)%
Federal Sources	-	216,054	(216,054)	(100.00)%
Other Financing Sources	1,307,772	557,465	750,307	134.59 %
Extraordinary Item	500,000	750,000	(250,000)	(33.33)%
	<u>\$ 122,184,192</u>	<u>\$ 120,111,504</u>	<u>\$ 2,072,688</u>	1.73 %

- Property taxes and STAR increased due to the tax levy increase in accordance with the 2024-2025 voter-approved budget.
- Other local sources decreased primarily due to a decrease in the receipt of “direct assessments” as provided by the stipulation of agreement between LIPA and the County of Nassau.
- State sources increased mainly due to more general aid received.
- Other financing sources increased, as the amount the general fund received from a Board-authorized return of unspent funds from the capital projects fund increased, as compared to the prior year.
- Extraordinary item is the direct payment installment received by the District under the settlement agreement with LIPA.

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

	2025	2024	Increase (Decrease)	Percentage Change
General Support	\$ 11,478,625	\$ 11,055,905	\$ 422,720	3.82 %
Instruction	67,202,185	67,324,271	(122,086)	(0.18)%
Pupil Transportation	3,192,330	2,821,279	371,051	13.15 %
Community Services	25,228	24,175	1,053	4.36 %
Employee Benefits	31,470,456	30,795,442	675,014	2.19 %
Debt Service	1,255,249	1,541,238	(285,989)	(18.56)%
Other Financing Uses	4,980,091	4,866,742	113,349	2.33 %
	<u>\$ 119,604,164</u>	<u>\$ 118,429,052</u>	<u>\$ 1,175,112</u>	0.99 %

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

- General support increased due to routine salary and step increases.
- Pupil transportation expenses increased due to a rise in bus contract expenses.
- Employee benefits increased due to a higher pension contribution rate for the District's liabilities to the ERS, as well as an increase in health insurance expenditures.
- Debt service decreased as the interest cost for TAN borrowings had lower interest rates.

The District has established reserve funds in accordance with provisions of General Municipal Law (GML) 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 (Board); appropriations from the reserves for related purposes are authorized by the Board, 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 activities:

	Balance June 30, 2024	Use of Reserves	Interest	Funding/ Reimbursement	Balance June 30, 2025
Workers' compensation	\$ 1,770,575	\$	\$ 77,462	\$	\$ 1,848,037
Unemployment insurance	1,829,158		91,129		1,920,287
Retirement contribution					
TRS	4,470,513	(500,000)	148,312	1,053,546	5,172,371
ERS	6,982,593	(750,000)	303,899	750,000	7,286,492
Liability	120,709		4,623		125,332
EBAL	350,768		11,805		362,573
Capital	999,670		122,158	1,410,362	2,532,190
Repairs	641,061		15,260		656,321
	<u>\$ 17,165,047</u>	<u>\$ (1,250,000)</u>	<u>\$ 774,648</u>	<u>\$ 3,213,908</u>	<u>\$ 19,903,603</u>

**B. School Food Service Fund**

The school food service fund - fund balance net decrease is the operating result of the current fiscal year.

**C. Debt Service Fund**

The debt service fund – fund balance net decrease reflects the District's decision to use some of the fund balance towards principal and interest payments on long-term debt, and the transfer of BAN premium received in the prior year to the general fund to defray the related BAN interest expenditure, offset by interest earnings received in the current year.

**D. Capital Projects Fund**

The capital projects fund – fund balance net increase is primarily the result of proceeds from the issuance of bonds in excess of expenditures related to ongoing capital improvement projects.

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

---

**E. Extraclassroom Activities Fund**

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

**F. Scholarships Fund**

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

**G. Student Activities Fund**

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

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2024-2025 Budget**

The District's general fund adopted budget for the year ended June 30, 2025 was \$122,648,900. This amount was increased by encumbrances carried forward from the prior year in the amount of \$749,201 for a total final budget of \$123,398,101.

The final budget was funded through a combination of estimated revenues, appropriated fund balance and appropriated reserves. The majority of this funding source was \$92,690,950 in estimated property taxes.

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

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

Opening, Unassigned Fund Balance	\$ 4,905,001
Revenues, Other Financing Sources, and Extraordinary Item, Over Budget	3,535,292
Expenditures, Other Financing Uses, and Encumbrances Under Budget	2,944,565
Change in Nonspendable Fund Balance	(20,868)
Allocation to Reserves	(3,988,556)
Appropriated to Fund the June 30, 2026 Budget	<u>(2,350,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 5,025,434</u></u>

Opening, Unassigned Fund Balance

The \$4,905,001 shown in the table is the portion of the District's June 30, 2024 fund balance that was retained as unassigned.

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

---

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

The 2024-2025 final budget for revenues was \$118,648,900. Actual revenues and other financing sources, including the extraordinary item recognized for the year were \$122,184,192. The excess of actual revenues and other financing sources, including the extraordinary item over estimated or budgeted revenues was \$3,535,292, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2024 to June 30, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2024-2025 final budget for expenditures, including prior year open encumbrances and budget revisions as of June 30, 2024, was \$123,398,101. Actual expenditures and other financing uses as of June 30, 2025 were \$119,604,164, and outstanding encumbrances were \$849,372. Combined, the expenditures plus encumbrances for 2024-2025 were \$120,453,536. The final budget variance was \$2,944,565, or 2.39%, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2024 to June 30, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Change in Nonspendable Fund Balance

The District has prepaid certain expenditures as of June 30, 2025, but the asset does not provide resources for future use; therefore, a portion of fund balance is classified as nonspendable.

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. "General Fund" (summary of restricted fund balance activity) of this MD&A details the allocation of interest earnings and funding transfers to the reserves, net of a Board-approved use of the workers' compensation reserve towards related expenditures in the general fund.

Appropriated Fund Balance

The District has chosen to use \$2,350,000 of the available June 30, 2025 fund balance to partially fund the 2025-2026 approved operating budget. As such, the June 30, 2025 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2025 was \$5,025,434. This amount equals 4.0% of the 2025-2026 budget, which complies with the statutory limit established by §1318 of the New York State Real Property Tax Law.

**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, 2025, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to depreciation/amortization expense of \$3,324,783 in excess of capital outlays and other additions of \$2,110,352, recorded for the year ended June 30, 2025. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2025 and 2024, is as follows:

	2025	2024	Increase (Decrease)
Land	\$ 1,544,932	\$ 1,544,932	\$ -
Construction in progress	1,093,868	7,104,050	(6,010,182)
Buildings and improvements	114,768,857	109,886,732	4,882,125
Land improvements	29,829	29,829	
Furniture and equipment	1,524,300	1,547,055	(22,755)
Vehicles	630,660	688,810	(58,150)
Leased equipment	1,710	7,179	(5,469)
	<u>\$ 119,594,156</u>	<u>\$ 120,808,587</u>	<u>\$ (1,214,431)</u>

**B. Debt Administration**

At June 30, 2025, the District had combined total debt of \$46,889,471. The decreases in outstanding debt represent principal payments made throughout the year, while the increase indicates a new issuance. A summary of the outstanding long-term debt at June 30, 2025 and 2024, is as follows:

Issue/Commencement Date	Interest Rate	2025	2024	Increase (Decrease)
<b>Bonds Payable</b>				
3/7/2013	2.0-4.0%	\$ -	\$ 635,000	\$ (635,000)
11/3/2014	2.0-3.0%	2,429,960	2,874,960	(445,000)
12/15/2015	2.0-3.0%	5,860,000	6,745,000	(885,000)
6/8/2021	2.0-5.0%	10,620,000	11,365,000	(745,000)
4/27/2023	2.0-3.0%	2,435,000	2,570,000	(135,000)
4/22/2025	4.0-5.0%	19,940,000	-	19,940,000
		<u>\$ 41,284,960</u>	<u>\$ 24,189,960</u>	<u>\$ 17,095,000</u>
<b>Energy Performance Contracts</b>				
5/29/2008	3.7060%	\$ -	\$ 373,108	\$ (373,108)
10/28/2021	1.4795%	5,603,222	6,068,983	(465,761)
		<u>\$ 5,603,222</u>	<u>\$ 6,442,091</u>	<u>\$ (838,869)</u>
<b>Lease Liabilities</b>				
10/2020	0.893%	\$ -	\$ 519	\$ (519)
11/2020	0.893%	541	2,695	(2,154)
11/2020	0.893%	541	2,695	(2,154)
1/2021	0.893%	207	1,027	(820)
		<u>\$ 1,289</u>	<u>\$ 6,936</u>	<u>\$ (5,647)</u>

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

	2025	2024	Increase (Decrease)
Compensated absences payable	\$ 845,938	\$ 366,512	\$ 479,426
Workers' compensation liabilities	964,460	1,111,504	(147,044)
Total OPEB liability	153,594,899	158,353,556	(4,758,657)
Net pension liabilities - proportionate share	4,888,794	8,249,573	(3,360,779)
	<u>\$ 160,294,091</u>	<u>\$ 168,081,145</u>	<u>\$ (7,787,054)</u>

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

**A. Subsequent Year's Budget**

The general fund budget for the year ending June 30, 2026, as approved by the voters on May 20, 2025, is \$125,635,848. This is an increase of \$2,986,948 or 2.44% over the previous year's budget.

The adopted budget has a property tax levy of \$95,309,473, or a 2.99% increase over the 2024-2025 property tax levy, and is below the District's maximum levy increase (tax cap) of 3.19%. The District estimated an increase in state aid and a decrease in direct assessment payments from LIPA as stipulated in the County's settlement with LIPA. The District budgeted to use \$2,350,000 of appropriated fund balance and \$1,250,000 of appropriated reserves towards the 2025-2026 budget.

**B. Future Budgets**

Factors to consider that could influence future budgets:

- The continuing impact of the loss of LIPA property tax revenues, including the financial impact of the re-negotiation of the current power supply agreement in 2028.
- Uncertainty with state and federal aid complicates long-range planning.
- Rise in employee salaries and health benefits, as well as contributions to pension programs.
- Changing circumstances of unforeseen events and risks including natural disasters and global pandemics.
- Impact of external factors such as market trends, economic conditions, and regulatory changes.
- The combination of high inflation and high-interest rates can impact all lines of the budget.
- Social and demographic changes with population, age distribution, and personal income can have significant and lasting effects.
- Legal and intergovernmental factors constraining tax increases, forbidding particular revenue sources, and mandating some services.

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

---

**C. Tax Cap**

New York State law limits the annual increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation plus additional statutory adjustments to the tax levy limit. School districts may override the tax levy limit (tax cap) by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit, however, that budget must be approved by at least 60% of the votes cast. Based on the law, the District's tax cap for 2025-2026 is 3.19%. The District's 2025-2026 property tax increase of 2.99% was lower than the tax cap and did not require an override vote.

**8. CONTACTING THE DISTRICT**

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

Mr. James Pappas, CPA  
Assistant Superintendent for 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, 2025

**ASSETS**

Cash and cash equivalents	
Unrestricted	\$ 19,204,919
Restricted	25,566,336
Receivables	
Accounts receivable	65,141
Taxes receivable	2,351,823
Due from state and federal	1,077,259
Due from other governments	1,687,022
Inventory	39,045
Prepays	20,868
Capital assets:	
Not being depreciated	2,638,800
Being depreciated/amortized, net of accumulated depreciation/amortization	116,955,356
Net pension assets - proportionate share	<u>8,231,497</u>
Total Assets	<u>177,838,066</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	23,372,630
Other postemployment benefits	<u>37,388,396</u>
Total Deferred Outflows of Resources	<u>60,761,026</u>

**LIABILITIES**

Payables	
Accounts payable	2,843,603
Accrued liabilities	1,700,183
Due to other governments	593,956
Due to teachers' retirement system	6,070,924
Due to employees' retirement system	637,942
Other liabilities	892,383
Unearned credits - collections in advance	85,733
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,564,117
Energy performance contract payable	472,677
Lease liabilities	1,289
Compensated absences payable	457,824
Total other postemployment benefits liability	6,058,000
Due and payable after one year	
Bonds payable, net	39,854,496
Energy performance contract payable	5,130,545
Compensated absences payable	388,114
Workers' compensation liabilities	964,460
Total other postemployment benefits liability	147,536,899
Net pension liabilities - proportionate share	<u>4,888,794</u>
Total Liabilities	<u>222,141,939</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred revenue	2,303,136
Pensions	10,924,269
Other postemployment benefits	<u>59,910,757</u>
Total Deferred Inflows of Resources	<u>73,138,162</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>73,632,026</u>
Restricted:	
Workers' compensation	1,848,037
Unemployment insurance	1,920,287
Retirement contribution	
Teachers' retirement system	5,172,371
Employees' retirement system	7,286,492
Liability	125,332
Employee benefit accrued liability	362,573
Capital	3,015,800
Repairs	761,867
Debt	918,618
Scholarships	195,096
Student activities	581,559
Pension	<u>8,231,497</u>
	<u>30,419,529</u>
Unrestricted (Deficit)	<u>(160,732,564)</u>
Total Net Position (Deficit)	<u>\$ (56,681,009)</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Activities**  
For the Year Ended June 30, 2025

	Program Revenues		Net (Expense)
Expenses	Charges for Services	Operating Grants & Contributions	Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>			
General support	\$ 15,448,490	\$	\$ (15,448,490)
Instruction	103,587,673	1,295,824	(99,770,714)
Pupil transportation	4,400,186		(4,400,186)
Community service	35,839		(35,839)
Debt service - interest	1,677,269		(1,677,269)
Food service program	2,220,172	1,693,456	(60,495)
	<u>\$ 127,369,629</u>	<u>\$ 2,989,280</u>	<u>\$ 2,987,356</u>
Total Functions and Programs			(121,392,993)
<b>GENERAL REVENUES</b>			
Real property taxes			90,806,807
Other tax items			15,711,098
Use of money and property			1,824,904
Sale of property and compensation for loss			26,754
Miscellaneous			1,984,186
State sources			9,569,873
Medicaid reimbursement			12,286
			<u>119,935,908</u>
Total General Revenues			119,935,908
Change in Net Position Before Extraordinary Item			(1,457,085)
<b>EXTRAORDINARY ITEM</b>			
LIPA settlement			<u>500,000</u>
Change in Net Position			<u>(957,085)</u>
Total Net Position (Deficit) - Beginning of Year, as Previously Reported			(55,284,463)
Change in Accounting Principle			<u>(439,461)</u>
Total Net Position (Deficit) - Beginning of Year, as Restated			<u>(55,723,924)</u>
Total Net Position (Deficit) - End of Year			<u>\$ (56,681,009)</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2025

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extracurricular Activities	Scholarships	Student Activities	Total Governmental Funds
<b>ASSETS</b>									
Cash									
Unrestricted	\$ 17,333,150	\$ 36,178	\$ 204,485	\$	\$ 1,389,599	\$ 241,507	\$	\$	\$ 19,204,919
Restricted	19,903,603			489,836	4,377,099		195,096	600,702	25,566,336
Receivables									
Accounts receivable	62,962		2,179						65,141
Taxes receivable	2,351,823								2,351,823
Due from other funds	809,488	152,709	1,205	428,782					1,392,184
Due from state and federal	313,738	742,293	21,228						1,077,259
Due from other governments	1,687,022								1,687,022
Prepays	20,868								20,868
Inventory			39,045						39,045
Total Assets	<u>\$ 42,482,654</u>	<u>\$ 931,180</u>	<u>\$ 268,142</u>	<u>\$ 918,618</u>	<u>\$ 5,766,698</u>	<u>\$ 241,507</u>	<u>\$ 195,096</u>	<u>\$ 600,702</u>	<u>\$ 51,404,597</u>
<b>LIABILITIES</b>									
Payables									
Accounts payable	\$ 2,288,161	\$ 162,273	\$ 56,716	\$	\$ 317,310	\$	\$	\$ 19,143	\$ 2,843,603
Accrued liabilities	1,022,249	6,847	52,244		337,123				1,418,463
Due to other funds	525,149	760,060	45,334		61,641				1,392,184
Due to other governments	593,433		523						593,956
Due to teachers' retirement system	6,070,924								6,070,924
Due to employees' retirement system	637,942								637,942
Other liabilities	892,383								892,383
Unearned credits - collections in advance		2,000	83,733						85,733
Total Liabilities	<u>12,030,241</u>	<u>931,180</u>	<u>238,550</u>	<u>-</u>	<u>716,074</u>	<u>-</u>	<u>-</u>	<u>19,143</u>	<u>13,935,188</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred revenues	2,303,136								2,303,136
<b>FUND BALANCES</b>									
Nonspendable									
Prepays	20,868								20,868
Inventory			39,045						39,045
Restricted:									
Workers' compensation	1,848,037								1,848,037
Unemployment insurance	1,920,287								1,920,287
Retirement contribution									
Teachers' retirement system	5,172,371								5,172,371
Employees' retirement system	7,286,492								7,286,492
Liability	125,332								125,332
Employee benefit accrued liability	362,573								362,573
Capital	2,532,190				483,610				3,015,800
Repairs	656,321				105,546				761,867
Debt				918,618					918,618
Scholarships							195,096		195,096
Student activities								581,559	581,559
Unspent debt proceeds					3,378,304				3,378,304
Assigned:									
Appropriated fund balance	2,350,000								2,350,000
Unappropriated fund balance	849,372				1,083,164	241,507			2,174,043
Unassigned: Fund balance (deficit)	5,025,434		(9,453)						5,015,981
Total Fund Balances	<u>28,149,277</u>	<u>-</u>	<u>29,592</u>	<u>918,618</u>	<u>5,050,624</u>	<u>241,507</u>	<u>195,096</u>	<u>581,559</u>	<u>35,166,273</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,482,654</u>	<u>\$ 931,180</u>	<u>\$ 268,142</u>	<u>\$ 918,618</u>	<u>\$ 5,766,698</u>	<u>\$ 241,507</u>	<u>\$ 195,096</u>	<u>\$ 600,702</u>	<u>\$ 51,404,597</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the District-wide Statement of Net Position**  
June 30, 2025

Total Governmental Fund Balances \$ 35,166,273

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

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

Original cost or present value of capital and intangible assets	\$ 171,967,428	
Less: Accumulated depreciation/amortization	<u>(52,373,272)</u>	119,594,156

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

Deferred outflows of resources	23,372,630	
Net pension asset - teachers' retirement system	8,231,497	
Net pension liability - employees' retirement system	(4,888,794)	
Deferred inflows of resources	<u>(10,924,269)</u>	15,791,064

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

Deferred outflows of resources	37,388,396	
Total other postemployment benefits liability	(153,594,899)	
Deferred inflows of resources	<u>(59,910,757)</u>	(176,117,260)

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

Accrued interest on debt	(281,720)	
Bonds payable, net	(43,418,613)	
Energy performance contract payable	(5,603,222)	
Lease liabilities	(1,289)	
Compensated absences payable	(845,938)	
Workers' compensation liabilities	<u>(964,460)</u>	(51,115,242)

Total Net Position (Deficit)		<u>\$ (56,681,009)</u>
------------------------------	--	------------------------

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2025

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Student Activities	Total Governmental Funds
<b>REVENUES</b>									
Real property taxes	\$ 90,806,807	\$	\$	\$	\$	\$	\$	\$	\$ 90,806,807
Other tax items	15,711,098								15,711,098
Charges for services	1,295,824								1,295,824
Use of money and property	1,631,454			193,450					1,824,904
Sale of property and compensation for loss	26,754								26,754
Miscellaneous	1,322,324					661,862	20,877	346,242	2,351,305
State sources	9,569,873	1,183,814	17,163						10,770,850
Medicaid reimbursement	12,286								12,286
Federal sources		970,202	449,058						1,419,260
Sales			1,693,456						1,693,456
<b>Total Revenues</b>	<b>120,376,420</b>	<b>2,154,016</b>	<b>2,159,677</b>	<b>193,450</b>	<b>-</b>	<b>661,862</b>	<b>20,877</b>	<b>346,242</b>	<b>125,912,544</b>
<b>EXPENDITURES</b>									
General support	11,478,625								11,478,625
Instruction	67,202,185	2,438,718				639,890	21,660	296,977	70,599,430
Pupil transportation	3,192,330	18,007							3,210,337
Community services	25,228								25,228
Employee benefits	31,470,456		224,608						31,695,064
Debt service									
Principal	360,647			3,683,869					4,044,516
Interest	894,602			848,552					1,743,154
Food service program			1,995,564						1,995,564
Capital outlay					1,758,593				1,758,593
<b>Total Expenditures</b>	<b>114,624,073</b>	<b>2,456,725</b>	<b>2,220,172</b>	<b>4,532,421</b>	<b>1,758,593</b>	<b>639,890</b>	<b>21,660</b>	<b>296,977</b>	<b>126,550,511</b>
Excess (Deficiency) of Revenues Over Expenditures	5,752,347	(302,709)	(60,495)	(4,338,971)	(1,758,593)	21,972	(783)	49,265	(637,967)
<b>OTHER FINANCING SOURCES AND (USES)</b>									
Proceeds of debt					19,940,000				19,940,000
Premium on obligation				2,345	965,000				967,345
BANs redeemed from appropriations					355,000				355,000
Operating transfers in	1,307,772	302,709		4,467,382	210,000				6,287,863
Operating transfers (out)	(4,980,091)			(184,962)	(1,122,810)				(6,287,863)
<b>Total Other Financing Sources and (Uses)</b>	<b>(3,672,319)</b>	<b>302,709</b>	<b>-</b>	<b>4,284,765</b>	<b>20,347,190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,262,345</b>
Net Change in Fund Balances Before Extraordinary Item	2,080,028	-	(60,495)	(54,206)	18,588,597	21,972	(783)	49,265	20,624,378
<b>EXTRAORDINARY ITEM</b>									
LIPA settlement	500,000								500,000
Net Change in Fund Balances After Extraordinary Item	2,580,028	-	(60,495)	(54,206)	18,588,597	21,972	(783)	49,265	21,124,378
Fund Balances (Deficit) - Beginning of Year	25,569,249	-	90,087	972,824	(13,537,973)	219,535	195,879	532,294	14,041,895
End of Year	\$ 28,149,277	\$ -	\$ 29,592	\$ 918,618	\$ 5,050,624	\$ 241,507	\$ 195,096	\$ 581,559	\$ 35,166,273

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the District-wide Statement of Activities**  
For the Year Ended June 30, 2025

Net Change in Fund Balances \$ 21,124,378

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 \$ 147,044

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 (39,965)

107,079

Capital Related Differences

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

Capital outlays and other additions 2,110,352  
Depreciation/amortization expense (3,324,783)

(1,214,431)

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.

(20,907,345)

BANs redeemed from general fund appropriations are an other financing source in the governmental funds, but do not affect the Statement of Activities.

(355,000)

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities and increases net position.

Amortization of deferred premium on refunding and serial bonds 251,347  
Amortization of deferred charges on refunding (15,217)

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

Bond payable 2,845,000  
BAN principal 355,000  
Energy performance contract payable 838,869  
Lease liabilities 5,647

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, 2024 to June 30, 2025.

(170,245)

(17,151,944)

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 765,077  
Employees' retirement system 508,819  
Other postemployment benefits (5,096,063)

(3,822,167)

Change in Net Position of Governmental Activities

\$ (957,085)

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (“the Board”) consisting of 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 the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

**B. Joint Venture**

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

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

---

**C. Basis of Presentation**

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

---

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

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

---

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

Calendar

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

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County.

School Tax Relief (STAR) Aid

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

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

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q ("the LIPA Reform Act") enacted by the state in 2013. These LIPA payments are not the result of tax abatement agreements as defined by GASB, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. In addition, Nassau County reached a settlement agreement with LIPA, removing various LIPA-owned properties within the District from the tax roll. Under the stipulation of agreement between LIPA and the County, the District will receive "Direct Assessments" instead.

**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.

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

---

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

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

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

**I. Use of Estimates**

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

**J. Cash**

Cash consists of cash on hand, bank deposits, and investments with an original maturity date of 90 days 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 recorded when the transaction takes place, and the respective revenues are recognized as earned in the district-wide financial statements, and when available in the fund financial statements. Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

**L. Inventory and Prepaid Items**

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.

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

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method.

Under the consumption method, a current asset for the inventory and/or prepaid item is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

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

---

**M. Capital Assets and Intangible Assets**

The district-wide financial statements report both capital and intangible assets, such as right-to-use leased assets. Capital assets are reported at actual cost, when the information is available, or at estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation. Intangible assets are reported based on the estimated lease and subscription liabilities calculated in accordance with GASB standards.

All capital assets, except land and construction in progress, are depreciated/amortized on a straight-line basis over their estimated useful lives, intangible assets are amortized on a straight-line basis over the term of their underlying agreements, as follows:

	<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
Leased equipment - intangible assets	20,000	Lease Term

**N. Deferred Outflows of Resources**

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

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

---

fund. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

**Q. Employee Benefits – Compensated Absences**

Compensated absences consist of unpaid accumulated vacation leave.

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

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

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

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

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

**R. Other Benefits**

Eligible District employees participate in the TRS or the ERS.

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

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

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

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

---

**S. Long-Term Debt**

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

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

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

**T. Lease Liabilities**

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term; the intangible right-to-use lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease liability is reduced by the principal portion of lease payments made and the intangible lease asset is amortized on a straight-line basis over the lease term.

**U. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. The first consists of PILOT monies received before the period to which the PILOT pertains, which will be recognized in the period that the PILOT applies to. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

**V. Equity Classifications**

District-Wide Statements

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

*Net investment in capital assets* – Consists of net capital and intangible assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvements of, and the right-to-use those assets, net of any unexpended proceeds.

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

---

*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, and prepaids, which is recorded in the general fund.

*Restricted* – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

*Workers' Compensation Reserve*

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund.

*Unemployment Insurance Reserve*

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve. The reserve is accounted for in the general fund.

*Retirement Contribution Reserve*

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account,

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

---

transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The TRS sub-fund is separately administered, but must comply with all the existing provisions of GML. These reserves are accounted for in the general fund.

*Liability Reserve*

Liability Reserve (Education Law §1709(8) (c)) is used to pay for liability claims incurred. This reserve may not exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is accounted for in the general fund.

*Employee Benefit Accrued Liability Reserve*

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

*Capital Reserve*

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve 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 by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve 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 debt, 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 for Scholarships*

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

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

---

*Restricted for Student Activities*

Amounts restricted for student activities are used to account for charges for services provided to students and the related expenses. These restricted funds are accounted for in the extraclassroom activities fund.

*Restricted – Unspent Debt Proceeds*

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

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

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

Fund Balance Classification

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

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

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

**2. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash, or settled through noncash means. This change in accounting principle, to the July 1, 2024 balances of \$439,461, resulted in an increase to the long-term compensated absences liability and a decrease in total net position.

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

---

**3. FUTURE ACCOUNTING STANDARDS**

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

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

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

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

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital-Related Differences

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

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

---

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

**5. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgets**

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

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriation occurred during the year.

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

**B. Encumbrances**

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as part of assigned fund balance, unless classified as restricted, and do not represent

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

---

expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**C. School Food Service Fund Deficit**

The school food service fund has an unassigned fund balance deficit of \$9,453. This will be eliminated in the 2025-2026 year as the District has raised the price of adult meals and is working towards meeting the requirements of a state initiative program that could provide additional state reimbursement revenues to the District.

**D. Unrestricted Net Position Deficit**

As of June 30, 2025, the governmental activities reported an unrestricted net position deficit of \$56,681,009. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liabilities on the statement of net position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liabilities on a “pay as you go” basis, has resulted in a negative unrestricted net position. The District remains committed to its employees and retirees by continuing to make all required contributions to the pension plans and including these amounts in its annual budget to cover its share of the costs of postemployment health insurance coverage.

**6. DEPOSITS WITH FINANCIAL INSTITUTIONS, AND INVESTMENTS**

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

**Investment Pool:**

The District participates in the New York Cooperative Liquid Assets Securities System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to GML Articles 3-A and 5-G, whereby it

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

holds a portion of the investments in cooperation with other participants. NYCLASS is rated AAAM by S&P Global Ratings. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS portfolio holdings are collateralized in accordance with GML §10.

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

Fund	Carrying Amount
General Fund	\$ 21,947,430
Debt Service Fund	395,968
Capital Projects Fund	1,269,604
	\$ 23,613,002

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

**7. TAXES RECEIVABLE**

Taxes receivable at June 30, 2025, consisted of:

General Fund	
Nassau County - School Tax Gurarantee	\$ 2,351,823

District management expects these amounts to be fully collectible.

**8. PARTICIPATION IN BOCES**

During the year ended June 30, 2025, the District was billed \$4,136,852 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,097,958. 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.

**9. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2025, consisted of:

General Fund	
New York State - Excess cost aid	\$ 313,738
Special Aid Fund	
Federal and state grants	742,293
School Food Service Fund	
Federal and state food service program reimbursements	21,228
	\$ 1,077,259

District management expects these amounts to be fully collectible.

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

**10. DUE FROM OTHER GOVERNMENTS**

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

General Fund	
Other school districts - charges for services	\$ 1,090,749
Nassau BOCES - BOCES aid	493,832
Nassau County - Substance prevention grant	<u>102,441</u>
	<u>\$ 1,687,022</u>

District management expects these amounts to be fully collectible.

**11. CAPITAL ASSETS**

**A. Changes**

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

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,544,932	\$	\$	\$ 1,544,932
Construction in progress	<u>7,104,050</u>	<u>1,093,868</u>	<u>(7,104,050)</u>	<u>1,093,868</u>
Total capital assets not being depreciated	<u>8,648,982</u>	<u>1,093,868</u>	<u>(7,104,050)</u>	<u>2,638,800</u>
Capital assets being depreciated/amortized:				
Buildings & improvements	149,844,263	7,768,784		157,613,047
Land improvements	1,366,354			1,366,354
Furniture and equipment	6,331,102	264,717	(188,419)	6,407,400
Vehicles	3,567,571	87,033	(29,098)	3,625,506
Leased equipment	<u>421,347</u>		<u>(105,026)</u>	<u>316,321</u>
Total capital assets being depreciated/amortized	<u>161,530,637</u>	<u>8,120,534</u>	<u>(322,543)</u>	<u>169,328,628</u>
Less accumulated depreciation/amortization for:				
Buildings & improvements	39,957,531	2,886,659		42,844,190
Land improvements	1,336,525			1,336,525
Furniture and equipment	4,784,047	287,472	(188,419)	4,883,100
Vehicles	2,878,761	145,183	(29,098)	2,994,846
Leased equipment	<u>414,168</u>	<u>5,469</u>	<u>(105,026)</u>	<u>314,611</u>
Total accumulated depreciation/ amortization	<u>49,371,032</u>	<u>3,324,783</u>	<u>(322,543)</u>	<u>52,373,272</u>
Total capital assets being depreciated/amortized, net	<u>112,159,605</u>	<u>4,795,751</u>	<u>-</u>	<u>116,955,356</u>
Capital assets, net	<u>\$ 120,808,587</u>	<u>\$ 5,889,619</u>	<u>\$ (7,104,050)</u>	<u>\$ 119,594,156</u>

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

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

General support	\$ 845,767
Instruction	2,166,747
Pupil transportation	<u>312,269</u>
 Total depreciation/amortization expense	 <u><u>\$ 3,324,783</u></u>

**B. Lease Assets**

The District has entered into various lease arrangements whose terms vary between four and five years. The District estimated its incremental borrowing rate based on its credit rating at 0.89%. These leases are included in leased equipment as shown in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

**C. Impairment Losses**

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

**12. INTERFUND TRANSACTIONS**

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 809,488	\$ 525,149	\$ 1,307,772	\$ 4,980,091
Special Aid Fund	152,709	760,060	302,709	
School Food Service Fund	1,205	45,334		
Debt Service Fund	428,782		4,467,382	184,962
Capital Projects Fund		61,641	210,000	1,122,810
	<u>\$ 1,392,184</u>	<u>\$ 1,392,184</u>	<u>\$ 6,287,863</u>	<u>\$ 6,287,863</u>

The District typically transfers from the general fund to the special aid fund, debt service fund, and capital projects fund for necessary expenditures. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and State-supported §4201 school; the transfer to the debt service fund was for required long-term debt principal and interest payments for the fiscal year; and, the transfer to the capital projects fund was to transfer funding from the general fund budget. The transfer from the capital projects fund to the general fund was the Board-authorized return of unexpended capital projects balances to the capital reserve. The transfer from the debt service fund to the general fund was to transfer the April 2024 BAN premium received to offset the BAN interest expenditure.

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

**13. SHORT-TERM DEBT**

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

	<u>Issue Date</u>	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2024</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2025</u>
TAN	10/2/2024	6/20/2025	3.75%	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -
BAN	4/25/2024	4/25/2025	4.50%	21,260,000		(21,260,000)	-
				<u>\$ 21,260,000</u>	<u>\$ 5,000,000</u>	<u>\$ (26,260,000)</u>	<u>\$ -</u>

The TANs were issued to provide cash flow for the District until real property taxes are received from the Town. The interest expense on the TAN was \$113,475. The District received an issuance premium of \$20,900, which was recorded in miscellaneous revenue and reduced the interest cost to the net amount of \$92,575, and an effective interest rate of 3.17%.

The BANs were issued to provide cash flows for the voter-approved capital improvement projects. In April 2025, the District issued a bond in the amount of \$19,940,000, together with \$355,000 in general fund appropriations, and a premium on the bond of \$965,000, the proceeds were used to redeem the \$21,260,000 BANs that matured on April 25, 2025. The bond issuance completed the permanent financing for the \$39,899,786 bond project. For the year ended June 30, 2025, the District has incurred \$781,086 of BAN interest in the general fund.

**14. LONG-TERM LIABILITIES**

**A. Changes**

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

	<u>*Balance June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Amounts Due Within One Year</u>
<u>Long-term debt:</u>					
Bonds payable	\$ 24,189,960	\$ 19,940,000	\$ (2,845,000)	\$ 41,284,960	\$ 3,240,000
Add: Bond premium	1,417,655	967,345	(251,347)	2,133,653	324,117
	<u>25,607,615</u>	<u>20,907,345</u>	<u>(3,096,347)</u>	<u>43,418,613</u>	<u>3,564,117</u>
Energy performance contract	6,442,091		(838,869)	5,603,222	472,677
Lease liabilities	6,936		(5,647)	1,289	1,289
	<u>32,056,642</u>	<u>20,907,345</u>	<u>(3,940,863)</u>	<u>49,023,124</u>	<u>4,038,083</u>
<u>Other long-term liabilities:</u>					
Compensated absences *	805,973	39,965		845,938	457,824
Workers' compensation	1,111,504	123,687	(270,731)	964,460	
Total OPEB liability	<u>158,353,556</u>	<u>(4,758,657)</u>		<u>153,594,899</u>	<u>6,058,000</u>
	<u>160,271,033</u>	<u>163,652</u>	<u>(5,029,388)</u>	<u>155,405,297</u>	<u>6,515,824</u>
	<u>\$ 192,327,675</u>	<u>\$ 21,070,997</u>	<u>\$ (8,970,251)</u>	<u>\$ 204,428,421</u>	<u>\$ 10,553,907</u>

\* The beginning balance of compensated absences of \$366,512, as previously reported, was increased by \$439,461 to present the cumulative effect of GASB Statement No. 101 implementation.

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

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

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

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Construction serial bond	11/3/2014	7/15/2029	2.0-3.0%	\$ 2,429,960
Construction serial bond	12/15/2015	12/15/2030	2.0-3.0%	5,860,000
Construction serial bond	6/8/2021	6/1/2036	2.0-5.0%	10,620,000
Construction serial bond	4/27/2023	4/15/2038	2.0-3.0%	2,435,000
Construction serial bond	4/22/2025	4/15/2040	4.0-5.0%	<u>19,940,000</u>
				<u>\$ 41,284,960</u>

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 3,240,000	\$ 1,583,048	\$ 4,823,048
2027	3,350,000	1,472,200	4,822,200
2028	3,490,000	1,332,375	4,822,375
2029	3,630,000	1,186,100	4,816,100
2030	3,774,960	1,033,800	4,808,760
2031-2035	13,765,000	3,461,861	17,226,861
2036-2040	<u>10,035,000</u>	<u>1,109,200</u>	<u>11,144,200</u>
Total	<u>\$ 41,284,960</u>	<u>\$ 11,178,584</u>	<u>\$ 52,463,544</u>

**C. Remedies Upon Default in Bond and Notes Payments**

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

Section 99-b of the State Finance Law provides for a covenant between New York State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in New York State. In the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the Office of the New York State Comptroller (OSC), a verified statement describing such bond

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

or note and alleging default in the payment thereof or the interest thereon or both. The OSC shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such state aid or assistance due to such school district such amount thereof as may be required to pay the principal of and interest on such bonds and notes of such school district then in default. In the event such state aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the OSC shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such state aid or assistance due such school district such amount or amounts thereof as may be required to cure such default.

**D. Premiums on Obligations**

The District issued serial bonds on June 8, 2021, April 27, 2023, and April 22, 2025 and received premiums on obligations of \$1,032,099, \$264,796, and \$967,345, respectively. The premiums are being amortized as a component of interest expense on a weighted average basis over the life of these serial bonds in the district-wide statements, as follows:

Year Ending June 30,	Amortization of Premium
2026	\$ (324,117)
2027	(297,709)
2028	(270,123)
2029	(241,062)
2030	(210,632)
2031-2035	(641,942)
2036-2040	(148,068)
Total	<u>\$ (2,133,653)</u>

**E. Energy Performance Contract**

Energy performance contract is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Energy efficient upgrades	10/28/2021	6/15/2036	1.4795%	<u>\$ 5,603,222</u>

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 472,677	\$ 81,158	\$ 553,835
2027	479,696	74,139	553,835
2028	486,820	67,015	553,835
2029	494,049	59,786	553,835
2030	501,385	52,450	553,835
2031-2035	2,620,845	148,331	2,769,176
2036	547,750	6,085	553,835
Total	<u>\$ 5,603,222</u>	<u>\$ 488,964</u>	<u>\$ 6,092,186</u>

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

The terms of the energy performance contract provide that, in the event of default, the lessor shall have the right, without terminating the agreement, to declare all rental payments immediately due and payable or repossess any or all of the equipment by giving the lessee written notice to deliver such equipment, or enter the premises to take possession of such equipment and charge the District for costs incurred, or terminate the agreement and take possession of and dispose of equipment with any proceeds applied to costs including attorney fees and the balance of any rental payments owed during the fiscal year. Any disposition proceeds in excess of these amounts shall be paid to the District.

**F. Lease Liabilities**

Lease liabilities is comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Mailing machine	11/2020	10/2025	0.893%	\$ 541
Mailing machine	11/2020	10/2025	0.893%	541
Mailing machine	1/2021	12/2025	0.893%	207
				<u>\$ 1,289</u>

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

Year Ending June 30,	Principal	Interest	Total
2026	<u>\$ 1,289</u>	<u>\$ 3</u>	<u>\$ 1,292</u>

There were no additional lease commitments entered into by the District after June 30, 2025.

**G. Interest Expense**

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

Interest paid	\$ 848,593
Less interest accrued in the prior year	(111,475)
Plus interest accrued in the current year	281,720
Plus amortization of deferred charges on refunding	15,217
Less amortization of deferred premium on refunding and serial bonds	<u>(251,347)</u>
Total interest expense on long-term debt	<u>\$ 782,708</u>

**15. PENSION PLANS – NEW YORK STATE**

**A. General Information**

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

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

---

**B. Provisions and Administration**

Teachers' Retirement System

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

Employees' Retirement System

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

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.76% of covered payroll for the TRS' fiscal year ended June 30, 2024. The District's average contribution rate was 13.73% of covered payroll for the ERS' fiscal year ended March 31, 2025.

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

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2025 was \$5,324,033 for TRS at the contribution rate of 10.11% and \$1,885,658 for ERS at an average contribution rate of 14.24%.

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

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2024	March 31, 2025
District's proportionate share of the net pension asset/(liability)	\$ 8,231,497	\$ (4,888,794)
District's portion of the Plan's net pension asset/(liability)	0.275891%	0.0285132%
Change in proportion since the prior measurement date	(0.008510)	(0.0054259)

For the year ended June 30, 2025, the District recognized a pension expense of \$4,589,108 for TRS and pension expense of \$1,378,064 for ERS. At June 30, 2025, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 8,863,810	\$ 1,213,432	\$	\$ 57,238
Change of assumptions	4,924,103	205,026	828,280	
Net difference between projected and actual earnings on pension plan investments		383,561	9,145,894	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	885,318	935,405	322,916	569,941
District contributions subsequent to the measurement date	<u>5,324,033</u>	<u>637,942</u>		
Total	<u>\$ 19,997,264</u>	<u>\$ 3,375,366</u>	<u>\$ 10,297,090</u>	<u>\$ 627,179</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, 2026. 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
2026	\$ (4,150,672)	\$ 1,062,277
2027	10,185,561	1,368,532
2028	(1,548,290)	(327,003)
2029	(1,707,590)	6,439
2030	1,146,559	-
Thereafter	450,573	-
	<u>\$ 4,376,141</u>	<u>\$ 2,110,245</u>

**Actuarial Assumptions**

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

	TRS	ERS
Measurement date	June 30, 2024	March 31, 2025
Actuarial valuation date	June 30, 2023	April 1, 2024
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.30%
Investment rate of return (net investment expense, including inflation)	6.95%	5.90%
Cost of living adjustment	1.30%	1.50%

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

For TRS, assumptions were computed by the TRS’ Office of the Actuary and adopted by the TRS’ Retirement Board in October 2021. The assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS’ annual Actuarial Valuation Report. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

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

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

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

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

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

Discount Rate

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

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

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

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

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset/(liability)	\$ (38,021,759)	\$ 8,231,497	\$ 47,131,726
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	\$ (14,148,786)	\$ (4,888,794)	\$ 2,843,305

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:

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2024	March 31, 2025
Employers' total pension liability	\$ (142,837,827)	\$ (247,600,239)
Plan fiduciary net position	145,821,435	230,454,512
Employers' net pension asset/(liability)	\$ 2,983,608	\$ (17,145,727)
Ratio of plan fiduciary net position to the employers' total pension liability	102.09%	93.08%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025, are paid to the system in September, October, and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025, represent employer and employee contributions for the fiscal year ended June 30, 2025, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2025 amounted to \$5,324,033 of employer contributions and \$746,891 of employee contributions.

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

For ERS, employer contributions are paid annually based on the system’s fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2025, represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$637,942 of employer contributions. Employee contributions are remitted monthly.

**16. 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 makes no contributions into this Plan. Contributions made by the employees for the year ended June 30, 2025, totaled \$3,266,407.

**B. Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2025 totaled \$467,534.

**17. POSTEMPLOYMENT HEALTHCARE BENEFITS**

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

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

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

*Employees Covered by Benefit Terms* – At the actuarial valuation date of July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	526
Inactive employees entitled to but not yet receiving benefits	-
Active employees	624
	1,150
	1,150

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

**B. Total OPEB Liability**

The District's total OPEB liability of \$153,594,899 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

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

Inflation	2.40%
Discount rate	5.20%
Healthcare cost trend rates	7.30% decreasing to an ultimate rate of 3.80% by 2073
Retirees' share of benefit-related costs	15-65% of projected health insurance premiums for retirees based on employee group

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

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

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

Balance at June 30, 2024	<u>\$ 158,353,556</u>
Changes for the year	
Service cost	6,605,895
Interest on total OPEB liability	6,375,463
Changes of benefit terms	-
Effect of demographic (gains) or losses	18,021,993
Changes in assumptions or other inputs	(30,240,913)
Benefit payments	<u>(5,521,095)</u>
	<u>(4,758,657)</u>
Balance at June 30, 2025	<u><u>\$ 153,594,899</u></u>

Changes in assumptions and other inputs reflect the use of updated medical trend, salary scale, inflation assumptions, retirement and turnover rates, and a change in the discount rate from 3.93% in 2024 to 5.20% in 2025.

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

*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 (4.20%) or 1 percentage point higher (6.20%) than the current discount rate:

OPEB	1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
Total OPEB liability	<u>\$ (176,951,526)</u>	<u>\$ (153,594,899)</u>	<u>\$ (134,540,619)</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 (6.3% decreasing to 2.80%) or 1 percentage point higher (8.3% decreasing to 4.80%) than the current healthcare cost trend rate:

OPEB	1% Decrease 6.30% decreasing to 2.80%	Healthcare Cost Trend Rates 7.30% decreasing to 3.80%	1% Increase 8.30% decreasing to 4.80%
Total OPEB liability	<u>\$ (131,006,930)</u>	<u>\$ (153,594,899)</u>	<u>\$ (182,285,028)</u>

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$10,617,158. At June 30, 2025, 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	\$ 16,735,549	\$ 12,323,963
Changes of assumptions or other inputs	<u>20,652,847</u>	<u>47,586,794</u>
Total	<u>\$ 37,388,396</u>	<u>\$ 59,910,757</u>

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

Year Ending June 30,	Amount
2026	\$ (2,370,584)
2027	(4,978,940)
2028	(6,991,867)
2029	(4,402,727)
2030	(678,757)
Thereafter	<u>(3,099,486)</u>
	<u>\$ (22,522,361)</u>

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

**18. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources at June 30, 2025, consists of LIPA PILOT earmarked for the 2025-2026 fiscal year, but was received by the District by June 30, 2025, as well as the balance of the direct payments receivable from LIPA as part of the legal settlement that the District reached with LIPA. Deferred revenues in the general fund at June 30, 2025, total \$2,303,136.

**19. EXTRAORDINARY ITEM**

During the year ended June 30, 2025, the District received \$500,000, the final of three annual direct payments in accordance with a settlement agreement with LIPA. Due to the extraordinary and uncommon nature of this legal settlement, the amount is reported as an extraordinary item in the financial statements.

**20. 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, discounted at 4%, 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:

	2024	2025
Unpaid claims at beginning of year	\$ 1,324,576	\$ 1,111,504
Incurred claims and claim adjustment expenses	148,526	123,687
Claim payments	(361,598)	(270,731)
Unpaid claims at year end	\$ 1,111,504	\$ 964,460

At June 30, 2025, the District had \$1,848,037 of funds in the workers' compensation reserve.

**21. ASSIGNED: APPROPRIATED FUND BALANCE**

The total amount of \$2,350,000 has been appropriated from unrestricted fund balance to provide funding to the budget for the year ending June 30, 2026.

**22. RESTRICTED FUND BALANCE - APPROPRIATED RESERVES**

The District has also estimated to appropriate \$500,000 from the ERS reserve, and \$750,000 from the TRS reserve to provide additional funding to the budget for the year ending June 30, 2026.

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

---

**23. TAX ABATEMENTS**

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's 2024-2025 property tax revenue was reduced by \$61,386. The District received PILOT payments totaling \$41,354.

In addition, the District recognized \$2,881,665 in LIPA PILOT, which is included in other tax items revenue; however, these payments are not the result of a tax abatement.

**24. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

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

Restricted Fund Balance:	
Capital Projects Fund	
Construction contracts	<u>\$ 1,579,777</u>
Assigned: Unappropriated Fund Balance	
General Fund	
General support	\$ 722,881
Instruction	74,034
Pupil transportation	24,833
Employee benefits	<u>27,624</u>
	<u>\$ 849,372</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.

**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.

**25. SUBSEQUENT EVENTS**

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

**Tax Anticipation Notes**

On September 30, 2025, the District issued tax anticipation notes in the amount of \$5,000,000, which are due June 25, 2026, and bear interest at a stated rate of 4.00%. The District received a premium of \$50,200 with the borrowing to yield an effective interest rate of 2.636%.

**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, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 92,690,950	\$ 92,690,950	\$ 90,806,807	\$ (1,884,143)
Other tax items	13,726,282	13,726,282	15,711,098	1,984,816
Charges for services	1,165,000	1,165,000	1,295,824	130,824
Use of money and property	890,000	890,000	1,631,454	741,454
Sale of property and compensation for loss			26,754	26,754
Miscellaneous	853,500	853,500	1,322,324	468,824
<b>Total Local Sources</b>	<b>109,325,732</b>	<b>109,325,732</b>	<b>110,794,261</b>	<b>1,468,529</b>
State Sources	9,323,168	9,323,168	9,569,873	246,705
Medicaid Reimbursement			12,286	12,286
<b>Total Revenues</b>	<b>118,648,900</b>	<b>118,648,900</b>	<b>120,376,420</b>	<b>1,727,520</b>
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In			1,307,772	1,307,772
<b>Total Revenues and Other Sources</b>	<b>118,648,900</b>	<b>118,648,900</b>	<b>121,684,192</b>	<b>3,035,292</b>
<b>EXTRAORDINARY ITEM</b>				
LIPA settlement			500,000	500,000
<b>Total Revenues, and Other Financing Sources, and Extraordinary Item</b>	<b>118,648,900</b>	<b>118,648,900</b>	<b>122,184,192</b>	<b>\$ 3,535,292</b>
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	2,750,000	2,750,000		
Prior Year's Encumbrances	749,201	749,201		
Appropriated Reserves	1,250,000	1,250,000		
<b>Total Appropriated Fund Balance</b>	<b>4,749,201</b>	<b>4,749,201</b>		
<b>Total Revenues, and Other Financing Sources, Extraordinary Item, and Appropriated Fund Balance</b>	<b>\$ 123,398,101</b>	<b>\$ 123,398,101</b>		

**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, 2025

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 342,337	\$ 621,212	\$ 586,245	\$ 17,834	\$ 17,133
Central administration	474,636	483,719	481,009	728	1,982
Finance	1,359,899	1,386,208	1,330,236	4,009	51,963
Staff	475,704	527,106	478,834	4,383	43,889
Central services	7,563,245	8,283,268	7,396,823	695,254	191,191
Special items	1,254,315	1,232,991	1,205,478	673	26,840
<b>Total General Support</b>	<b>11,470,136</b>	<b>12,534,504</b>	<b>11,478,625</b>	<b>722,881</b>	<b>332,998</b>
Instruction					
Administration and improvement	5,876,611	5,886,962	5,757,752	10,169	119,041
Teaching - regular school	39,485,886	38,432,645	37,469,508	28,905	934,232
Programs for students with disabilities	14,256,982	14,621,387	14,566,468	21,224	33,695
Occupational education	457,856	457,856	455,918		1,938
Teaching - special schools	142,140	65,459	48,643		16,816
Instructional media	2,022,060	2,031,964	1,993,198	4,045	34,721
Pupil services	6,791,650	7,045,365	6,910,698	9,691	124,976
<b>Total Instruction</b>	<b>69,033,185</b>	<b>68,541,638</b>	<b>67,202,185</b>	<b>74,034</b>	<b>1,265,419</b>
Pupil Transportation	3,200,070	3,236,132	3,192,330	24,833	18,969
Community Services	28,750	27,356	25,228		2,128
Employee Benefits	33,661,140	32,647,333	31,470,456	27,624	1,149,253
Debt Service					
Principal	-	360,647	360,647		-
Interest	167,000	1,070,400	894,602		175,798
<b>Total Debt Service</b>	<b>167,000</b>	<b>1,431,047</b>	<b>1,255,249</b>	<b>-</b>	<b>175,798</b>
<b>Total Expenditures</b>	<b>117,560,281</b>	<b>118,418,010</b>	<b>114,624,073</b>	<b>849,372</b>	<b>2,944,565</b>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	5,837,820	4,980,091	4,980,091		-
<b>Total Expenditures and Other Uses</b>	<b>\$ 123,398,101</b>	<b>\$ 123,398,101</b>	<b>119,604,164</b>	<b>\$ 849,372</b>	<b>\$ 2,944,565</b>
Net Change in Fund Balance			2,580,028		
Fund Balance - Beginning of Year			25,569,249		
Fund Balance - End of Year			<u>\$ 28,149,277</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 Ten Fiscal Years

*Teachers' Retirement System*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.275891%	0.284401%	0.289874%	0.299595%	0.278978%	0.281772%	0.280130%	0.278671%	0.271678%	0.269480%
District's proportionate share of the net pension asset/(liability)	\$ 8,231,497	\$ (3,252,364)	\$ (5,562,368)	\$ 51,916,915	\$ (7,708,906)	\$ 7,320,455	\$ 5,065,491	\$ 2,118,179	\$ (2,909,783)	\$ 27,990,400
District's covered payroll	\$ 52,677,290	\$ 52,526,338	\$ 51,351,969	\$ 50,850,850	\$ 47,959,283	\$ 47,630,194	\$ 46,343,887	\$ 44,714,477	\$ 42,334,323	\$ 40,834,874
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.63 %	6.19 %	10.83 %	102.10 %	16.07 %	15.37 %	10.93 %	4.74 %	6.87 %	68.55 %
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%

*Employees' Retirement System*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0285132%	0.0339391%	0.0309535%	0.0332215%	0.0304649%	0.0297363%	0.0329703%	0.0320411%	0.0320850%	0.0323126%
District's proportionate share of the net pension asset/(liability)	\$ (4,888,794)	\$ (49,972,209)	\$ (6,637,673)	\$ 2,715,722	\$ (30,335)	\$ (7,874,350)	\$ (2,336,049)	\$ (1,034,108)	\$ (3,014,774)	\$ (5,186,259)
District's covered payroll	\$ 13,061,238	\$ 12,467,268	\$ 11,775,447	\$ 11,681,266	\$ 11,333,845	\$ 11,257,908	\$ 10,583,300	\$ 11,243,507	\$ 10,422,653	\$ 10,251,674
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	37.43 %	400.83 %	56.37 %	23.25 %	0.27 %	69.95 %	22.07 %	9.20 %	28.93 %	50.59 %
Plan fiduciary net position as a percentage of the total pension liability	93.08%	90.78%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%

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

*Teachers' Retirement System*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 5,324,033	\$ 5,141,304	\$ 5,404,960	\$ 5,032,493	\$ 4,846,086	\$ 4,214,643	\$ 5,014,833	\$ 4,523,151	\$ 5,210,023	\$ 5,592,679
Contributions in relation to the contractually required contribution	<u>5,324,033</u>	<u>5,141,304</u>	<u>5,404,960</u>	<u>5,032,493</u>	<u>4,846,086</u>	<u>4,214,643</u>	<u>5,014,833</u>	<u>4,523,151</u>	<u>5,210,023</u>	<u>5,592,679</u>
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	\$ 53,481,086	\$ 52,677,290	\$ 52,526,338	\$ 51,351,969	\$ 50,850,850	\$ 47,959,283	\$ 47,630,194	\$ 46,343,887	\$ 44,714,477	\$ 42,334,323
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	9%	11%	10%	12%	13%

*Employees' Retirement System*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,885,658	\$ 1,859,755	\$ 1,301,097	\$ 1,776,826	\$ 1,598,011	\$ 1,515,292	\$ 1,643,920	\$ 1,630,369	\$ 1,561,054	\$ 1,719,150
Contributions in relation to the contractually required contribution	<u>1,885,658</u>	<u>1,859,755</u>	<u>1,301,097</u>	<u>1,776,826</u>	<u>1,598,011</u>	<u>1,515,292</u>	<u>1,643,920</u>	<u>1,630,369</u>	<u>1,561,054</u>	<u>1,719,150</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,243,978	\$ 13,032,260	\$ 11,304,442	\$ 11,877,813	\$ 11,619,679	\$ 11,181,817	\$ 11,164,507	\$ 10,905,633	\$ 10,613,227	\$ 10,248,524
Contributions as a percentage of covered payroll	14%	14%	12%	15%	14%	14%	15%	15%	15%	17%

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 6,605,895	\$ 6,313,804	\$ 5,319,528	\$ 7,612,919	\$ 6,888,920	\$ 5,644,364	\$ 5,438,455	\$ 4,872,186
Interest on total OPEB liability	6,375,463	5,895,892	4,911,980	3,628,335	3,941,112	5,026,551	3,920,019	3,764,877
Changes in benefit terms	-	-	-	-	-	-	-	-
Demographic gains or losses	18,021,993	-	654,259	-	(30,447,438)	-	4,195,678	89,421
Changes of assumptions or other inputs	(30,240,913)	(6,806,870)	15,323,250	(33,881,967)	12,680,551	27,238,086	3,883,594	-
Benefit payments	(5,521,095)	(4,493,213)	(4,366,148)	(4,224,926)	(4,054,569)	(4,803,168)	(4,594,597)	(3,655,062)
Net change in total OPEB liability	(4,758,657)	909,613	21,842,869	(26,865,639)	(10,991,424)	33,105,833	12,843,149	5,071,422
Total OPEB liability, beginning	<u>158,353,556</u>	<u>157,443,943</u>	<u>135,601,074</u>	<u>162,466,713</u>	<u>173,458,137</u>	<u>140,352,304</u>	<u>127,509,155</u>	<u>122,437,733</u>
Total OPEB liability, ending	<u>\$ 153,594,899</u>	<u>\$ 158,353,556</u>	<u>\$ 157,443,943</u>	<u>\$ 135,601,074</u>	<u>\$ 162,466,713</u>	<u>\$ 173,458,137</u>	<u>\$ 140,352,304</u>	<u>\$ 127,509,155</u>
Covered employee payroll	\$ 60,537,691	\$ 58,833,731	\$ 58,833,731	\$ 55,094,962	\$ 55,094,962	\$ 52,868,037	\$ 52,868,037	\$ 52,323,746
Total OPEB liability as a percentage of covered employee payroll	253.72%	269.15%	267.61%	246.12%	294.88%	328.10%	265.48%	243.69%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%
Healthcare trend rates	7.3% to 3.8% by 2073	6.4% to 3.8% by 2073	6.4% to 3.8% by 2073	5.3% to 4.1% over 55 years	5.3% to 4.1% over 55 years	6.1% to 4.1% over 57 years	6.1% to 4.1% over 57 years	7.5% to 4.5% by 2022

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

**Note to Required Supplementary Information**

No assets are accumulated in a trust that meets the criteria as set forth by GASB 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, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 122,648,900
Additions:		
Prior year's encumbrances		<u>749,201</u>
Original Budget		123,398,101
Budget revisions		<u>-</u>
Final Budget		<u><u>\$ 123,398,101</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-2026 voter-approved expenditure budget		<u><u>\$ 125,635,848</u></u>
Maximum allowed (4% of 2025-2026 budget)		<u><u>\$ 5,025,434</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 3,199,372	
Unassigned fund balance	<u>5,025,434</u>	
		\$ 8,224,806
Less:		
Appropriated fund balance	2,350,000	
Encumbrances	<u>849,372</u>	
Total adjustments		<u>3,199,372</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		<u><u>\$ 5,025,434</u></u>
Actual Percentage		4.00%

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2025

PROJECT TITLE	Budget June 30, 2024	Budget June 30, 2025	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2025	
			Prior Years	Current Year	Total		Proceeds of Debt	State Aid	Local Sources		Total
<b>2012-2013 (\$19 Million) Bond Proposition:</b>											
Middle School Roof and Playground	\$ 1,986,885	\$ 1,986,885	\$ 1,986,885	\$	\$ 1,986,885	\$ -	\$ 1,986,885	\$	\$	\$ 1,986,885	\$ -
Middle School Science Rooms and Fields	1,998,009	1,998,009	1,998,009		1,998,009	-	1,998,009			1,998,009	-
Glen Head Roof	958,906	958,906	958,906		958,906	-	958,906			958,906	-
Glen Head Flooring	137,710	137,710	137,710		137,710	-	137,710			137,710	-
Glen Head Water and Masonry	1,184,200	1,184,200	1,184,200		1,184,200	-	1,184,200			1,184,200	-
Glenwood Landing Flooring and Paving	466,152	466,152	466,152		466,152	-	466,152			466,152	-
Glenwood Landing Masonry	2,261,306	2,261,306	2,261,306		2,261,306	-	2,261,306			2,261,306	-
Sea Cliff Electric and Playground	130,367	130,367	130,367		130,367	-	130,367			130,367	-
Sea Cliff Masonry	1,031,149	1,031,149	1,031,149		1,031,149	-	1,031,149			1,031,149	-
Districtwide Security	465,493	465,493	465,493		465,493	-	456,070		9,423	465,493	-
Middle School Masonry and Windows	3,071,005	3,071,005	3,071,005		3,071,005	-	3,071,005			3,071,005	-
Transportation Garage Roof	46,578	46,578	46,578		46,578	-	46,578			46,578	-
Glenwood Landing Auditorium	274,546	274,546	274,546		274,546	-	274,546			274,546	-
High School Auditorium and Paving	3,679,686	3,679,686	3,679,686		3,679,686	-	3,679,686			3,679,686	-
Sea Cliff Roof and HVAC	1,427,769	1,427,769	1,427,769		1,427,769	-	1,427,769			1,427,769	-
Glen Head Ceramic Wall and 2000 Section Roof	510,961	510,961	208,703		208,703	302,258	510,961			510,961	302,258
<b>General Fund Appropriations:</b>											
Elementary and High School Kitchens - DASNY	122,000	122,000	113,857		113,857	8,143		50,000	72,000	122,000	8,143
High School Cafeteria Duct Work Renovations	422,609	422,609	422,000		422,000	609			422,609	422,609	609
High School Front Entrance Renovations	85,000	85,000	84,972		84,972	28			85,000	85,000	28
21st Century Classroom Project Renovations	65,000	65,000	56,716		56,716	8,284			65,000	65,000	8,284
Middle School Softball Field Renovations	570,135	570,135	467,111		467,111	103,024	250,000	320,135	570,135	570,135	103,024
Middle School Library Air Conditioning	822,330	537,925	537,925		537,925	-			537,925	537,925	-
Glenwood Landing Connecting Corridor Roof	97,775	97,775	89,100		89,100	8,675			97,775	97,775	8,675
High School Generator Replacement	290,784	290,784	-		-	290,784		290,784	290,784	290,784	-
Districtwide Telephone System, Network Switches	505,027	505,027	465,453		465,453	39,574			505,027	505,027	39,574
High School Generator Replacement	470,000	470,000	370,451		370,451	99,549			470,000	470,000	99,549
High School Turf Field and Dance Studio	350,000	350,000	-		-	350,000			350,000	350,000	350,000 *
High School Press Box		150,000		62,161	62,161	87,839			150,000	150,000	87,839
Middle School Water Vault Refurbishment		60,000		36,037	36,037	23,963			60,000	60,000	23,963
<b>Capital Reserves:</b>											
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	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	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	1,211,663	125,014
Glen Head HVAC	241,163	241,163	77,240		77,240	163,923		241,163	241,163	241,163	163,923
High School HVAC	820,164	820,164	747,695		747,695	72,469		820,164	820,164	820,164	72,469
Sea Cliff HVAC	873,164	873,164	765,037		765,037	108,127		873,164	873,164	873,164	108,127
Middle School HVAC Cafeteria	580,900	580,900	560,471		560,471	20,429		580,900	580,900	580,900	20,429 *
Middle School Locker Room	1,550,000	1,550,000	1,341,453		1,341,453	208,547		1,550,000	1,550,000	1,550,000	208,547 *
Glen Head Nursing Station	450,000	450,000	361,765	4,842	366,607	83,393		450,000	450,000	450,000	83,393 *
Glen Head HVAC Cafeteria	438,300	438,300	421,391		421,391	16,909		438,300	438,300	438,300	16,909 *
Glenwood Landing HVAC Auditorium	524,600	524,600	501,874		501,874	22,726		524,600	524,600	524,600	22,726 *
Sea Cliff HVAC Cafeteria	640,412	640,412	624,765		624,765	15,647		640,412	640,412	640,412	15,647 *
High School HVAC Cafeteria Ceiling	1,259,700	1,259,700	1,255,963		1,255,963	3,737		1,259,700	1,259,700	1,259,700	3,737 *
High School Turf Field	1,050,000	1,050,000	674,909		674,909	375,091		1,050,000	1,050,000	1,050,000	375,091 *
High School Dance Studio	250,000	250,000	98,997	115,640	214,637	35,363		250,000	250,000	250,000	35,363 *
<b>Repair Reserve:</b>											
Districtwide HVAC Repairs	580,000	580,000	478,993	27,208	506,201	73,799		580,000	580,000	580,000	73,799
High School Roof Repairs and Remediation	84,528	84,528	84,501		84,501	27		84,528	84,528	84,528	27
High School Roof Repairs	241,108	241,108	209,388		209,388	31,720		241,108	241,108	241,108	31,720

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund (Continued)**  
For the Year Ended June 30, 2025

PROJECT TITLE	Budget June 30, 2024	Budget June 30, 2025	Expenditures to Date			Unexpended Balance	Methods of Financing			Total	Fund Balance June 30, 2025	
			Prior Years	Current Year	Total		Proceeds of Debt	State Aid	Local Sources			
<b>Smart Schools Bond Act Grant Projects:</b>												
Districtwide Network, New Data Closets	\$ 580,157	\$ 580,157	\$ 435,070	\$ 41,237	\$ 476,307	\$ 103,850	\$ -	\$ -	\$ 580,157	\$ 580,157	\$ 103,850	
BOCES Cabling High School	381,943	381,943	381,838		381,838	105		354,441	27,502	381,943	105	
BOCES Cabling Sea Cliff	227,529	227,529	227,529		227,529	-		58,954	168,575	227,529	-	
BOCES Cabling Glen Head	292,815	292,815	292,756		292,756	59			292,815	292,815	59	
BOCES Cabling Glenwood Landing	314,049	314,049	302,945		302,945	11,104			314,049	314,049	11,104	
BOCES Cabling Middle School	401,482	401,482	348,230		348,230	53,252			401,482	401,482	53,252	
BOCES Cabling Administration	59,960	59,960	59,960		59,960	-			59,960	59,960	-	
<b>2019-2020 (\$39 Million) Bond Proposition Projects:</b>												
Middle School - Phase I	10,699,830	10,699,830	9,841,091	7,505	9,848,596	851,234	9,950,534		749,296	10,699,830	851,234	
Glen Head School - Phase I	920,937	920,937	847,975		847,975	72,962	920,937			920,937	72,962	
Glen Head School - Phase II	2,545,675	2,545,675	2,014,777	210,582	2,225,359	320,316	2,545,675			2,545,675	320,316	
Glenwood Landing School - Phase I	1,287,803	1,287,803	1,165,725		1,165,725	122,078	1,287,803			1,287,803	122,078	
Glenwood Landing School - Phase II	3,483,281	3,483,281	2,932,709	406,550	3,339,259	144,022	3,483,281			3,483,281	144,022	
High School - Phase I	1,244,516	1,244,516	989,528		989,528	254,988	1,244,516			1,244,516	254,988	
High School - Phase II	14,769,257	14,769,257	14,334,315	102,528	14,436,843	332,414	14,769,257			14,769,257	332,414	
Sea Cliff School - Phase I	1,508,671	1,508,671	1,399,980		1,399,980	108,691	1,508,671			1,508,671	108,691	
Sea Cliff School - Phase II	3,107,144	3,107,144	2,676,501	277,335	2,953,836	153,308	3,107,144			3,107,144	153,308	
Administration Building - Phase I	312,172	312,172	45,151		45,151	267,021	312,172			312,172	267,021	
Administration Building - Phase II	20,500	20,500	16,641	2,398	19,039	1,461	20,500			20,500	1,461	
Elementary Schools - Phase II	1,220,543	1,220,543	511,651	464,570	976,221	244,322			1,220,543	1,220,543	244,322	
<b>2021-2022 Energy Performance Contract</b>	<b>7,190,000</b>	<b>7,190,000</b>	<b>6,742,449</b>		<b>6,742,449</b>	<b>447,551</b>	<b>7,190,000</b>			<b>7,190,000</b>	<b>447,551</b>	
	<u>\$ 88,650,397</u>	<u>\$ 88,575,992</u>	<u>\$ 80,643,965</u>	<u>\$ 1,758,593</u>	<u>\$ 82,402,558</u>	<u>\$ 6,173,434</u>	<u>\$ 65,961,789</u>	<u>\$ 818,395</u>	<u>\$ 21,795,808</u>	<u>\$ 88,575,992</u>	<u>6,173,434</u>	
											Transfer to General Fund	(1,122,810) *
											Fund Balance (Deficit)	<u>\$ 5,050,624</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2025

Capital assets, net	\$ <u>119,594,156</u>
Deduct:	
Capital related liabilities:	
Accounts payable	317,310
Short-term portion of bonds payable	3,240,000
Long-term portion of bonds payable	38,044,960
Short-term portion of bond premium	324,117
Long-term portion of bond premium	1,809,536
Less: Unspent bond proceeds	(2,930,753)
Short-term portion of energy performance contract	472,677
Long-term portion of energy performance contract	5,130,545
Less: Unspent EPC proceeds	(447,551)
Short-term portion of lease liabilities	<u>1,289</u>
	<u>45,962,130</u>
Net Investment in Capital Assets	<u>\$ 73,632,026</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of North Shore Central School District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 15, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of North Shore Central School District in a separate letter dated October 15, 2025.

### **Purpose of This Report**

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

*Cullen & Danowski, LLP*

Port Jefferson Station, New York

October 15, 2025

