

April 8, 2021, Q & A: Budget Facts – Budget Surplus

Dear North Shore Parents, Community Members, and Faculty,

In consultation with our auditors and legal counsel, please see below the budget facts to another frequently asked question by our community.

Q. Dr. G., Has the Administration and BOE been over budgeting and unlawfully keeping the budget surplus for years? Has the budget surplus averaged approximately \$5 million per year since 2016?

A. No. This is incorrect. School districts are legally prohibited from incurring expenditures that exceed the budgeted appropriations, except in certain limited circumstances. The Administration and Board carefully prepare a budget each year that addresses the educational and programmatic needs of our students and meets our contractual obligations. The budget also allows for unforeseen circumstances, such as unanticipated increases in the number of students requiring special education services or workers compensation claims to ensure that the budgeted appropriations are not exceeded.

In a mailer that was sent to the community by a group of residents, it stated that the budget surplus averaged approximately 5 million per year since 2016. This is **untrue**.

Fact: The annual budget surplus (i.e., unexpended budget balance) has not averaged \$5 million since 2016. Per the District's annual audited financial statements, the following is true:

- **In 2019-20, an extraordinary year due to the pandemic, the final budget was under expended by \$4,185,889 or 3.72% of the final budget**
- **In 2018-19, the final budget was under expended by \$2,086,714 or 1.97% of the final budget**
- **In 2017-18, the final budget was under expended by \$2,122,652 or 1.99% of the final budget**
- **In 2016-17, the final budget was under expended by \$2,332,598 or 2.31% of the final budget**

The District has been utilizing the Fund Balance (budget surplus) primarily to replenish the ERS (Employee Retirement System) reserve and fund the capital reserves so that they are available for future withdrawals towards their intended purposes. The funding of the reserves is done transparently and legally by Board resolutions.

Please visit <http://www.northshoreschools.org/boe/Budget.html> for more budget information. To be included in the District email list in the future, please visit the "Update Contact Information" tab at the top of our school website at http://www.northshoreschools.org/subscribe/email_landing.html

Stay tuned for more Budget Facts!

All the best,

A handwritten signature in black ink, appearing to read 'Peter Giarrizzo'. The signature is stylized with a large initial 'P' and a horizontal line extending from the end.

Dr. Peter Giarrizzo

Superintendent of Schools