



**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS**

**June 30, 2020**

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

---

	<u>Page</u>
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis (MD&amp;A)</b>	3
<b>Financial Statements:</b>	
Statement of Net Position	17
Statement of Activities	18
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Statement of Fiduciary Net Position – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	24
Notes to Financial Statements	25
<b>Required Supplementary Information other than MD&amp;A:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	56
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)	58
Schedule of District Pension Contributions	59
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	60
<b>Other Supplementary Information:</b>	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	61
Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	62
Schedule of Net Investment in Capital Assets	63
<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>	64

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the North Shore Central School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the North Shore Central School District, as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 16 and 56 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Shore Central School District's basic financial statements. The other supplementary information on pages 61 through 63 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020 on our consideration of the North Shore Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Shore Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Shore Central School District's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

November 6, 2020



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

---

The North Shore Central School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020 in comparison with the year ended June 30, 2019, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2020 are as follows:

- The District's main operating fund, the general fund, ended the 2019-2020 fiscal year with a \$1,534,245 decrease in total fund balance.
- Actual expenditures for the year plus outstanding encumbrances totaled \$108,392,660, which was 96.3% of the general fund's final budget.
- On June 9, 2020, the District received voters' permission to use \$3,000,000 from the Capital Reserve to fund the Middle School boys' and girls' locker rooms and the Glen Head nurses suite renovation. Those funds were transferred to the capital projects fund by June 30, 2020.
- The District's 2020 property tax levy of \$88,350,730 was a 2.63% increase over the 2019 tax levy. The District's property tax cap was 2.70%.
- The District continued to utilize the Board-designated assigned fund balance - Special Designation-LIPA, originally established with funds from special state legislative grants and the liquidation of the tax certiorari reserve, to reduce tax levies. In addition to releasing \$1,100,000 from the special designation-LIPA last year to help reduce the 2019-2020 tax levy, the Board of Education released another \$573,516 from the special designation into appropriated fund balance this year to reduce the 2020-2021 tax levy.
- The District used \$1,200,000 from the employees' retirement system contribution reserve to help pay for the fiscal year's required pension contribution.
- 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, 2020 decreased by \$13,170,661 to a deficit balance of \$36,799,351. The decrease was primarily attributable to the increase in the actuarially determined pension and OPEB expenses from 2019 to 2020.
- Due to the novel coronavirus disease (COVID-19) pandemic, the District established Board-designated assigned fund balances in the amounts of \$2,700,000 and \$200,000. The funds will address additional expenditures for reopening schools to ensure the health and safety of students and staff during the 2020-21 school year, and teachers professional development for continuation of online learning, respectively.
- On December 10, 2019, the voters approved a proposition for the issuance of bonds in an amount not to exceed \$39,899,786 to finance district-wide improvements. As of June 30, 2020, no bonds have been issued.
- On June 18, 2020, the District entered into a new energy performance contract (EPC) agreement in the amount of \$7,190,000. The EPC is anticipated to be financed through a municipal lease and will generate guaranteed energy savings to be realized through the project's energy conservation measures.

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



**A. District-Wide Financial Statements**

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

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

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

---

**B. Fund Financial Statements**

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

Governmental Funds

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

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

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

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.



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

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

**A. Net Position**

The District's total net position decreased by \$13,170,661 between fiscal year 2020 and 2019. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2020	2019	Increase (Decrease)	Percentage Change
<b>Asset</b>				
Current and Other Assets	\$ 46,582,480	\$ 46,852,911	\$ (270,431)	(0.58)%
Capital Assets, Net	78,170,660	76,670,416	1,500,244	1.96 %
Net Pension Asset - Proportionate Share	7,320,455	5,065,491	2,254,964	44.52 %
<b>Total Assets</b>	<b>132,073,595</b>	<b>128,588,818</b>	<b>3,484,777</b>	<b>2.71 %</b>
<b>Deferred Outflows of Resources</b>	<b>58,923,517</b>	<b>36,205,159</b>	<b>22,718,358</b>	<b>62.75 %</b>
<b>Liabilities</b>				
Current and Other Liabilities	\$ 9,492,723	\$ 9,350,393	\$ 142,330	1.52 %
Long-Term Liabilities	23,947,950	26,391,033	(2,443,083)	(9.26)%
Net Pension Liability - Proportionate Share	7,874,350	2,336,049	5,538,301	237.08 %
<b>Total OPEB Liability</b>	<b>173,458,137</b>	<b>140,352,304</b>	<b>33,105,833</b>	<b>23.59 %</b>
<b>Total Liabilities</b>	<b>214,773,160</b>	<b>178,429,779</b>	<b>36,343,381</b>	<b>20.37 %</b>
<b>Deferred Inflows of Resources</b>	<b>13,023,303</b>	<b>9,992,888</b>	<b>3,030,415</b>	<b>30.33 %</b>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	57,205,881	53,035,128	4,170,753	7.86 %
Restricted	18,682,682	21,525,965	(2,843,283)	(13.21)%
Unrestricted (Deficit)	(112,687,914)	(98,189,783)	(14,498,131)	(14.77)%
<b>Total Net Position (Deficit)</b>	<b>\$ (36,799,351)</b>	<b>\$ (23,628,690)</b>	<b>\$ (13,170,661)</b>	<b>(55.74)%</b>

The decrease in current and other assets is primarily related to a decrease in cash, offset by an increase in taxes receivable.

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.



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

---

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

The increase in current and other liabilities was due to increases in accounts payable and accrued liabilities, offset by a decrease in the amount due to the Teachers' Retirement System.

The decrease in long-term liabilities is primarily the result of the repayment of the current maturity of the bond indebtedness.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits," provides additional information.

Deferred inflows of resources represents the portion of PILOT received, which pertains to the 2020-2021 year and actuarial adjustments of the pension plans that will be amortized in future years.

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

The restricted amount relates to the District's reserves. This number decreased from the prior year principally due to the voter approved use of the employee's retirement system reserve and capital reserve, net of interest accrued to the reserves.

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

**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 STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 1,603,159	\$ 2,181,504	\$ (578,345)	(26.51)%
Operating Grants	1,382,927	1,866,237	(483,310)	(25.90)%
Capital Grants	17,716	420,809	(403,093)	(95.79)%
General Revenues				
Property Taxes and STAR	88,453,393	86,104,061	2,349,332	2.73 %
State Sources	5,220,379	5,191,312	29,067	0.56 %
Other	9,989,657	9,849,118	140,539	1.43 %
Total Revenues	<u>106,667,231</u>	<u>105,613,041</u>	<u>1,054,190</u>	1.00 %
<b>Expenses</b>				
General Support	14,753,090	12,854,403	1,898,687	14.77 %
Instruction	99,499,175	89,036,981	10,462,194	11.75 %
Pupil Transportation	3,574,166	3,253,109	321,057	9.87 %
Community Service	49,685	58,445	(8,760)	(14.99)%
Debt Service - Interest	609,870	714,910	(105,040)	(14.69)%
Food Service Program	1,351,906	1,375,934	(24,028)	(1.75)%
Total Expenses	<u>119,837,892</u>	<u>107,293,782</u>	<u>12,544,110</u>	11.69 %
Decrease in Net Position	<u>\$ (13,170,661)</u>	<u>\$ (1,680,741)</u>	<u>\$ (11,489,920)</u>	683.62 %

The District's net position decreased by \$13,170,661 and \$1,680,741 for the years ended June 30, 2020 and 2019, respectively.

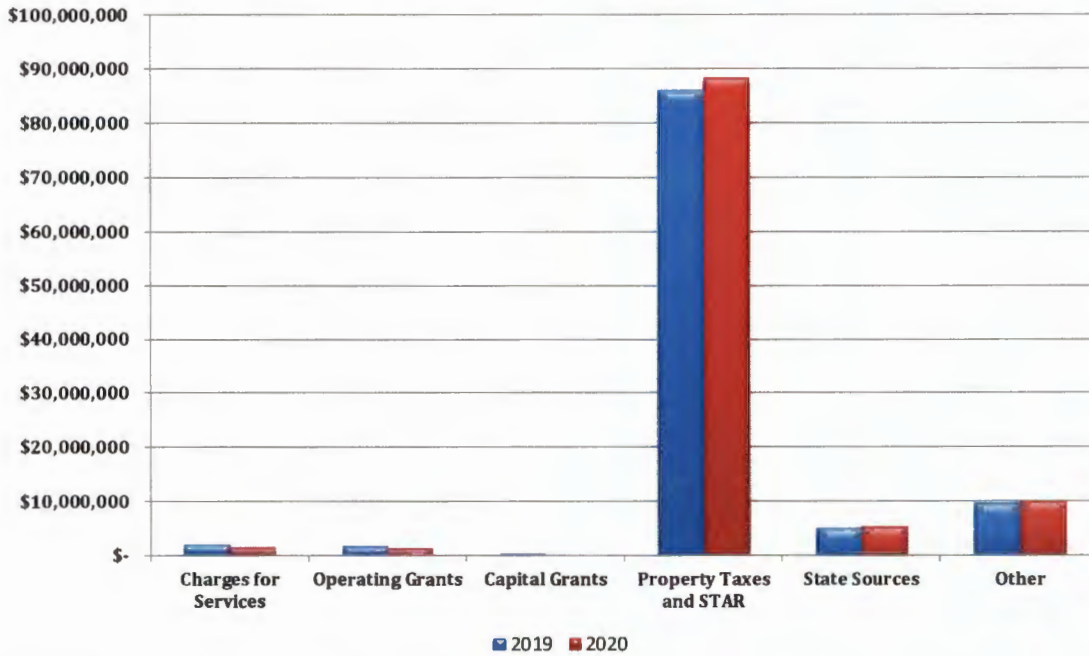
The District's revenues increased by \$ 1,054,190 or 1.00%. The major factor that contributed to the increase was the voter approved increase in property taxes and STAR, offset by decreases in charges for services, operating grants and capital grants.

The District's total expenses for the year increased by \$12,544,110 or 11.69%. The increase in expense is primarily in instruction and general support due to the impact of the net change in pension and other postemployment benefits costs allocated.

As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 82.9% and 81.5% of the total for the years 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 83.1% and 82.9% of the total for the years 2020 and 2019, respectively).

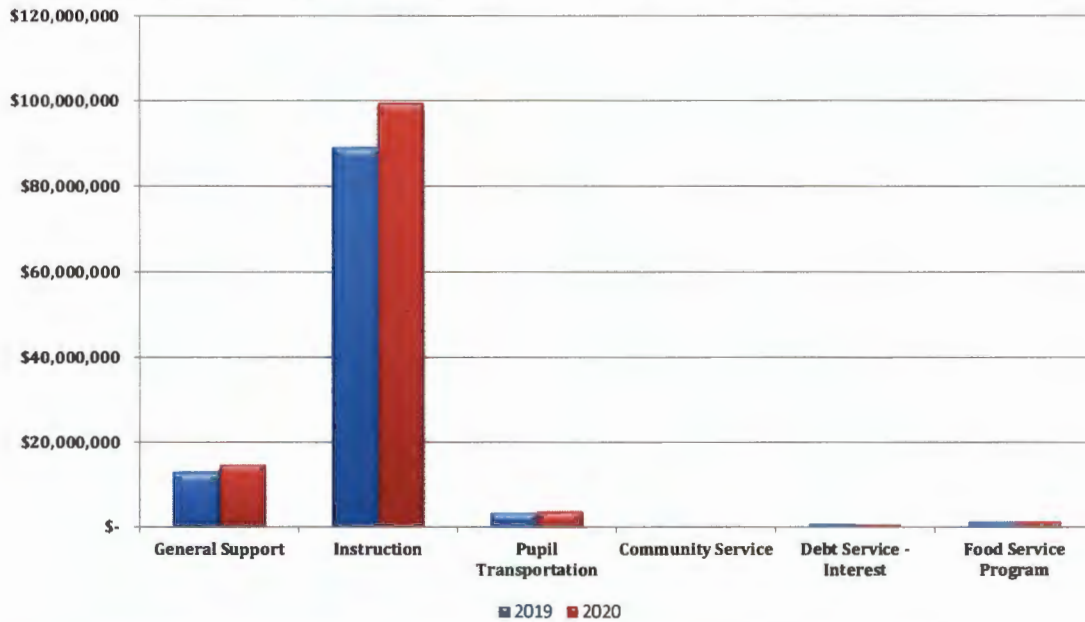
**NORTH SHORE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
<b>2019</b>	2.1%	1.8%	0.4%	81.5%	4.9%	9.3%
<b>2020</b>	1.5%	1.3%	0.0%	82.9%	4.9%	9.4%

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



	General Support	Instruction	Pupil Transportation	Community Service	Debt Service - Interest	Food Service Program
<b>2019</b>	12.0%	82.9%	3.0%	0.1%	0.7%	1.3%
<b>2020</b>	12.3%	83.1%	3.0%	0.0%	0.5%	1.1%



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

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

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$34,582,035, which is a decrease of \$52,965 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2020	2019	Increase (Decrease)
<b>General Fund</b>			
Restricted			
Workers' compensation	\$ 2,018,494	\$ 2,072,065	\$ (53,571)
Unemployment insurance	1,652,744	1,621,807	30,937
Retirement contribution			
Teachers' retirement system	601,230	592,394	8,836
Employees' retirement system	6,234,575	7,297,296	(1,062,721)
Liability	113,254	111,134	2,120
Employee benefit accrued liability	351,160	344,632	6,528
Capital	264,012	3,158,487	(2,894,475)
Repairs	1,126,496	1,130,508	(4,012)
Assigned:			
Appropriated fund balance	1,642,417	2,300,000	(657,583)
Special designation - LIPA	2,311,363	2,884,879	(573,516)
Reopening of schools	2,700,000		2,700,000
Professional development for online learning	200,000		200,000
Unappropriated fund balance	2,488,621	1,660,895	827,726
Unassigned: Fund balance	4,247,485	4,311,999	(64,514)
	<u>25,951,851</u>	<u>27,486,096</u>	<u>(1,534,245)</u>
<b>School Food Service Fund</b>			
Nonspendable: Inventory	58,904	32,709	26,195
Assigned: Unappropriated fund balance	251,766	338,296	(86,530)
	<u>310,670</u>	<u>371,005</u>	<u>(60,335)</u>
<b>Debt Service Fund</b>			
Restricted: Debt service	1,278,347	1,317,499	(39,152)
<b>Capital Projects Fund</b>			
Restricted:			
Capital	4,774,275	3,612,048	1,162,227
Repairs	268,095	268,095	-
Unspent bond proceeds	510,960	510,976	(16)
Assigned: Unappropriated fund balance	1,487,837	1,069,281	418,556
	<u>7,041,167</u>	<u>5,460,400</u>	<u>1,580,767</u>
<b>Total Fund Balance</b>	<u><b>\$ 34,582,035</b></u>	<u><b>\$ 34,635,000</b></u>	<u><b>\$ (52,965)</b></u>

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

**A. General Fund**

The net change in the general fund's fund balance is a decrease of \$1,534,245, compared to an increase of \$83,676 in the prior year, as expenditures and other uses of \$105,904,039 exceeded revenues of \$104,369,794.

Revenues increased by \$1,941,813 (1.90%) over fiscal 2019 totals, primarily because of the increase in real property taxes.

Expenditures and other uses increased \$3,559,734 (3.48%) over fiscal 2019 totals, primarily due to an increase in operating transfers out, which reflects the voter-approved transfer of \$3,000,000 from the capital reserve to the capital projects fund, and \$200,000 transfer to the school food service fund to cover costs of food preparation ordered by the Governor during the pandemic.

During the 2013-2014 and 2014-2015 fiscal years, the District received special legislative grants from the state totaling \$5.4 million to help offset the property tax impact on the District and its homeowners due to the ramp-down of the Glenwood Landing power plant by LIPA. The Board of Education designated a portion of its additional fund balance (resulting primarily from the special legislative grants, as well as the tax certiorari reserve in the amount of \$2,504,398, which was liquidated after the County of Nassau lost its appeal to have school districts pay for the districts' tax certiorari judgments) towards reducing future tax levies. This special designation is reported as Special Designation-LIPA under assigned fund balance on the general fund balance sheet. Each year since June 30, 2015, the District has released amounts from the Special Designation-LIPA to offset the tax levies. At June 30, 2020, the District released \$573,516 from amounts assigned for Special Designation-LIPA to appropriated fund balance to offset the 2020-2021 tax levy. Assigned, unappropriated fund balance represents the open encumbrances at June 30<sup>th</sup>.

The Board of Education authorized assigned fund balance totaling \$2,900,000 in response to the coronavirus disease (COVID-19) pandemic. The funds will be used to address staff professional development for the continuation of online learning (\$200,000) and additional expenditures associated with reopening schools while ensuring the health and safety of students and staff during the 2020-21 school year (\$2,700,000) that are not part of the 2020-21 voter-approved budget.

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

	Balance at June 30, 2019	Use of Reserves	Interest	Balance at June 30, 2020	Appropriated for June 30, 2021
Workers' compensation	\$ 2,072,065	\$ (92,360)	\$ 38,789	\$ 2,018,494	\$
Unemployment insurance	1,621,807		30,937	1,652,744	
Retirement contribution					
TRS	592,394		8,836	601,230	
ERS	7,297,296	(1,200,000)	137,279	6,234,575	1,200,000
Liability	111,134		2,120	113,254	
EBAL	344,632		6,528	351,160	
Capital	3,158,487	(3,000,000)	105,525	264,012	
Repairs	1,130,508	(25,339)	21,327	1,126,496	
	<u>\$ 16,328,323</u>	<u>\$ (4,317,699)</u>	<u>\$ 351,341</u>	<u>\$ 12,361,965</u>	<u>\$ 1,200,000</u>

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

---

**B. School Food Service Fund**

The net change in the school food service fund – fund balance is a decrease of \$60,335 which was the operating loss of the food service program net of the \$200,000 transfer from the general fund to pay for costs of food preparation during the pandemic as ordered by the Governor. Sales decreased during the year due to the closing of schools during the COVID-19 pandemic.

**C. Debt Service Fund**

The net change in the debt service fund – fund balance is a decrease of \$39,152, which reflects the budgeted use of the fund balance towards debt service. The District received interest on bond proceeds in the amount of \$10,849 and budgeted transfers of \$3,278,266. This was offset by the current year debt service payments in the amount of \$3,328,267.

**D. Capital Projects Fund**

The net change in the capital projects fund – fund balance is an increase of \$1,580,767. The District expended \$3,453,774 on on-going projects. The fund received a transfer of \$4,603,428 from the general fund, and received \$423,613 from state aid, as well as \$7,500 from miscellaneous sources in the current year.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2019-2020 Budget**

The District's general fund adopted budget for the year ended June 30, 2020 was \$107,799,955. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,660,895 and budget revisions of \$3,117,699 for a total final budget of \$112,578,549.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$88,500,730 in estimated property taxes and STAR.

**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 prior years' excess revenues over expenditures, net of transfers to reserves and assignments, such as appropriations to fund the subsequent year's budget, special designations, and encumbrances. 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	\$ 4,311,999
Revenues Over Budget	69,839
Expenditures and Encumbrances Under Budget	4,185,889
Net Increase in Special Designations	(2,326,484)
Allocation to Reserves	(351,341)
Appropriated to Fund the June 30, 2021 Budget	<u>(1,642,417)</u>
Closing, Unassigned Fund Balance	<u>\$ 4,247,485</u>



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

---

Opening, Unassigned Fund Balance

The \$4,311,999 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

Revenues Over Budget

The 2019-2020 budget for revenues was \$104,299,955. Actual revenues recognized for the year were \$104,369,794. The excess of actual revenue over estimated or budgeted revenue was \$69,839, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The final 2019-2020 budget for expenditures, including prior year open encumbrances and budget revisions as of June 30, 2019, was \$112,578,549. Actual expenditures as of June 30, 2020 were \$105,904,039 and outstanding encumbrances were \$2,488,621. Combined, the expenditures plus encumbrances for 2019-2020 were \$108,392,660. The final budget variance was \$4,185,889, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Net Increase in Special Designations

The \$(2,326,484) shown in the previous table is made up of the designation of assigned fund balance for Reopening of Schools in the amount of \$2,700,000 to fund unanticipated costs related to re-opening the school during the 2020-21 school year, including ventilation systems upgrade, supplies and equipment for health and safety, and \$200,000 for teachers professional development for the continuation of online learning to students, related to the coronavirus pandemic health crisis. This was offset by the transfer of \$573,516 from the Special Designation-LIPA to the appropriated fund balance to offset the 2020-21 tax levy.

Allocation to Reserves

Monies transferred into authorized reserves and interest earnings do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$1,642,417 of the available June 30, 2020 fund balance, including \$573,516 released from Special Designation-LIPA, to partially fund the 2020-2021 approved operating budget. As such, the June 30, 2020 unassigned fund balance must be reduced by this amount.

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

Closing Unassigned Fund Balance

Based upon the changes shown in the summary table, the unassigned fund balance at June 30, 2020 was \$4,247,485. For purposes of determining the 4% statutory limit pursuant to Real Property Tax Law §1318, New York State also subjects the fund balance assigned for Special Designation-LIPA amount of \$2,311,363 and Special Designations Reopening of Schools and Professional Development for Online Learning amounts totaling \$2,900,000 to the calculation of the limit. The Special Designation-LIPA was made by the Board of Education to set aside additional fund balance, resulting primarily from the special legislative grants received in prior years, as well as the tax certiorari reserve in the amount of \$2,504,398, which was liquidated after the County of Nassau lost its appeal to have school districts pay for the districts' tax certiorari judgments, to help offset the long-term property tax impact from the Glenwood Landing Power Plant ramp-down.

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

**A. Capital Assets**

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$3,868,471 in excess of depreciation expense of \$2,368,227 recorded for the year ended June 30, 2020. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Land	\$ 1,544,932	\$ 1,544,932	\$ -
Construction in progress	1,956,615	747,077	1,209,538
Buildings & improvements	72,612,552	72,283,767	328,785
Land improvements	95,252	146,097	(50,845)
Furniture and equipment	1,258,763	1,318,147	(59,384)
Vehicles	702,546	630,396	72,150
Capital assets, net	<u>\$ 78,170,660</u>	<u>\$ 76,670,416</u>	<u>\$ 1,500,244</u>

**B. Debt Administration**

At June 30, 2020, the District had total bonds payable of \$19,739,960. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The District also had an outstanding balance on an energy performance contract of \$1,735,779. The decreases in outstanding debt represent principal payments made during the year ended June 30, 2020. A summary of the outstanding bonded debt at June 30, 2020 and 2019 is as follows:

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

Issue Date	Interest Rate	2020	2019	Increase (Decrease)
<b>Bonds Payable</b>				
2/14/13	2.0-4.0%	\$ 3,030,000	\$ 3,575,000	\$ (545,000)
10/23/14	2.0-3.0%	4,559,960	4,959,960	(400,000)
12/29/15	2.0-3.0%	10,100,000	10,905,000	(805,000)
5/26/16	4.0-5.0%	2,050,000	2,660,000	(610,000)
		<u>\$ 19,739,960</u>	<u>\$ 22,099,960</u>	<u>\$ (2,360,000)</u>
<b>Energy Performance Contract</b>				
5/29/08	3.71%	\$ 1,735,779	\$ 2,046,304	\$ (310,525)

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1. On December 20, 2019, the voters approved a bond issue not to exceed \$39,899,786 to finance district-wide improvements. As of June 30, 2020, no bonds have been issued.

On June 18, 2020, the District entered into an energy performance contract in the amount of \$7,190,000, to be financed through a municipal lease.

**C. Other Long-Term Liabilities**

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, workers' compensation liability, net pension liability - proportionate share and total other postemployment benefits liability. The compensated absences liability is based on employment contracts. The workers' compensation liability, the net pension liability - proportionate share and the total other postemployment benefits liability are based on actuarial valuations.

	2020	2019	Increase (Decrease)
Compensated absences payable	\$ 369,957	\$ 370,997	\$ (1,040)
Workers' compensation liabilities	1,547,110	1,192,158	354,952
Net pension liability - proportionate share	7,874,350	2,336,049	5,538,301
Total OPEB liability	<u>173,458,137</u>	<u>140,352,304</u>	<u>33,105,833</u>
	<u>\$ 183,249,554</u>	<u>\$ 144,251,508</u>	<u>\$ 38,998,046</u>



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

---

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

**A. Subsequent Year's Budget**

The general fund budget, as approved by the voters on June 9, 2020, for the year ending June 30, 2021, is \$110,315,209. This is an increase of \$2,515,254 or 2.33% over the previous year's budget. The increase is primarily in the program area of the budget.

The District budgeted revenues other than property taxes and STAR at a \$491,863 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget in the amount of \$1,642,217 is a \$657,583 decrease from the previous year. Additionally, the District has elected to appropriate \$1,200,000 of reserves towards the next year's budget, which is the same as the previous year. A property tax levy of \$91,031,704, an increase of \$2,680,974 (3.03%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

**B. Future Budgets**

The property tax cap and uncertainty in state aid and federal funds, as well as operating adjustments attributed to COVID-19, may impact the District's future budgets.

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's 2020-2021 property tax increase of 3.03% was equal to the tax cap and did not require an override vote.

**8. CONTACTING THE DISTRICT**

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

Ms. Olivia Buatsi  
Assistant Superintendent of Business  
North Shore Central School District  
112 Franklin Avenue  
Sea Cliff, New York 11579

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2020

<b>ASSETS</b>	
Cash	
Unrestricted	\$ 21,550,259
Restricted	19,193,634
Receivables	
Accounts receivable	5,735
Taxes receivable	3,483,369
Due from fiduciary funds	7,512
Due from state and federal	1,119,832
Due from other governments	1,163,235
Inventory	58,904
Capital assets:	
Not being depreciated	3,501,547
Being depreciated, net of accumulated depreciation	74,669,113
Net pension asset - proportionate share	<u>7,320,455</u>
Total Assets	<u>132,073,595</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges from advance refunding, net	220,829
Pensions	28,930,143
Other postemployment benefits	<u>29,772,545</u>
Total Deferred Outflows of Resources	<u>58,923,517</u>
<b>LIABILITIES</b>	
Payables	
Accounts payable	1,472,629
Accrued liabilities	1,535,098
Due to other governments	1,163,217
Due to teachers' retirement system	4,661,419
Due to employees' retirement system	564,878
Unearned credits - collections in advance	95,482
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	2,571,470
Energy performance contract payable	322,139
Due and payable after one year	
Bonds payable, net	17,723,634
Energy performance contract payable	1,413,640
Compensated absences payable	369,957
Workers' compensation liabilities	1,547,110
Net pension liability - proportionate share	7,874,350
Total other postemployment benefits liability	<u>173,458,137</u>
Total Liabilities	<u>214,773,160</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue	2,373,338
Pensions	<u>10,649,965</u>
Total Deferred Inflows of Resources	<u>13,023,303</u>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	<u>57,205,881</u>
Restricted:	
Workers' compensation	2,018,494
Unemployment insurance	1,652,744
Retirement contribution	
Teachers' retirement system	601,230
Employees' retirement system	6,234,575
Liability	113,254
Employee benefit accrued liability	351,160
Capital	5,038,287
Repairs	1,394,591
Debt service	<u>1,278,347</u>
Total Restricted	<u>18,682,682</u>
Unrestricted (deficit)	<u>(112,687,914)</u>
Total Net Position (Deficit)	<u>\$ (36,799,351)</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Activities**  
For The Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 14,753,090	\$	\$	\$	\$ (14,753,090)
Instruction	99,499,175	717,214	1,177,301	17,716	(97,586,944)
Pupil transportation	3,574,166				(3,574,166)
Community service	49,685				(49,685)
Debt service - interest	609,870				(609,870)
Food service program	1,351,906	885,945	205,626		(260,335)
Total Functions and Programs	<u>\$ 119,837,892</u>	<u>\$ 1,603,159</u>	<u>\$ 1,382,927</u>	<u>\$ 17,716</u>	<u>(116,834,090)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					85,342,578
Other tax items					11,935,241
Use of money and property					623,460
Sale of property and compensation for loss					29,890
Miscellaneous					488,615
State sources					5,220,379
Medicaid reimbursement					23,266
Total General Revenues					<u>103,663,429</u>
Change in Net Position					(13,170,661)
Total Net Position (Deficit) - Beginning of Year					<u>(23,628,690)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (36,799,351)</u>



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	\$ 20,873,044	\$ 21,754	\$ 432,820	\$	\$ 222,641	\$ 21,550,259
Restricted	12,361,965			1,278,339	5,553,330	19,193,634
Receivables						
Accounts receivable	5,735					5,735
Taxes receivable	3,483,369					3,483,369
Due from other funds	1,758,892		200,000	8	3,072,539	5,031,439
Due from state and federal	606,791	481,994	20,830		10,217	1,119,832
Due from other governments	1,163,235					1,163,235
Inventory			58,904			58,904
Total Assets	<u>\$ 40,253,031</u>	<u>\$ 503,748</u>	<u>\$ 712,554</u>	<u>\$ 1,278,347</u>	<u>\$ 8,858,727</u>	<u>\$ 51,606,407</u>
<b>LIABILITIES</b>						
Payables						
Accounts payable	\$ 655,187	\$ 902	\$ 3,584	\$	\$ 812,956	\$ 1,472,629
Accrued liabilities	1,330,871	2,761	49,119			1,382,751
Due to other funds	3,265,039	500,085	254,199		1,004,604	5,023,927
Due to other governments	1,163,217					1,163,217
Due to teachers' retirement system	4,661,419					4,661,419
Due to employees' retirement system	564,878					564,878
Unearned credits - collections in advance	500		94,982			95,482
Total Liabilities	<u>11,641,111</u>	<u>503,748</u>	<u>401,884</u>	<u>-</u>	<u>1,817,560</u>	<u>14,364,303</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenues	2,373,338					2,373,338
Unavailable revenue	286,731					286,731
Total Deferred Inflows of Resources	<u>2,660,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,660,069</u>
<b>FUND BALANCES</b>						
Nonspendable: Inventory			58,904			58,904
Restricted:						
Workers' compensation	2,018,494					2,018,494
Unemployment insurance	1,652,744					1,652,744
Retirement contribution						
Teachers' retirement system	601,230					601,230
Employees' retirement system	6,234,575					6,234,575
Liability	113,254					113,254
Employee benefit accrued liability	351,160					351,160
Capital	264,012				4,774,275	5,038,287
Repairs	1,126,496				268,095	1,394,591
Debt service				1,278,347		1,278,347
Unspent bond proceeds					510,960	510,960
Assigned:						
Appropriated fund balance	1,642,417					1,642,417
Special designation - LIPA	2,311,363					2,311,363
Reopening of schools	2,700,000					2,700,000
Professional development for online learning	200,000					200,000
Unappropriated fund balance	2,488,621		251,766		1,487,837	4,228,224
Unassigned: Fund balance	4,247,485					4,247,485
Total Fund Balances	<u>25,951,851</u>	<u>-</u>	<u>310,670</u>	<u>1,278,347</u>	<u>7,041,167</u>	<u>34,582,035</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 40,253,031</u>	<u>\$ 503,748</u>	<u>\$ 712,554</u>	<u>\$ 1,278,347</u>	<u>\$ 8,858,727</u>	<u>\$ 51,606,407</u>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2020

Total Governmental Fund Balances \$ 34,582,035

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

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

Original cost of capital assets	\$ 117,454,235	
Less: Accumulated depreciation	<u>(39,283,575)</u>	78,170,660

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

Net pension asset - teachers' retirement system	7,320,455	
Deferred outflows of resources	28,930,143	
Net pension liability - employees' retirement system	(7,874,350)	
Deferred inflows of resources	<u>(10,649,965)</u>	17,726,283

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

Deferred charges on advance refunding	438,028	
Less: Accumulated amortization	<u>(217,199)</u>	220,829

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

Deferred outflows of resources	29,772,545	
Total other postemployment benefits liability	<u>(173,456,137)</u>	(143,685,592)

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

286,731

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

Accrued interest on bonds payable	(152,347)	
Bonds payable, net	(20,295,104)	
Energy performance contract payable	(1,735,779)	
Compensated absences payable	(369,957)	
Workers' compensation liabilities	<u>(1,547,110)</u>	(24,100,297)

Total Net Position (Deficit)		<u>\$ (36,799,351)</u>
------------------------------	--	------------------------

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
For The Year Ended June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 85,342,578	\$	\$	\$	\$	\$ 85,342,578
Other tax items	11,935,241					11,935,241
Charges for services	717,214					717,214
Use of money and property	612,611			10,849		623,460
Sale of property and compensation for loss	29,890					29,890
Miscellaneous	488,615				7,500	496,115
State sources	5,220,379	383,412	9,370		423,613	6,036,774
Medicaid reimbursement	23,266					23,266
Federal sources		793,889	196,256			990,145
Sales			885,945			885,945
<b>Total Revenues</b>	<b>104,369,794</b>	<b>1,177,301</b>	<b>1,091,571</b>	<b>10,849</b>	<b>431,113</b>	<b>107,080,628</b>
<b>EXPENDITURES</b>						
General support	10,443,744					10,443,744
Instruction	60,354,150	1,251,260				61,605,410
Pupil transportation	2,237,345	91,041				2,328,386
Community service	36,813					36,813
Employee benefits	24,535,901					24,535,901
Debt service						
Principal				2,670,525		2,670,525
Interest	49,392			657,742		707,134
Food service program			1,351,906			1,351,906
Capital outlay					3,453,774	3,453,774
<b>Total Expenditures</b>	<b>97,657,345</b>	<b>1,342,301</b>	<b>1,351,906</b>	<b>3,328,267</b>	<b>3,453,774</b>	<b>107,133,593</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>6,712,449</b>	<b>(165,000)</b>	<b>(260,335)</b>	<b>(3,317,418)</b>	<b>(3,022,661)</b>	<b>(52,965)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Operating transfers in		165,000	200,000	3,278,266	4,603,428	8,246,694
Operating transfers (out)	(8,246,694)					(8,246,694)
<b>Total Other Financing Sources and (Uses)</b>	<b>(8,246,694)</b>	<b>165,000</b>	<b>200,000</b>	<b>3,278,266</b>	<b>4,603,428</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(1,534,245)</b>	<b>-</b>	<b>(60,335)</b>	<b>(39,152)</b>	<b>1,580,767</b>	<b>(52,965)</b>
<b>Fund Balances - Beginning of Year</b>	<b>27,486,096</b>		<b>371,005</b>	<b>1,317,499</b>	<b>5,460,400</b>	<b>34,635,000</b>
<b>End of Year</b>	<b>\$ 25,951,851</b>	<b>\$ -</b>	<b>\$ 310,670</b>	<b>\$ 1,278,347</b>	<b>\$ 7,041,167</b>	<b>\$ 34,582,035</b>

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
For The Year Ended June 30, 2020

Net Change in Fund Balances		\$ (52,965)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<u>Long-Term Revenue and Expense Differences</u>		
Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.	\$ (413,397)	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position		
Decrease in compensated absences payable	1,040	
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in workers' compensation liabilities	<u>(354,952)</u>	(767,309)
<u>Capital Related Differences</u>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlays and other additions	3,868,471	
Depreciation expense	<u>(2,368,227)</u>	1,500,244
<u>Long-Term Debt Transactions Differences</u>		
The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities and increases net position.		
Amortization of deferred premium on refunding and serial bonds	126,470	
Amortization of deferred charges on refunding	(58,391)	
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Repayment of bond principal	2,360,000	
Repayment of energy performance contract payable	310,525	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2019 to June 30, 2020.	<u>29,185</u>	2,767,789
<u>Pension and Other Postemployment Benefits Differences</u>		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	(4,715,510)	
Employees' retirement system	(1,407,497)	
Other postemployment benefits	<u>(10,495,413)</u>	<u>(16,618,420)</u>
Change in Net Position of Governmental Activities		<u>\$ (13,170,661)</u>



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position -**  
**Fiduciary Funds**  
June 30, 2020

	Agency	Private Purpose Trust
<b>ASSETS</b>		
Cash		
Unrestricted	\$ 1,744,842	\$
Restricted		163,119
Accounts receivable	15,092	
Total Assets	\$ 1,759,934	163,119
 <b>LIABILITIES</b>		
Extraclassroom activity balances	\$ 312,474	
Due to governmental funds	7,512	
Accounts payable	37	
Other liabilities	1,439,911	
Total Liabilities	\$ 1,759,934	-
 <b>NET POSITION</b>		
Restricted for scholarships		\$ 163,119

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position -**  
**Fiduciary Funds**  
For The Year Ended June 30, 2020

	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Contributions	\$ 5,500
Investment earnings - interest	<u>372</u>
Total Additions	5,872
 <b>DEDUCTIONS</b>	
Scholarships and awards	<u>15,770</u>
Change in Net Position	(9,898)
Net Position - Beginning of Year	<u>173,017</u>
Net Position - End of Year	<u><u>\$ 163,119</u></u>

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following entity is included in the District's financial statements:

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the Statement of Fiduciary Net Position - Fiduciary Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

**B. Joint Venture**

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

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

---

**C. Basis of Presentation**

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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



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

---

***Agency Funds*** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

***Private Purpose Trust Funds*** – These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

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

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

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

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

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

---

**E. Real Property Taxes**

Calendar

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

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County.

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

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$8,788,834 in LIPA PILOT revenue during the 2019-2020 fiscal year.

**G. Restricted Resources**

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

**H. Interfund Transactions**

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

---

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

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

**I. Use of Estimates**

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

**J. Cash and Cash Equivalents**

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

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

**K. Receivables**

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

**L. Inventory**

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

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

**M. Capital Assets**

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



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

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

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

**N. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from prior years' refunding of bonds that is being amortized as a component of interest expense on a straight-line basis through June 30, 2025. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents changes in the total other postemployment benefits liability not included in OPEB expense.

**O. Short-Term Debt**

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

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

**P. Collections in Advance**

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



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

---

**Q. Employee Benefits - Compensated Absences**

Compensated absences consist of unpaid accumulated vacation time.

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

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

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

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

**R. Other Benefits**

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

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

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

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

**S. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations. In subsequent

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

---

periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is PILOT monies received or recognized before the period for which the resources apply. The amounts will be recognized as revenue in the period they apply. The third item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective net pension expense.

## **T. Equity Classifications**

### District-Wide Statements

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

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

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

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

### Fund Statements

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

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

*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.

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

---

*Unemployment Insurance Reserve*

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

*Retirement Contribution Reserve*

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

*Liability Reserve*

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

*Employee Benefit Accrued Liability Reserve*

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

*Capital Reserve*

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



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

---

*Repairs Reserve*

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

*Restricted for Debt Service*

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

*Restricted – Unspent Bond Proceeds*

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

*Restricted for Scholarships*

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

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

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

Fund Balance Classification

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



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

---

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

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

**2. FUTURE ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but 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, 2021	GASB No. 84 - <i>Fiduciary Activities</i>
June 30, 2022	GASB No. 87 - <i>Leases</i>

GASB Statement No. 84 will require the District to assess activities currently classified as fiduciary and reported in the fiduciary funds to determine if these activities should be considered fiduciary in nature or if these activities should be reported as governmental funds.

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

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

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

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

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

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

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

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

---

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

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

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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

---

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

Fire alarm repairs funded by the repair reserve	\$ 25,339
Workers' compensation claims funded by the workers' compensation reserve	92,360
Capital improvements funded by voter-authorized appropriation from the capital reserve	<u>3,000,000</u>
	<u>\$ 3,117,699</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

**B. Encumbrances**

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

**C. Unassigned Fund Balance**

The District's general fund unassigned fund balance plus assigned special designated amounts were in excess of the New York State Real Property Tax Law §1318 limit, which restricts the unassigned fund balance to an amount not greater than 4% of the District's budget for the upcoming school year. The District will be using the assigned fund balance amounts for additional expenditures for the safe reopening of schools and teachers professional development for the continuation of online distance learning for students, and will continue to apply the special designation – LIPA funds to reduce tax levies in future years.

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

---

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

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

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

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

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

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

**6. PARTICIPATION IN BOCES**

During the year ended June 30, 2020, the District was billed \$3,598,529 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$845,144. 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.

**7. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2020 consisted of:

General Fund	
New York State - building aid	\$ 12,984
New York State - excess cost aid	593,807
	<u>606,791</u>
Special Aid Fund	
Federal and state grants	<u>481,994</u>
School Food Service Fund	
Federal and state food service program reimbursements	<u>20,830</u>
Capital Projects Fund	
Dormitory Authority State Grant	<u>10,217</u>
	<u>\$ 1,119,832</u>

District management expects these amounts to be fully collectible.



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

**8. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2020 consisted of:

General Fund	
BOCES aid	\$ 613,100
Other districts - tuition and health services	425,461
Other districts - parentally placed	122,875
Miscellaneous	1,799
	<u>1,163,235</u>
	<u>\$ 1,163,235</u>

District management expects these amounts to be fully collectible.

**9. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,544,932	\$	\$	\$ 1,544,932
Construction in progress	747,077	1,956,615	(747,077)	1,956,615
Total capital assets not being depreciated	<u>2,292,009</u>	<u>1,956,615</u>	<u>(747,077)</u>	<u>3,501,547</u>
Capital assets being depreciated:				
Buildings & improvements	101,753,720	2,244,235		103,997,955
Land improvements	1,366,354			1,366,354
Furniture and equipment	5,323,098	223,793	(131,218)	5,415,673
Vehicles	2,981,801	190,905		3,172,706
Total capital assets being depreciated	<u>111,424,973</u>	<u>2,658,933</u>	<u>(131,218)</u>	<u>113,952,688</u>
Less accumulated depreciation for:				
Buildings & improvements	29,469,953	1,915,450		31,385,403
Land improvements	1,220,257	50,845		1,271,102
Furniture and equipment	4,004,951	283,177	(131,218)	4,156,910
Vehicles	2,351,405	118,755		2,470,160
Total accumulated depreciation	<u>37,046,566</u>	<u>2,368,227</u>	<u>(131,218)</u>	<u>39,283,575</u>
Total capital assets, being depreciated, net	<u>74,378,407</u>	<u>290,706</u>	<u>-</u>	<u>74,669,113</u>
Capital assets, net	<u>\$ 76,670,416</u>	<u>\$ 2,247,321</u>	<u>\$ (747,077)</u>	<u>\$ 78,170,660</u>

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

Depreciation expense was charged to governmental functions as follows:

General support	\$ 679,953
Instruction	1,476,050
Pupil transportation	<u>212,224</u>
Total depreciation expense	<u>\$ 2,368,227</u>

**10. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2020, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,758,892	\$ 3,265,039	\$	\$ 8,246,694
Special Aid Fund		500,085	165,000	
School Food Service Fund	200,000	254,199	200,000	
Debt Service Fund	8		3,278,266	
Capital Projects Fund	<u>3,072,539</u>	<u>1,004,604</u>	<u>4,603,428</u>	
Total Governmental Funds	5,031,439	5,023,927	<u>\$ 8,246,694</u>	<u>\$ 8,246,694</u>
Fiduciary Funds		<u>7,512</u>		
Total	<u>\$ 5,031,439</u>	<u>\$ 5,031,439</u>		

The District typically transfers from the general fund to the special aid fund, debt service fund and the capital projects fund. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools; the transfer to the debt service fund was for debt principal and interest payments; and the transfer to the capital projects fund was to provide funding for various capital projects in accordance with voters' authorization to provide funding for necessary repairs as well as the use of the capital reserve for district-wide improvements. The transfer to the school food service fund was to reimburse the costs of food preparations during the pandemic as ordered by the Governor.

**11. SHORT-TERM DEBT**

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

	Maturity	Stated Interest Rate	Balance June 30, 2019	Issued	Redeemed	Balance June 30, 2020
TAN	6/25/2020	2.00%	<u>\$</u>	<u>\$ 5,000,000</u>	<u>\$ (5,000,000)</u>	<u>\$</u>

Interest paid on short-term debt for the year was \$79,167. The District received a premium of \$29,775, to yield an effective interest rate of 1.25% and net interest cost of \$49,392.

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

**12. LONG-TERM LIABILITIES**

**A. Changes**

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

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
<b>Long-term debt:</b>					
Bonds payable	\$ 22,099,960	\$	\$ (2,360,000)	\$ 19,739,960	\$ 2,445,000
Add: Premium	681,614		(126,470)	555,144	126,470
	22,781,574	-	(2,486,470)	20,295,104	2,571,470
Energy performance contrac	2,046,304		(310,525)	1,735,779	322,139
	24,827,878	-	(2,796,995)	22,030,883	2,893,609
<b>Other long-term liabilities:</b>					
Compensated absences	370,997		(1,040)	369,957	
Workers' compensation	1,192,158	779,491	(424,539)	1,547,110	
	1,563,155	779,491	(425,579)	1,917,067	-
	<u>\$ 26,391,033</u>	<u>\$ 779,491</u>	<u>\$ (3,222,574)</u>	<u>\$ 23,947,950</u>	<u>\$ 2,893,609</u>

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Refunding serial bond	2/14/2013	7/15/2024	2.0-4.0%	\$ 3,030,000
Serial bond	10/23/2014	7/15/2029	2.0-3.0%	4,559,960
Serial bond	12/29/2015	12/15/2030	2.0-3.0%	10,100,000
Refunding serial bond	5/26/2016	8/1/2022	4.0-5.0%	2,050,000
				<u>\$ 19,739,960</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,445,000	\$ 506,150	\$ 2,951,150
2022	2,520,000	424,359	2,944,359
2023	2,595,000	349,360	2,944,360
2024	1,925,000	296,472	2,221,472
2025	1,965,000	256,625	2,221,625
2026 - 2030	7,239,960	706,600	7,946,560
2031	1,050,000	28,260	1,078,260
Total	<u>\$ 19,739,960</u>	<u>\$ 2,567,826</u>	<u>\$ 22,307,786</u>

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

**C. Advance Refunding**

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

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

Year Ending June 30,	Deferred Premium	Deferred Charge	Interest Expense Increase / (Decrease)
2021	\$ (126,470)	\$ 58,391	\$ (68,079)
2022	(126,470)	58,391	(68,079)
2023	(126,470)	58,391	(68,079)
2024	(54,975)	30,438	(24,537)
2025	(34,664)	15,218	(19,446)
2026 - 2030	(71,748)		(71,748)
2031	(14,347)		(14,347)
Total	<u>\$ (555,144)</u>	<u>\$ 220,829</u>	<u>\$ (334,315)</u>

**D. Energy Performance Contract**

Energy performance contract is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Energy performance contract	5/29/2008	5/1/2025	3.71%	<u>\$ 1,735,779</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 322,139	\$ 61,371	\$ 383,510
2022	334,188	49,322	383,510
2023	346,688	36,822	383,510
2024	359,655	23,855	383,510
2025	373,109	10,402	383,511
Total	<u>\$ 1,735,779</u>	<u>\$ 181,772</u>	<u>\$ 1,917,551</u>



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

---

**E. Interest Expense**

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

Interest paid	\$ 657,742
Less interest accrued in the prior year	(181,532)
Plus interest accrued in the current year	152,347
Plus amortization of deferred charges on refunding	58,391
Less amortization of deferred premium on refunding and serial bonds	<u>(126,470)</u>
Total interest expense on long-term debt	<u>\$ 560,478</u>

**F. Unissued Debt**

On December 10, 2019, the voters approved a bond issue not to exceed \$39,899,786 to finance district-wide capital improvements and additions. As of June 30, 2020, the District has not issued bonds but work has commenced and total expenditures incurred to date are recorded in the capital projects fund.

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

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

**A. General Information**

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

**B. Provisions and Administration**

Teachers' Retirement System

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

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

---

Employees' Retirement System

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

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 14.72% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2020, was \$4,214,643 for TRS at the contribution rate of 8.86% and \$1,515,292 for ERS at an average contribution rate of 13.55%.

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

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2019, for TRS and March 31, 2020 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2019	March 31, 2020
District's proportionate share of the net pension asset/(liability)	\$ 7,320,455	\$ (7,874,350)
District's portion of the Plan's total net pension asset/(liability)	0.281772%	0.0297363%
Change in proportion since the prior measurement date	0.001642	(0.0032340)

For the year ended June 30, 2020, the District recognized pension expense of \$8,915,776 for TRS and \$2,981,563 for ERS. At June 30, 2020, 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	\$ 4,960,885	\$ 463,437	\$ 544,363	\$
Change of assumptions	13,829,319	158,552	3,371,979	136,907
Net difference between projected and actual earnings on pension plan investments		4,036,775	5,870,627	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	2,019	699,635	562,780	163,309
District contributions subsequent to the measurement date	<u>4,214,643</u>	<u>564,878</u>		
Total	<u>\$ 23,006,866</u>	<u>\$ 5,923,277</u>	<u>\$ 10,349,749</u>	<u>\$ 300,216</u>

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ending June 30,	TRS	ERS
2021	\$ 3,174,651	\$ 978,932
2022	72,920	1,303,210
2023	3,162,647	1,572,231
2024	2,074,562	1,203,810
2025	218,249	
Thereafter	<u>(260,555)</u>	
	<u>\$ 8,442,474</u>	<u>\$ 5,058,183</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, 2019	March 31, 2020
Actuarial valuation date	June 30, 2018	April 1, 2019
Inflation	2.20%	2.50%
Salary increases	1.90-4.72%	4.20%
Investment rate of return (net investment expense, including inflation)	7.10%	6.80%
Cost of living adjustment	1.30%	1.30%

For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

For TRS, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

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.



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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2019		March 31, 2020
Asset type				
Domestic equity	33.0%	6.30%	36.0%	4.05%
International equity	16.0%	7.80%	14.0%	6.15%
Global equity	4.0%	7.20%		
Real estate	11.0%	4.60%	10.0%	4.95%
Private equities	8.0%	9.90%	10.0%	6.75%
Alternative investments			8.0%	3.25-5.95%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.60%		
Bonds and mortgages			17.0%	0.75%
Private debt	1.0%	6.50%		
Real estate debt	7.0%	2.90%		
Cash and equivalents	1.0%	0.30%		
Cash			1.0%	0.00%
Inflation indexed bonds			4.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of long-term inflation assumption of 2.2% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 6.80% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2018, was 7.25% and the discount rate used by the ERS at the prior year's measurement date of March 31, 2019, was 7.00%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.10% for TRS and 6.80% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 5.80% for ERS) or 1 percentage point higher (8.10% for TRS and 7.80% for ERS) than the current rate:

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

TRRS	1% Decrease 6.10 %	Current Assumption 7.10 %	1% Increase 8.10 %
District's proportionate share of the net pension asset (liability)	<u>\$ (33,043,770)</u>	<u>\$ 7,320,455</u>	<u>\$ 41,181,484</u>
ERS	1% Decrease 5.80 %	Current Assumption 6.80 %	1% Increase 7.80 %
District's proportionate share of the net pension asset (liability)	<u>\$ (14,451,656)</u>	<u>\$ (7,874,350)</u>	<u>\$ (1,816,624)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective measurement dates, were as follows:

	TRRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2019	March 31, 2020
Employers' total pension liability	\$ (119,879,474)	\$ (194,596,261)
Plan fiduciary net position	<u>122,477,481</u>	<u>168,115,682</u>
Employers' net pension asset/(liability)	<u>\$ 2,598,007</u>	<u>\$ (26,480,579)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	102.17%	86.39%

Payables to the Pension Plan

For TRRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRRS. Accrued retirement contributions as of June 30, 2020 amounted to \$4,214,643 of employer contributions and \$446,776 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020, represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$564,878 of employer contributions. Employee contributions are remitted monthly.

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

**14. PENSION PLANS - OTHER**

**A. Tax Sheltered Annuities**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2020, totaled \$7,500 and \$3,326,701, respectively.

**B. Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$277,126.

**15. POSTEMPLOYMENT HEALTHCARE BENEFITS**

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

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

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

*Employees Covered by Benefit Terms* – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	466
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	591
	1,057

**B. Total OPEB Liability**

The District's total OPEB liability of \$173,458,137 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

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

Inflation	2.60%
Discount rate	2.21%
Healthcare cost trend rates	6.10% for 2019, decreasing to an ultimate rate of 4.10% over 57 years
Retirees' share of benefit-related costs	15-65% of projected health insurance premiums for retirees based on employee group

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

Mortality rates were based on the RP-2014 adjusted to the 2006 Total Dataset Mortality Table, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

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

Balance at June 30, 2019	<u>\$ 140,352,304</u>
Changes for the year	
Service cost	5,644,364
Interest	5,026,551
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	27,238,086
Benefit payments	<u>(4,803,168)</u>
	<u>33,105,833</u>
Balance at June 30, 2020	<u>\$ 173,458,137</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

OPEB	1% Decrease 1.21 %	Discount Rate 2.21 %	1% Increase 3.21 %
Total OPEB liability	<u>\$ (205,208,941)</u>	<u>\$ (173,458,137)</u>	<u>\$ (148,233,956)</u>



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

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.10%) or 1 percentage point higher (7.10%) than the current healthcare cost trend rate:

	1% Decrease 5.10 % decreasing to 3.10 %	Healthcare Cost Trend Rates 6.10 % decreasing to 4.10 %	1% Increase 7.10 % decreasing to 5.10 %
<u>OPEB</u>			
Total OPEB liability	<u>\$ (147,008,591)</u>	<u>\$ (173,458,137)</u>	<u>\$ (208,888,131)</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$15,298,582. At June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 3,229,828
Changes of assumptions or other inputs	<u>26,542,717</u>
Total	<u>\$ 29,772,545</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 4,627,667
2022	4,627,667
2023	4,627,667
2024	4,627,667
2025	4,627,667
Thereafter	<u>6,634,210</u>
	<u>\$ 29,772,545</u>

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

**16. DEFERRED INFLOWS OF RESOURCES**

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, consists of that portion of the amount due from New York State for local aid payments, including building aid and excess cost aid, which is recorded as unavailable revenue. Unavailable revenues in the general fund at June 30, 2020, total \$286,731.

Also included in the governmental fund financial statements as deferred inflows of resources is LIPA PILOT earmarked for the 2020-21 fiscal year but was received by the District by June 30, 2020 and is recorded as deferred revenue. Deferred revenues in the general fund at June 30, 2020, total \$2,373,338.

**17. RISK MANAGEMENT**

**A. General Information**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled-claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

**B. Risk Retention**

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for reported and unreported claims which were incurred on or before year end but not reported (IBNR). Claims activity is summarized below:

	2019	2020
Unpaid claims at beginning of year	\$ 1,385,818	\$ 1,192,158
Incurred claims and claim adjustment expenses	176,732	779,491
Claim payments	(370,392)	(424,539)
Unpaid claims at year end	\$ 1,192,158	\$ 1,547,110

**18. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES**

The District expects to appropriate the following amount from reserves, which are reported in the June 30, 2020 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2021:

Retirement Contribution - Employees' Retirement System	\$ 1,200,000
--	--------------

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

**19. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$1,642,417 has been appropriated to reduce taxes for the year ending June 30, 2021.

**20. TAX ABATEMENTS**

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's 2019-2020 property tax revenue abated was \$45,882. The District received payment in lieu of taxes (PILOT) payments totaling \$34,308.

The District also recognized \$8,788,834 in LIPA PILOT revenue. As indicated in Note 1.F., these LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, "Tax Abatement Disclosures."

**21. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2020, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	
Capital projects	\$ 3,001,165
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	1,033,142
Instruction	1,276,541
Pupil transportation	113,547
Community services	14,395
Employee Benefits	50,996
	2,488,621
Capital Projects Fund	
Capital projects	929,162
	\$ 6,418,948

**B. Grants**

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

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

**C. Litigation**

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

**D. Operating Leases**

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$11,118. The minimum remaining operating lease payments are as follows:

Year Ending June 30,	Amount
2021	\$ 8,220
2022	5,323
2023	5,323
2024	2,218
	\$ 21,084

**E. BOCES Agreements**

The District has various agreements with BOCES to lease copier equipment. The expenditure for these agreements was approximately \$134,248 for the year ended June 30, 2020. The following is a summary of future obligations under these BOCES agreements:

Year Ending June 30,	Amount
2021	\$ 178,073
2022	178,073
2023	155,072
2024	133,993
	\$ 645,211

**22. SUBSEQUENT EVENTS**

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

**A. Tax Anticipation Notes**

On September 25, 2020, the District issued tax anticipation notes in the amount of \$9,000,000, which are due June 24, 2021, and bear interest at a stated rate of 1.25%. The District received premiums of \$60,837 with the borrowing to yield an effective interest rate of 0.35%.



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

---

The District will also be issuing a TAN in the amount of \$1,500,000 on November 9, 2020, The District's Repair Reserve, Unemployment Insurance Reserve, and Workers' Compensation Reserve Funds will invest in the TAN, at an interest rate of 0.50%. The TAN will mature on December 11, 2020.

**B. Impact of COVID-19**

On March 11, 2020, the novel coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization. COVID-19 is an international, national and New York State public health emergency. As such, the COVID-19 outbreak continues to disrupt business activity across a range of industries. At this point, the extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the District's residents, employees and vendors, as well as the State, all of which are uncertain and cannot be predicted.

**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, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 88,500,730	\$ 85,389,915	\$ 85,342,578	\$ (47,337)
Other tax items	8,820,834	11,931,649	11,935,241	3,592
Charges for services	625,000	625,000	717,214	92,214
Use of money and property	350,000	350,000	612,611	262,611
Sale of property and compensation for loss			29,890	29,890
Miscellaneous	480,000	480,000	488,615	8,615
<b>Total Local Sources</b>	<b>98,776,564</b>	<b>98,776,564</b>	<b>99,126,149</b>	<b>349,585</b>
State Sources	5,523,391	5,523,391	5,220,379	(303,012)
Medicaid Reimbursement			23,266	23,266
<b>Total Revenues</b>	<b>104,299,955</b>	<b>104,299,955</b>	<b>104,369,794</b>	<b>\$ 69,839</b>
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	2,300,000	2,300,000		
Prior Year's Encumbrances	1,660,895	1,660,895		
Appropriated Reserves	1,200,000	4,317,699		
<b>Total Appropriated Fund Balance</b>	<b>5,160,895</b>	<b>8,278,594</b>		
<b>Total Revenues and Appropriated Fund Balance</b>	<b>\$ 109,460,850</b>	<b>\$ 112,578,549</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, 2020

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 199,822	\$ 475,398	\$ 457,406	\$ 12,917	\$ 5,075
Central administration	432,891	439,766	427,002	220	12,544
Finance	1,285,429	1,315,652	1,254,464	37,539	23,649
Staff	463,100	473,100	440,789	16,345	15,966
Central services	7,342,688	8,115,628	6,904,465	963,351	247,812
Special items	991,816	988,715	959,618	2,770	26,327
<b>Total General Support</b>	<b>10,715,746</b>	<b>11,808,259</b>	<b>10,443,744</b>	<b>1,033,142</b>	<b>331,373</b>
Instruction					
Administration & improvement	5,653,234	5,879,047	5,526,542	176,442	176,063
Teaching - regular school	37,223,333	36,016,333	34,710,152	331,133	975,048
Programs for students with disabilities	12,717,702	12,877,489	11,892,175	192,499	792,815
Occupational education	363,545	363,545	299,077		64,468
Teaching - special schools	135,570	135,570	105,357		30,213
Instructional media	2,283,500	2,634,680	2,068,785	507,829	58,066
Pupil services	6,197,313	6,204,620	5,752,062	68,638	383,920
<b>Total Instruction</b>	<b>64,574,197</b>	<b>64,111,284</b>	<b>60,354,150</b>	<b>1,276,541</b>	<b>2,480,593</b>
Pupil Transportation	2,955,644	2,955,644	2,237,345	113,547	604,752
Community Services	58,000	67,000	36,813	14,395	15,792
Employee Benefits	26,068,069	25,336,468	24,535,901	50,996	749,571
Debt Service					
Interest	85,000	53,200	49,392		3,808
<b>Total Expenditures</b>	<b>104,456,656</b>	<b>104,331,855</b>	<b>97,657,345</b>	<b>2,488,621</b>	<b>4,185,889</b>
<b>OTHER USES</b>					
Operating Transfers Out	5,004,194	8,246,694	8,246,694		-
<b>Total Expenditures and Other Uses</b>	<b>\$ 109,460,850</b>	<b>\$ 112,578,549</b>	<b>105,904,039</b>	<b>\$ 2,488,621</b>	<b>\$ 4,185,889</b>
Net Change in Fund Balance			(1,534,245)		
Fund Balance - Beginning of Year			27,486,096		
Fund Balance - End of Year			<u>\$ 25,951,851</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 Six Fiscal Years

***Teachers' Retirement System***

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.281772%	0.280130%	0.278671%	0.271678%	0.269480%	0.267390%
District's proportionate share of the net pension asset/(liability)	\$ 7,320,455	\$ 5,065,491	\$ 2,118,179	\$ (2,909,783)	\$ 27,990,400	\$ 29,785,620
District's covered payroll	\$ 47,630,194	\$ 46,343,887	\$ 44,714,477	\$ 42,334,323	\$ 40,834,874	\$ 39,917,240
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.37 %	10.93 %	4.74 %	(6.87)%	68.55 %	74.62 %
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

***Employees' Retirement System***

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0297363%	0.0329703%	0.0320411%	0.0320850%	0.0323126%	0.0323126%
District's proportionate share of the net pension liability	\$ (7,874,350)	\$ (2,336,049)	\$ (1,034,108)	\$ (3,014,774)	\$ (5,186,259)	\$ (5,186,259)
District's covered payroll	\$ 11,257,908	\$ 10,583,300	\$ 11,243,507	\$ 10,422,653	\$ 10,251,674	\$ 10,251,674
District's proportionate share of the net pension liability as a percentage of its covered payroll	(69.95)%	(22.07)%	(9.20)%	(28.93)%	(50.59)%	(50.59)%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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



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

*Teachers' Retirement System*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 4,214,643	\$ 5,014,833	\$ 4,523,151	\$ 5,210,023	\$ 5,592,679	\$ 7,096,070	\$ 6,418,380	\$ 4,651,542	\$ 4,445,825	\$ 3,289,867
Contributions in relation to the contractually required contribution	4,214,643	5,014,833	4,523,151	5,210,023	5,592,679	7,096,070	6,418,380	4,651,542	4,445,825	3,289,867
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$47,959,283	\$47,630,194	\$46,343,887	\$44,714,477	\$42,334,323	\$40,834,874	\$39,917,240	\$39,752,414	\$40,583,269	\$37,830,701
Contributions as a percentage of covered payroll	9%	11%	10%	12%	13%	17%	16%	12%	11%	9%

*Employees' Retirement System*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,515,292	\$ 1,643,920	\$ 1,630,369	\$ 1,561,054	\$ 1,719,150	\$ 1,818,587	\$ 1,899,306	\$ 1,739,800	\$ 1,331,513	\$ 1,084,836
Contributions in relation to the contractually required contribution	1,515,292	1,643,920	1,630,369	1,561,054	1,719,150	1,818,587	1,899,306	1,739,800	1,331,513	1,084,836
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$11,181,817	\$11,164,507	\$10,905,633	\$10,613,227	\$10,248,524	\$ 9,964,689	\$ 9,480,525	\$ 9,441,547	\$ 9,329,793	\$ 9,102,281
Contributions as a percentage of covered payroll	14%	15%	15%	15%	17%	18%	20%	18%	14%	12%

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 5,644,364	\$ 5,438,455	\$ 4,872,186
Interest	5,026,551	3,920,019	3,764,877
Changes in benefit terms	-	-	-
Demographic gains or losses	-	4,195,678	89,421
Changes of assumptions or other inputs	27,238,086	3,883,594	-
Benefit payments	<u>(4,803,168)</u>	<u>(4,594,597)</u>	<u>(3,655,062)</u>
Net change in total OPEB liability	33,105,833	12,843,149	5,071,422
Total OPEB liability, beginning	<u>140,352,304</u>	<u>127,509,155</u>	<u>122,437,733</u>
Total OPEB liability, ending	<u>\$ 173,458,137</u>	<u>\$ 140,352,304</u>	<u>\$ 127,509,155</u>
Covered employee payroll	\$ 52,868,037	\$ 52,868,037	\$ 52,323,746
Total OPEB liability as a percentage of covered employee payroll	328.10%	265.48%	243.69%
Discount rate	2.21%	3.50%	3.00%
Healthcare trend rates	6.1% to 4.1% over 57 years	6.1% to 4.1% over 57 years	7.5% to 4.5% by 2022

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

**Note to Required Supplementary Information**

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

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedules of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit - General Fund**  
For The Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 107,799,955
Additions:		
Prior year's encumbrances		<u>1,660,895</u>
Original Budget		109,460,850
Budget revisions		<u>3,117,699</u>
Final Budget		<u><u>\$ 112,578,549</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget		<u>\$ 110,315,209</u>
Maximum allowed (4% of 2020-2021 budget)		<u>\$ 4,412,608</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 9,342,401	
Unassigned fund balance	<u>4,247,485</u>	
		\$ 13,589,886
Less:		
Appropriated fund balance	1,642,417	
Encumbrances	<u>2,488,621</u>	
Total adjustments		<u>4,131,038</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		<u><u>\$ 9,458,848</u></u>
Actual Percentage		8.6%

**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For The Year Ended June 30, 2020

PROJECT TITLE	Budget		Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2020	
	June 30, 2019	June 30, 2020	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		
Middle School Roof and Playground	\$ 1,994,474	\$ 1,994,474	\$ 1,986,885		\$ 1,986,885	\$ 7,589	\$ 1,994,474	\$	\$	\$ 1,994,474	\$ 7,589
Middle School Science Rooms and Fields	2,089,930	2,089,930	1,998,009		1,998,009	91,921	2,089,930			2,089,930	91,921
Glen Head Roof	966,484	966,484	958,906		958,906	7,578	966,484			966,484	7,578
Glen Head Flooring	138,542	138,542	137,710		137,710	832	138,542			138,542	832
Glen Head Water and Masonry	1,202,497	1,202,497	1,184,200		1,184,200	18,297	1,202,497			1,202,497	18,297
Glenwood Landing Flooring and Paving	484,134	484,134	466,152		466,152	17,982	484,134			484,134	17,982
Glenwood Landing Masonry	2,684,865	2,439,865	2,261,306		2,261,306	178,559	2,439,865			2,439,865	178,559
Sea Cliff Electric and Playground	139,117	139,117	130,367		130,367	8,750	139,117			139,117	8,750
Sea Cliff Masonry	1,064,310	1,064,310	1,031,149		1,031,149	33,161	1,064,310			1,064,310	33,161
Districtwide Security	495,004	495,004	465,493		465,493	29,511	485,581		9,423	495,004	29,511
Middle School Masonry and Windows	3,110,938	3,110,938	3,071,005		3,071,005	39,933	3,110,938			3,110,938	39,933
Transportation Garage Roof	51,764	51,764	46,578		46,578	5,186	51,764			51,764	5,186
Glenwood Landing Auditorium	271,821	276,821	274,546		274,546	2,275	276,821			276,821	2,275
High School Auditorium and Paving	3,443,586	3,683,586	3,679,670	16	3,679,686	3,900	3,683,586			3,683,586	3,900
Sea Cliff Roof and HVAC	1,493,256	1,493,256	1,427,769		1,427,769	65,487	1,493,256			1,493,256	65,487
Middle School Science Rooms and Fields	309,873	309,873	251,387		251,387	58,486			309,873	309,873	58,486
High School Tennis Courts and HVAC	1,111,551	1,111,551	1,107,313		1,107,313	4,238			1,111,551	1,111,551	4,238
Middle School Kitchen	491,000	491,000	448,645		448,645	42,355		75,000	416,000	491,000	42,355
High School Field House	1,169,003	1,169,003	1,168,985		1,168,985	18		105,000	1,064,003	1,169,003	18
High School Track and Field	2,686,046	2,686,046	2,681,019		2,681,019	5,027			2,686,046	2,686,046	5,027
Glen Head Masonry	212,886	212,886	212,886		212,886	-			212,886	212,886	-
Sea Cliff Masonry	159,806	159,806	156,404		156,404	3,402			159,806	159,806	3,402
High School Masonry	127,308	127,308	72,408		72,408	54,900			127,308	127,308	54,900
High School Electric Switchgear	200,000	200,000	112,906		112,906	87,094			200,000	200,000	87,094
Victorian House	474,811	474,811	446,391		446,391	28,420			357,092	357,092	(89,299) *
Emergency School House Repair	270,669	270,669	124,322		124,322	146,347			270,669	270,669	146,347
Middle School HVAC	1,211,663	1,211,663	1,086,635	14	1,086,649	125,014			1,211,663	1,211,663	125,014
Glen Head HVAC	241,163	241,163	77,240		77,240	163,923			241,163	241,163	163,923
High School HVAC	820,164	820,164	747,695		747,695	72,469			820,164	820,164	72,469
Sea Cliff HVAC	873,164	873,164	765,037		765,037	108,127			873,164	873,164	108,127
Elementary Playground Surface	698,200	698,200	654,778		654,778	43,422			698,200	698,200	43,422
High School Mansard Roof	1,068,194	1,068,194	1,009,505	44,022	1,053,527	14,667			1,068,194	1,068,194	14,667
Repair Reserve - Door Repairs	125,000	125,000	82,828		82,828	42,172			125,000	125,000	42,172
Repair Reserve - Windows & Courtyard	109,553	109,553	88,279		88,279	21,274			109,553	109,553	21,274
Elementary Kitchens - DASNY	122,000	122,000	11,315	10,218	21,533	100,467		50,000	72,000	122,000	100,467
Smart Schools Bond Act Grant Projects	1,111,553	2,257,935	573,172	672,977	1,246,149	1,011,786		413,397	1,844,538	2,257,935	1,011,786
Middle School HVAC Cafeteria Capital Reserve	617,900	587,900	51,851	508,620	560,471	27,429			587,900	587,900	27,429
Glen Head HVAC Cafeteria Capital Reserve	583,300	453,300	102,658	320,992	423,650	29,650			453,300	453,300	29,650
Glenwood Landing HVAC Auditorium Capital Reser	547,100	547,100	94,994	406,880	501,874	45,226			547,100	547,100	45,226
Sea Cliff HVAC Cafeteria Capital Reserve	207,000	633,412	19,026	154,961	173,987	459,425			633,412	633,412	459,425
High School Cafeteria Ceiling Capital Reserve	799,591	1,222,200	37,926	394,277	432,203	789,997			1,222,200	1,222,200	789,997
2017-2018 Capital Reserve Projects (Unallocated)	689,021	-	-	-	-	-			-	-	-
Middle School Electric Renovations	268,243	268,243	19,239	156,099	175,338	92,905			268,243	268,243	92,905
High School Duct Work Renovations	422,609	422,609		117,210	117,210	305,399			422,609	422,609	305,399
Middle School Lockers Capital Reserve		2,550,000		52,029	52,029	2,497,971			2,550,000	2,550,000	2,497,971
Glen Head Nursing Station Capital Reserve		450,000			-	450,000			450,000	450,000	450,000
2019-20 Bond Project		39,899,786		493,799	493,799	39,405,987			39,899,786	39,899,786	39,405,987
High School Front Entrance Renovations		79,411		10,032	10,032	69,379			79,411	79,411	69,379
Classroom Project Renovations		65,000		56,716	56,716	8,284			65,000	65,000	8,284
Middle School Softball Field Renovations		320,135		54,912	54,912	265,223			320,135	320,135	265,223
	<u>\$ 37,359,093</u>	<u>\$ 81,869,807</u>	<u>\$ 31,324,589</u>	<u>\$ 3,453,774</u>	<u>\$ 34,778,363</u>	<u>\$ 47,091,444</u>	<u>\$ 59,521,085</u>	<u>\$ 643,397</u>	<u>\$ 21,587,606</u>	<u>\$ 81,752,088</u>	<u>46,973,725</u>

Bonds not yet issued (39,899,786)  
State aid not yet received (32,772)  
\$ 7,041,167

\* Negative balance will be eliminated when future donations have been received.



**NORTH SHORE CENTRAL SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2020

Capital assets, net	<u>\$ 78,170,660</u>
Deduct:	
Short-term portion of bonds payable	2,445,000
Long-term portion of bonds payable	17,294,960
Less: Unspent bond proceeds	(510,960)
Short-term portion of energy performance contract	322,139
Long-term portion of energy performance contract	<u>1,413,640</u>
	<u>20,964,779</u>
Net Investment in Capital Assets	<u><u>\$ 57,205,881</u></u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the North Shore Central School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2020.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we have reported to the Board of Education, Audit Committee and management of the North Shore Central School District in a separate letter dated November 6, 2020.

## **Purpose of this Report**

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

*Cullen & Danowski, LLP*

November 6, 2020