



FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS
June 30, 2022

NORTH SHORE CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Shore Central School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the North Shore Central School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 2 to the financial statements, "Change in Accounting Principle," the District has adopted the provisions of GASB Statement No. 87, *Leases*, as of June 30, 2022. Our opinions are not modified with respect to this matter.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 18 and 56 through 60, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other information on pages 61 through 64 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. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 on our consideration of the North Shore Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Shore Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Shore Central School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

November 7, 2022

**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, 2022 in comparison with the year ended June 30, 2021, 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 2022 are as follows:

- The District's main operating fund, the general fund, ended the 2021-2022 fiscal year with a \$16,481 increase in total fund balance. Total actual revenues and operating transfers in recognized were more than the actual expenditures including operating transfers out for special aid fund summer program costs, debt service fund long-term debt principal and interest payments, and repair projects funding.
- Actual expenditures for the year plus outstanding encumbrances totaled \$112,541,629, which was 98.6% of the general fund's final budget.
- The District released all of the remaining balance of the Board-designated assigned fund balance - Special Designation-LIPA into appropriated fund balance this year for the 2022-2023 budget. The special designation was originally established with funds from special state legislative grants and the liquidation of the tax certiorari reserve, to provide funding for annual budgets.
- 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, 2022 increased by \$6,178,475 to a deficit net position balance of \$45,071,915. The increase was primarily attributable to changes in the actuarially determined pension and OPEB liabilities and related amounts.
- On December 10, 2019, the voters approved a proposition for the issuance of bonds in an amount not to exceed \$39,899,786 to finance district-wide improvements. On June 8, 2021, the District issued \$13,565,000 in serial bonds and received \$1,680,870 of bond issuance premium, all of which have been recorded in the capital projects fund as permanent financing and will be used towards the ongoing, voter-approved capital improvement projects. On April 29, 2022, the District issued bond anticipation notes totaling \$17,000,000 to provide additional cash flows for the ongoing bond projects.
- The District was awarded Federal funding allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. During the year ended June 30, 2022, the District expended a total of \$466,490 in eligible program expenditures.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

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 (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

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

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

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

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Certain balances at June 30, 2021, were adjusted as a result of the implementation of GASB Statement No. 87, *Leases*, which required the District to record both a capital lease asset and the related lease liabilities in the amount of \$421,347. These adjustments had no effect on total net position.

The District's total net position increased by \$6,178,475 between fiscal year 2022 and 2021. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2022	As Restated 2021	Increase (Decrease)	Percentage Change
Asset				
Current and Other Assets	\$ 71,169,558	\$ 59,248,378	\$ 11,921,180	20.12 %
Capital Assets, Net	94,367,437	81,837,021	12,530,416	15.31 %
Net Pension Assets - Proportionate Share	54,632,637	-	54,632,637	N/A
Total Assets	<u>220,169,632</u>	<u>141,085,399</u>	<u>79,084,233</u>	56.05 %
Deferred Outflows of Resources	<u>65,734,814</u>	<u>70,277,115</u>	<u>(4,542,301)</u>	(6.46)%
Liabilities				
Current and Other Liabilities	33,043,206	13,336,976	19,706,230	147.76 %
Long-Term Liabilities	39,681,887	36,692,388	2,989,499	8.15 %
Net Pension Liabilities - Proportionate Share	-	7,739,241	(7,739,241)	(100.00)%
Total OPEB Liability	<u>135,601,074</u>	<u>162,466,713</u>	<u>(26,865,639)</u>	(16.54)%
Total Liabilities	<u>208,326,167</u>	<u>220,235,318</u>	<u>(11,909,151)</u>	(5.41)%

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

	2022	As Restated 2021	Increase (Decrease)	Percentage Change
Deferred Inflows of Resources	<u>\$ 122,650,194</u>	<u>\$ 42,377,586</u>	<u>\$ 80,272,608</u>	189.42 %
Net Position (Deficit)				
Net Investment in Capital Assets	64,364,067	60,357,507	4,006,560	6.64 %
Restricted	17,647,209	18,320,900	(673,691)	(3.68)%
Unrestricted (Deficit)	<u>(127,083,191)</u>	<u>(129,928,797)</u>	<u>2,845,606</u>	2.19 %
Total Net Position (Deficit)	<u>\$ (45,071,915)</u>	<u>\$ (51,250,390)</u>	<u>\$ 6,178,475</u>	12.06 %

The increase in current and other assets is primarily related to an increase in cash.

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

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

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

The increase in current and other liabilities is mainly due to the issuance of bond anticipation notes and increases in accounts payable and amounts due to teachers' retirement system, offset by a decrease in due to other governments.

The increase in long-term liabilities is primarily the result of the issuance of a new energy performance contract installment debt, offset by repayments of the current maturity of indebtedness.

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

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

Deferred inflows of resources represents the portion of PILOT received that pertains to the 2022-2023 year, and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

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

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

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

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, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 1,730,362	\$ 1,041,089	\$ 689,273	66.21 %
Operating Grants & Contributions	3,434,746	2,306,599	1,128,147	48.91 %
Capital Grants	32,771	-	32,771	N/A
General Revenues				
Property Taxes & STAR	92,547,991	91,236,164	1,311,827	1.44 %
State Sources	6,822,724	5,762,560	1,060,164	18.40 %
Other	10,554,558	9,923,052	631,506	6.36 %
Total Revenues	<u>115,123,152</u>	<u>110,269,464</u>	<u>4,853,688</u>	4.40 %
Expenses				
General Support	13,786,615	15,703,669	(1,917,054)	(12.21)%
Instruction	89,087,615	104,246,436	(15,158,821)	(14.54)%
Pupil Transportation	3,444,061	3,633,891	(189,830)	(5.22)%
Community Service	29,360	14,517	14,843	102.25 %
Debt Service - Interest	808,790	584,645	224,145	38.34 %
Food Service Program	1,788,236	1,398,298	389,938	27.89 %
Total Expenses	<u>108,944,677</u>	<u>125,581,456</u>	<u>(16,636,779)</u>	(13.25)%
Increase/(Decrease) in Net Position	<u>\$ 6,178,475</u>	<u>\$ (15,311,992)</u>	<u>\$ 21,490,467</u>	140.35 %

The District's net position increased by \$6,178,475 and decreased \$15,311,992 for the years ended June 30, 2022 and 2021, respectively.

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

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

- Real property taxes and STAR were increased to fund increases in appropriations in the voter-approved 2021-2022 budget.
- The increase in state sources is chiefly due to the District receiving a new bullet grant in the amount of \$1,000,000 from the effort of State Senator Gaughran.
- Operating grants increased as the District received increased Federal school lunch reimbursements, grants funding under the CRRSA and ARP Acts, and disaster recovery aid from FEMA for COVID-19 related expenses incurred in the prior year.
- Capital grants increased as the District received the balance of the Dormitory Authority of the State of New York (DASNY) grant funding towards the purchases of kitchen equipment.
- Charges for services increased mainly due to increases in school cafeteria sales and extraclassroom activities revenues, as well as billings to other school districts.
- Other revenues increased due to higher payments in lieu of taxes revenue recognized.

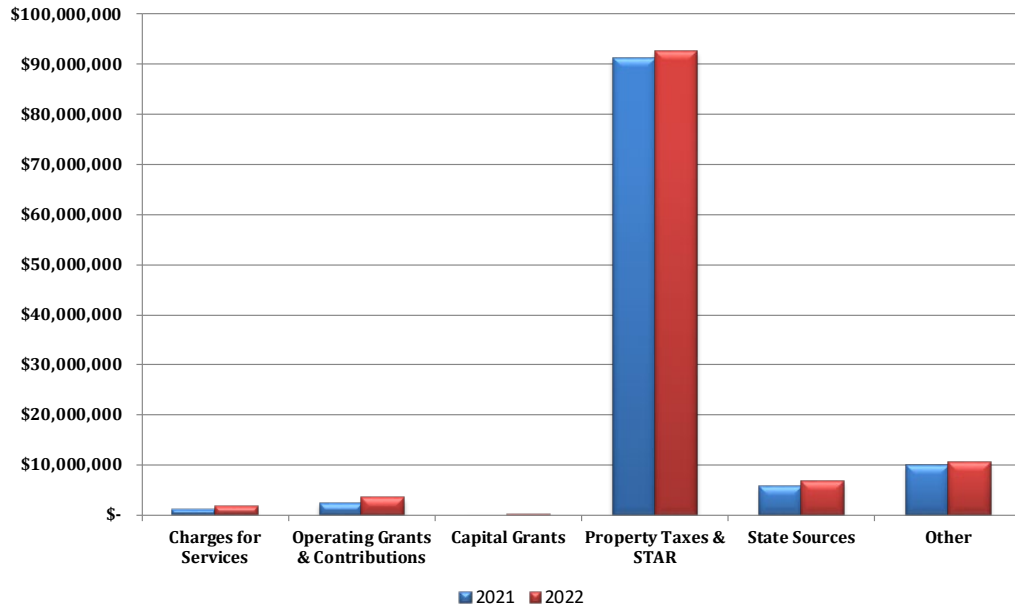
The District's expenses decreased when compared to the prior year, primarily due to the following major changes:

- General support and instruction decreased based on the impact of allocations of the net change in actuarially determined pension liabilities and expenses for TRS and ERS, and other postemployment benefits costs. The current fiscal year's actuarial determinations resulted in a decrease in allocated expenses, whereas the prior year's actuarial determinations resulted in a significant increase in allocated expenses.
- Debt service interest increased primarily due to interest expenses on the new bond issued in June 2021, and the new energy performance contract issued in October 2021.
- The food service program increased as the cafeterias began to return to normal operations.

As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 80.4% and 82.7% of the total for the years 2022 and 2021, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 81.8% and 83.0% of the total for the years 2022 and 2021, respectively).

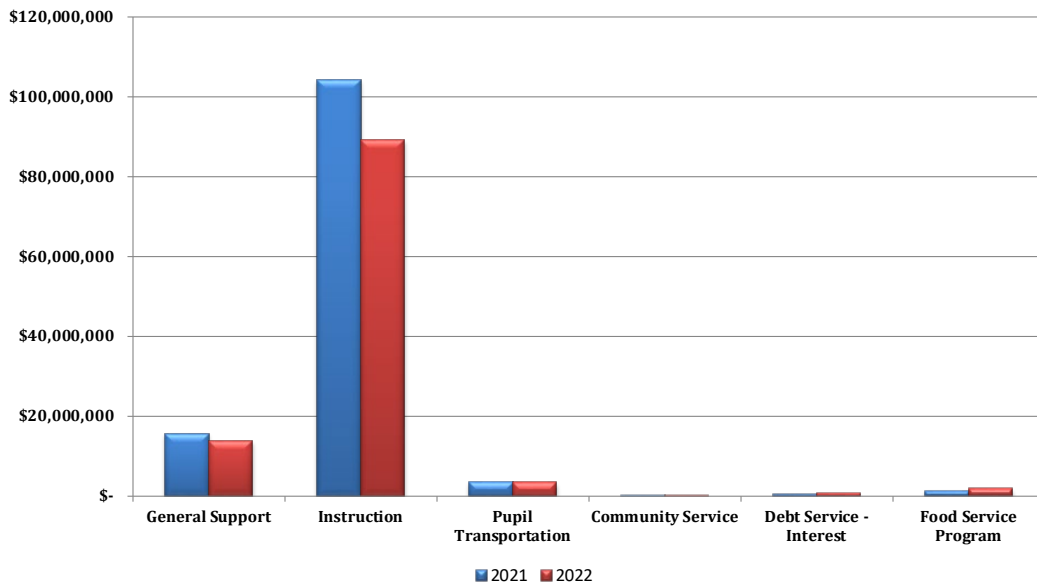
**NORTH SHORE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes & STAR	State Sources	Other
2021	0.9%	2.1%	0.0%	82.7%	5.2%	9.1%
2022	1.5%	3.0%	0.0%	80.4%	5.9%	9.2%

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
2021	12.5%	83.0%	2.9%	0.0%	0.5%	1.1%
2022	12.7%	81.8%	3.2%	0.0%	0.7%	1.6%

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$35,878,642, which is a decrease of \$7,587,432 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:

	2022	2021	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Advance	\$ 173,148	\$ 179,923	\$ (6,775)	(3.77)%
Restricted				
Workers' compensation	1,598,720	1,748,720	(150,000)	(8.58)%
Unemployment insurance	1,691,738	1,691,738	-	0.00 %
Retirement contribution				
Teachers' retirement system	2,565,257	1,548,257	1,017,000	65.69 %
Employees' retirement system	5,191,357	5,052,896	138,461	2.74 %
Liability	113,254	113,254	-	0.00 %
Employee benefit accrued liability	330,122	330,122	-	0.00 %
Capital	1,059,912	1,059,912	-	0.00 %
Repairs	693,807	1,152,061	(458,254)	(39.78)%
Assigned:				
Appropriated fund balance	3,363,930	1,980,162	1,383,768	69.88 %
Special designation - LIPA	-	1,156,965	(1,156,965)	(100.00)%
Unappropriated fund balance	1,203,461	1,919,113	(715,652)	(37.29)%
Unassigned: Fund balance	4,638,567	4,673,669	(35,102)	(0.75)%
	<u>22,623,273</u>	<u>22,606,792</u>	<u>16,481</u>	0.07 %
School Food Service Fund				
Nonspendable: Inventory	36,211	47,260	(11,049)	(23.38)%
Unassigned: Fund balance (deficit)	<u>(173,148)</u>	<u>(179,923)</u>	<u>6,775</u>	(3.77)%
	<u>(136,937)</u>	<u>(132,663)</u>	<u>(4,274)</u>	3.22 %
Debt Service Fund				
Restricted: Debt service	<u>862,295</u>	<u>1,228,347</u>	<u>(366,052)</u>	(29.80)%
Capital Projects Fund				
Restricted:				
Capital	2,394,431	3,500,776	(1,106,345)	(31.60)%
Repairs	580,000	268,095	311,905	116.34 %
Unspent debt proceeds	7,501,278	12,896,303	(5,395,025)	(41.83)%
Assigned: Unappropriated fund balance	<u>1,257,794</u>	<u>2,238,148</u>	<u>(980,354)</u>	(43.80)%
	<u>11,733,503</u>	<u>18,903,322</u>	<u>(7,169,819)</u>	(37.93)%
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	<u>230,192</u>	<u>233,554</u>	<u>(3,362)</u>	(1.44)%
Scholarships Fund				
Restricted: Scholarships	<u>195,903</u>	<u>193,898</u>	<u>2,005</u>	1.03 %
Student Activities Fund				
Restricted: Student Activities	<u>370,413</u>	<u>432,824</u>	<u>(62,411)</u>	(14.42)%
Total Fund Balance	<u>\$ 35,878,642</u>	<u>\$ 43,466,074</u>	<u>\$ (7,587,432)</u>	(17.46)%

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

A. General Fund

The general fund – fund balance is a net increase of \$16,481, compared to a decrease of \$3,345,059 in 2021.

Revenues and other financing sources increased by \$3,643,418, or 3.38%. The following is a summary of the major changes:

- Property taxes and STAR increased due to an increase in the tax levy in accordance with the 2021-2022 voter-approved budget.
- Other tax items increased due to the additional PILOT revenues.
- Charges for services increased due to increased billings to other school districts.
- State sources increased mainly due to the receipt of a \$1,000,000 bullet grant secured by State Senator Gaughran.
- Federal sources increased as the District received disaster recovery aid payment from FEMA to reimburse the District for COVID-19 related expenditures.
- Other financing sources increased due to the general fund receiving transfers of unspent funds from the capital projects fund.

Expenditures and other financing uses increased by \$281,878 or 0.25% over the prior year. The following is a summary of the major changes:

- General support – central services decreased. In the 2020-2021 fiscal year, the implementation of COVID-19 regulations resulted in increased security, additional employees hired for cleaning and maintenance, and an increase in supplies for desk guards, sanitizers, and cleaning products.
- Employee benefits increased due to higher pension contribution rates for the District's liabilities to the New York State Teachers' Retirement and Employees' Retirement Systems, as well as increase in health insurance expenditures, offset by lower unemployment benefits expenditures.
- Debt service increased as the District is now reporting lease payments as debt service expenditures due to the implementation of GASB 87.

The District has released the remaining balance from the Special Designation-LIPA into appropriated fund balance towards the 2022-2023 budget.

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

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

	Balance at June 30, 2021	Use of Reserves	Interest	Funding/ Reimbursement	Balance at June 30, 2022
Workers' compensation	\$ 1,748,720	\$ (150,000)	\$	\$	\$ 1,598,720
Unemployment insurance	1,691,738				1,691,738
Retirement contribution					
TRS	1,548,257			1,017,000	2,565,257
ERS	5,052,896		12,607	125,854	5,191,357
Liability	113,254				113,254
EBAL	330,122				330,122
Capital	1,059,912				1,059,912
Repairs	1,152,061	(580,000)		121,746	693,807
	<u>\$ 12,696,960</u>	<u>\$ (730,000)</u>	<u>\$ 12,607</u>	<u>\$ 1,264,600</u>	<u>\$ 13,244,167</u>

B. School Food Service Fund

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

The District participated in the National School Lunch Program and met certain eligibility requirements to receive \$54,462 of supply chain assistance funds during the fiscal year ended June 30, 2022. The funds will be utilized in the 2022-2023 school year

C. Debt Service Fund

The debt service fund – fund balance net decrease reflects the planned use of fund balance towards principal and interest payments on long-term debt.

D. Capital Projects Fund

The capital projects fund – fund balance net decrease is the result of expenditures related to ongoing capital improvement projects, offset by proceeds from the issuance of a new energy performance contract installment debt and a transfer of funds from the general fund’s repair reserve.

E. Extraclassroom Activities Fund

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

F. Scholarships Fund

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

G. Student Activities Fund

The net change in the student activities fund – fund balance is a decrease of \$62,411. Disbursements paid for student activities exceeded receipts from student activities.

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District's general fund adopted budget for the year ended June 30, 2022 was \$111,641,018. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,919,113 and budget revisions of \$608,601 for a total final budget of \$114,168,732. The Board of Education authorized the District to appropriate \$580,000 from the repair reserve towards District-wide HVAC repairs. The Board also authorized a budget increase of \$28,601 in order to utilize the balance of the federal CARES Act grant funds.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$92,337,256 in estimated property taxes.

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

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

Opening, Unassigned Fund Balance	\$ 4,673,669
Revenues Over Budget	1,665,192
Expenditures and Encumbrances Under Budget	1,627,103
Increase to nonspendable fund balance	6,775
Decrease in Special Designations	1,156,965
Allocation to Reserves	(1,127,207)
Appropriated to Fund the June 30, 2023 Budget	<u>(3,363,930)</u>
Closing, Unassigned Fund Balance	<u>\$ 4,638,567</u>

Opening, Unassigned Fund Balance

The \$4,673,669 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned.

Revenues Over Budget

The 2021-2022 final budget for revenues was \$109,689,457. Actual revenues and other financing sources recognized for the year were \$111,354,649. The excess of actual revenues and other financing sources over estimated or budgeted revenues was \$1,665,192, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

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

Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures, including prior year open encumbrances and budget revisions as of June 30, 2021, was \$114,168,732. Actual expenditures and other financing uses as of June 30, 2022 were \$111,338,168, and outstanding encumbrances were \$1,203,461. Combined, the expenditures plus encumbrances for 2021-2022 were \$112,541,629. The final budget variance was \$1,627,103, or 1.4%, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Increase in Nonspendable Fund Balance

The District recorded the advance for the school food service fund at June 30, 2022. The resulting balance sheet asset (due from other fund) cannot currently be spent as a result of the operating deficit incurred by the school food service fund and the fund's inability to repay the interfund payable in a current period. Accordingly, an equal amount of the general fund's fund balance is classified as nonspendable. The decrease in nonspendable fund balance increases unassigned fund balance.

Decrease in Special Designations

The \$1,156,965 shown in the previous table is the release of the remaining balance of the Special Designation-LIPA towards the appropriated fund balance amount for the 2022-2023 budget.

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, net of a Board-approved use of the workers compensation reserve towards related expenditures in the general fund.

Appropriated Fund Balance

The District has chosen to use \$3,363,930 of the available June 30, 2022 fund balance, including \$1,156,965 released from Special Designation-LIPA as discussed earlier and the \$1,000,000 State bullet grant received in the 2021-2022 fiscal year, to partially fund the 2022-2023 approved operating budget. As such, the June 30, 2022 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the changes shown in the summary table, the unassigned fund balance at June 30, 2022 was \$4,638,567. This amount is 4% of the 2022-2023 budget, and is in compliance with Real Property Tax Law §1318.

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

A. Capital Assets

At June 30, 2022, 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 \$15,085,047 in excess of \$2,549,567 of depreciation/amortization expense, and a \$5,064 loss on disposal of an obsolete asset, recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2022 and 2021 is as follows:

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

	2022	As Restated 2021	Increase (Decrease)
Land	\$ 1,544,932	\$ 1,544,932	\$ -
Construction in progress	14,450,629	2,935,811	11,514,818
Buildings and improvements	75,807,402	74,775,106	1,032,296
Land improvements	39,549	44,410	(4,861)
Furniture and equipment	1,466,876	1,395,835	71,041
Vehicles	786,594	719,580	67,014
Leased equipment	271,455	421,347	(149,892)
Capital assets, net	<u>\$ 94,367,437</u>	<u>\$ 81,837,021</u>	<u>\$ 12,530,416</u>

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of leased equipment.

B. Debt Administration

At June 30, 2022, the District had combined total debt of \$35,857,349. The decreases in outstanding debt represent principal payments made throughout the year, while the increases indicate new issuances. A summary of the outstanding long-term debt at June 30, 2022 and 2021 is as follows:

Issue/Commencement Date	Interest Rate	2022	As Restated 2021	Increase (Decrease)
Bonds Payable				
3/7/2013	2.0-4.0%	\$ 1,870,000	\$ 2,460,000	\$ (590,000)
11/3/2014	2.0-3.0%	3,734,960	4,149,960	(415,000)
12/15/2015	2.0-3.0%	8,455,000	9,285,000	(830,000)
5/26/2016	4.0-5.0%	715,000	1,400,000	(685,000)
6/8/2021	2.0-5.0%	12,750,000	13,565,000	(815,000)
		<u>\$ 27,524,960</u>	<u>\$ 30,859,960</u>	<u>\$ (3,335,000)</u>
Energy Performance Contracts				
5/29/2008	3.7060%	\$ 1,079,451	\$ 1,413,640	\$ (334,189)
10/28/2021	1.4795%	6,980,158	421,347	6,558,811
		<u>\$ 8,059,609</u>	<u>\$ 1,834,987</u>	<u>\$ 6,224,622</u>
Lease Liabilities				
October 2018	0.893%	\$ 4,669	\$ 8,391	\$ (3,722)
October 2018	0.893%	1,959	3,522	(1,563)
March 2019	0.893%	15,149	37,733	(22,584)
July 2020	0.893%	230,864	345,016	(114,152)
October 2020	0.893%	3,602	5,127	(1,525)
November 2020	0.893%	6,944	9,054	(2,110)
November 2020	0.893%	6,944	9,054	(2,110)
January 2021	0.893%	2,649	3,450	(801)
		<u>\$ 272,780</u>	<u>\$ 421,347</u>	<u>\$ (148,567)</u>

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

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of lease liabilities.

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

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

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and workers' compensation liabilities, net pension liabilities – proportionate share, and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)
Compensated absences payable	\$ 367,088	\$ 380,298	\$ (13,210)
Workers' compensation liabilities	1,706,105	1,507,599	198,506
Net pension liabilities - proportionate share		7,739,241	(7,739,241)
Total OPEB liability	135,601,074	162,466,713	(26,865,639)
	\$ 137,674,267	\$ 172,093,851	\$ (34,419,584)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget for the year ending June 30, 2023, as approved by the voters on May 17, 2022, is \$115,964,182. This is an increase of \$4,323,164 or 3.872% over the previous year's budget.

The original adopted budget has a property tax levy of \$94,644,364, or a 2.499% increase from the 2021-2022 property tax levy, and is below the District's maximum levy increase of 2.624%. Subsequent to the annual budget vote on May 17, 2022, the District received confirmation in June 2022 that Nassau County and LIPA have reached a settlement in which all existing LIPA properties will be taken off the property tax rolls. The result is a shift of budgeted revenues from property tax levy to direct assessments, as LIPA will be making these direct assessments payments instead of property tax payments. To help alleviate the immediate impact of this shift to the District's homeowners, the Board of Education elected to apply \$500,000 of the \$2,000,000 payment received by the District in July 2022 as part of a separate settlement agreement reached between the District and LIPA, to further lower the 2022-2023 tax levy. On August 3, 2022, the Board of Education established the 2022-2023 property tax levy at \$85,925,546.

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

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's 2022-2023 original property tax levy and the final, actual tax levy were both lower than the calculated tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Mr. James Pappas, CPA
Assistant Superintendent 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, 2022

ASSETS	
Cash	
Unrestricted	\$ 24,452,359
Restricted	42,064,540
Receivables	
Accounts receivable	5,819
Taxes receivable	1,925,461
Due from state and federal	1,608,856
Due from other governments	1,076,312
Inventory	36,211
Capital assets:	
Not being depreciated/amortized	15,995,561
Being depreciated/amortized, net of accumulated depreciation/amortization	78,371,876
Net pension assets - proportionate share	<u>54,632,637</u>
Total Assets	<u>220,169,632</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges from advance refunding, net	104,046
Pensions	35,452,184
Other postemployment benefits	<u>30,178,584</u>
Total Deferred Outflows of Resources	<u>65,734,814</u>
LIABILITIES	
Payables	
Accounts payable	5,680,799
Accrued liabilities	2,194,948
Due to other governments	1,057,034
Due to teachers' retirement system	5,620,052
Due to employees' retirement system	404,051
Other liabilities	958,190
Notes payable: Bond anticipation	17,000,000
Unearned credits - collections in advance	128,132
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,613,133
Energy performance contract payable	798,918
Lease liabilities	141,937
Compensated absences payable	20,000
Due and payable after one year	
Bonds payable, net	25,663,172
Energy performance contract payable	7,260,691
Lease liabilities	130,843
Compensated absences payable	347,088
Workers' compensation liabilities	1,706,105
Total other postemployment benefits liability	<u>135,601,074</u>
Total Liabilities	<u>208,326,167</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	2,092,511
Pensions	67,877,923
Other postemployment benefits	<u>52,679,760</u>
Total Deferred Inflows of Resources	<u>122,650,194</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	<u>64,364,067</u>
Restricted:	
Workers' compensation	1,598,720
Unemployment insurance	1,691,738
Retirement contribution	
Teachers' retirement system	2,565,257
Employees' retirement system	5,191,357
Liability	113,254
Employee benefit accrued liability	330,122
Capital	3,454,343
Repairs	1,273,807
Debt	862,295
Scholarships	195,903
Student activities	370,413
	<u>17,647,209</u>
Unrestricted (Deficit)	<u>(127,083,191)</u>
Total Net Position (Deficit)	<u>\$ (45,071,915)</u>

NORTH SHORE CENTRAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants & Contributions	Capital Grant		
FUNCTIONS/PROGRAMS					
General support	\$ 13,786,615	\$	\$	\$	\$ (13,786,615)
Instruction	89,087,615	1,248,599	2,132,546	32,771	(85,673,699)
Pupil transportation	3,444,061				(3,444,061)
Community service	29,360				(29,360)
Debt service - interest	808,790				(808,790)
Food service program	1,788,236	481,763	1,302,200		(4,273)
Total Functions and Programs	\$ 108,944,677	\$ 1,730,362	\$ 3,434,746	\$ 32,771	(103,746,798)
GENERAL REVENUES					
Real property taxes					89,925,429
Other tax items					12,424,581
Use of money and property					60,812
Sale of property and compensation for loss					38,363
Miscellaneous					617,666
State sources					6,822,724
Medicaid reimbursement					35,698
Total General Revenues					109,925,273
Change in Net Position					6,178,475
Total Net Position (Deficit) - Beginning of Year, as Restated					(51,250,390)
Total Net Position (Deficit) - End of Year					\$ (45,071,915)

NORTH SHORE CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Student Activities	Total Governmental Funds
ASSETS									
Cash									
Unrestricted	\$ 18,451,388	\$ 102,686	\$ 487,833	\$	\$ 5,147,482	\$ 230,192	\$	\$ 32,778	\$ 24,452,359
Restricted	13,244,167			778,348	27,475,709		195,903	370,413	42,064,540
Receivables									
Accounts receivable	3,560				2,259				5,819
Taxes receivable	1,925,461								1,925,461
Due from other funds	1,667,914			177,152	642,878				2,487,944
Due from state and federal	853,612	516,167	239,077						1,608,856
Due from other governments	1,076,312								1,076,312
Inventory			36,211						36,211
Total Assets	<u>\$ 37,222,414</u>	<u>\$ 618,853</u>	<u>\$ 763,121</u>	<u>\$ 955,500</u>	<u>\$ 33,268,328</u>	<u>\$ 230,192</u>	<u>\$ 195,903</u>	<u>\$ 403,191</u>	<u>\$ 73,657,502</u>
LIABILITIES									
Payables									
Accounts payable	\$ 2,291,861	\$ 40,692	\$ 58,869	\$	\$ 3,256,599	\$	\$	\$ 32,778	\$ 5,680,799
Accrued liabilities	1,297,391	10,613	40,705	93,205	621,502				2,063,416
Due to other funds	592,878	551,663	686,679		656,724				2,487,944
Due to other governments	1,055,476	1,300	258						1,057,034
Due to teachers' retirement system	5,620,052								5,620,052
Due to employees' retirement system	404,051								404,051
Other liabilities	958,190								958,190
Notes payable: Bond anticipation					17,000,000				17,000,000
Unearned credits - collections in advance		14,585	113,547						128,132
Total Liabilities	<u>12,219,899</u>	<u>618,853</u>	<u>900,058</u>	<u>93,205</u>	<u>21,534,825</u>	<u>-</u>	<u>-</u>	<u>32,778</u>	<u>35,399,618</u>
DEFERRED INFLOWS OF RESOURCES									
Deferred revenues	2,092,511								2,092,511
Unavailable revenue	286,731								286,731
Total Deferred Inflows of Resources	<u>2,379,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,379,242</u>
FUND BALANCES (DEFICIT)									
Nonspendable:									
Inventory			36,211						36,211
Advance	173,148								173,148
Restricted:									
Workers' compensation	1,598,720								1,598,720
Unemployment insurance	1,691,738								1,691,738
Retirement contribution									
Teachers' retirement system	2,565,257								2,565,257
Employees' retirement system	5,191,357								5,191,357
Liability	113,254								113,254
Employee benefit accrued liability	330,122								330,122
Capital	1,059,912				2,394,431				3,454,343
Repairs	693,807				580,000				1,273,807
Debt				862,295					862,295
Scholarships							195,903		195,903
Student activities								370,413	370,413
Unspent debt proceeds					7,501,278				7,501,278
Assigned:									
Appropriated fund balance	3,363,930								3,363,930
Unappropriated fund balance	1,203,461				1,257,794	230,192			2,691,447
Unassigned: Fund balance (deficit)	4,638,567		(173,148)						4,465,419
Total Fund Balances (Deficit)	<u>22,623,273</u>	<u>-</u>	<u>(136,937)</u>	<u>862,295</u>	<u>11,733,503</u>	<u>230,192</u>	<u>195,903</u>	<u>370,413</u>	<u>35,878,642</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 37,222,414</u>	<u>\$ 618,853</u>	<u>\$ 763,121</u>	<u>\$ 955,500</u>	<u>\$ 33,268,328</u>	<u>\$ 230,192</u>	<u>\$ 195,903</u>	<u>\$ 403,191</u>	<u>\$ 73,657,502</u>

NORTH SHORE CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total Governmental Fund Balances (Deficit)		\$ 35,878,642
Amounts reported for governmental activities in the Statement of Net Position are different because:		
<p>The costs of building, acquiring, and leasing capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets amounts as the assets of the District as a whole, and their original costs are expensed annually over their useful lives.</p>		
Original cost of capital assets	\$ 138,308,221	
Less: Accumulated depreciation/amortization	<u>(43,940,784)</u>	94,367,437
<p>Proportionate share of long-term assets, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or assets and are not reported in the funds.</p>		
Net pension asset - teachers' retirement system	51,916,915	
Net pension asset - employees' retirement system	2,715,722	
Deferred outflows of resources	35,452,184	
Deferred inflows of resources	<u>(67,877,923)</u>	22,206,898
<p>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.</p>		
Deferred charges on advance refunding	438,028	
Less: Accumulated amortization	<u>(333,982)</u>	104,046
<p>Total other postemployment benefits liability, as well as deferred outflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.</p>		
Deferred outflows of resources	30,178,584	
Total other postemployment benefits liability	(135,601,074)	
Deferred inflows of resources	<u>(52,679,760)</u>	(158,102,250)
<p>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.</p>		
		286,731
<p>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:</p>		
Accrued interest on long-term debt	(131,532)	
Bonds payable, net	(29,276,305)	
Energy performance contract payable	(8,059,609)	
Lease liabilities	(272,780)	
Compensated absences payable	(367,088)	
Workers' compensation liabilities	<u>(1,706,105)</u>	(39,813,419)
Total Net Position (Deficit)		<u>\$ (45,071,915)</u>

NORTH SHORE CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extracurricular Activities	Scholarships	Student Activities	Total Governmental Funds
REVENUES									
Real property taxes	\$ 89,925,429	\$	\$	\$	\$	\$	\$	\$	\$ 89,925,429
Other tax items	12,424,581								12,424,581
Charges for services	817,553								817,553
Use of money and property	53,120			7,509			183		60,812
Sale of property and compensation for loss	38,363								38,363
Miscellaneous	448,022			169,644		431,046	16,000	156,854	1,221,566
State sources	6,822,724	403,138	17,636		32,771				7,276,269
Medicaid reimbursement	35,698								35,698
Federal sources	267,198	1,289,356	1,284,564						2,841,118
Sales			481,763						481,763
Total Revenues	110,832,688	1,692,494	1,783,963	177,153	32,771	431,046	16,183	156,854	115,123,152
EXPENDITURES									
General support	11,256,500								11,256,500
Instruction	65,378,136	1,827,040				434,408	14,178	219,265	67,873,027
Pupil transportation	2,715,218	10,454							2,725,672
Community service	23,439								23,439
Employee benefits	26,625,867		232,573						26,858,440
Debt service									
Principal	148,567			3,879,031					4,027,598
Interest	15,378			1,114,237					1,129,615
Food service program			1,555,664						1,555,664
Capital outlay					14,450,629				14,450,629
Total Expenditures	106,163,105	1,837,494	1,788,237	4,993,268	14,450,629	434,408	14,178	219,265	129,900,584
Excess (Deficiency) of Revenues Over Expenditures	4,669,583	(145,000)	(4,274)	(4,816,115)	(14,417,858)	(3,362)	2,005	(62,411)	(14,777,432)
OTHER FINANCING SOURCES AND (USES)									
Proceeds of obligations					7,190,000				7,190,000
Operating transfers in	521,961	145,000		4,450,063	580,000				5,697,024
Operating transfers (out)	(5,175,063)				(521,961)				(5,697,024)
Total Other Financing Sources and (Uses)	(4,653,102)	145,000	-	4,450,063	7,248,039	-	-	-	7,190,000
Net Change in Fund Balances	16,481	-	(4,274)	(366,052)	(7,169,819)	(3,362)	2,005	(62,411)	(7,587,432)
Fund Balances (Deficit) - Beginning of Year	22,606,792		(132,663)	1,228,347	18,903,322	233,554	193,898	432,824	43,466,074
End of Year	\$ 22,623,273	\$ -	\$ (136,937)	\$ 862,295	\$ 11,733,503	\$ 230,192	\$ 195,903	\$ 370,413	\$ 35,878,642

See Notes to Financial Statements

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, 2022

Net Change in Fund Balances \$ (7,587,432)

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

Long-Term Revenue and Expense Differences

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 \$ (198,506)

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 13,210
(185,296)

Capital Related Differences

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

Capital outlays and other additions 15,085,047
Depreciation/amortization expense and loss on disposals (2,554,631)
12,530,416

Long-Term Debt Transactions Differences

Proceeds from the issuance of the energy performance contract are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (7,190,000)

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

Amortization of deferred premium on refunding and serial bonds 358,199
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 3,335,000
Repayment of energy performance contracts payable 544,031
Repayment of lease liabilities 148,567

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, 2021 to June 30, 2022. 21,017

(2,841,577)

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' retirement system 8,224,544
Employees' retirement system 1,166,454
Other postemployment benefits (5,128,634)
4,262,364

Change in Net Position of Governmental Activities \$ 6,178,475

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 (Board) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law. 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. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

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

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

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

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

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

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

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

Extraclassroom Activities Fund - is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation

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

of student management. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

E. Real Property Taxes and Other Tax Items

Calendar

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

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County.

School Tax Relief (STAR) Aid

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

F. Payments in Lieu of Taxes (PILOT)

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District recognized \$9,765,465 in LIPA PILOT revenue during the 2021-2022 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

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

includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents

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

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

K. Receivables

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

L. Inventory

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

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

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

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

M. Capital Assets

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

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

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

N. Deferred Outflows of Resources

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

O. Short-Term Debt

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date; seven years if originally issued during calendar year 2015 through, and including, 2022. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

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

P. Collections in Advance

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

Q. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated vacation time.

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

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 30th.

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, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

S. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has four items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is PILOT monies received before the period to which the PILOT pertains. The amounts will be recognized in the period that the PILOT applies to. The third item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The fourth item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

T. Long-Term Debt

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

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

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

U. Equity Classifications

District-Wide Statements

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

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the 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.

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

Fund Statements

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

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

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the 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.

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

Liability Reserve

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

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Repairs Reserve

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

Restricted for Debt

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

Restricted – Unspent Bond Proceeds

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

Restricted for Scholarships

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

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

Restricted for Student Activities

Amounts restricted for student activities are used to account for charges for services provided to students and the related expenses. The reserve is accounted for in the student activity fund.

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

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

Fund Balance Classification

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

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

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

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

3. FUTURE ACCOUNTING STANDARDS

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

Effective for the Year Ending
June 30, 2023

Statement
GASB No. 96 - *Subscription Based*
Information Technology Arrangements

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

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

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

Pension and Other Postemployment Benefits Differences

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

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

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Contingent expenditures for payroll and educational supplies funded by balance of Federal CARES Act grant	\$ 28,601
Appropriation from Repair Reserve to fund District-wide HVAC repairs approved by the Board of Education on May 26, 2022 after public hearing	<u>580,000</u>
	<u>\$ 608,601</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

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. School Food Service Fund Deficit

The school food service fund has an unassigned fund balance deficit of \$173,148. For the 2022-2023 fiscal year, the District has budgeted a \$150,000 transfer from the general fund, and anticipates the school food service operations to become profitable.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

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

7. PARTICIPATION IN BOCES

During the year ended June 30, 2022, the District was billed \$4,104,291 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,051,822. Financial statements for BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2022 consisted of:

General Fund	
New York State - Prior years' building aid	\$ 12,983
New York State - Prior years' excess cost aid	273,748
New York State - Current year excess cost aid	310,082
New York State - CARES Act grant	18,044
New York State - FEMA COVID-19 reimbursements	238,755
	<hr/> 853,612
Special Aid Fund	
Federal and state grants	516,167
School Food Service Fund	
Federal and state food service program reimbursements	239,077
	<hr/> \$ 1,608,856

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2022 consisted of:

General Fund	
Nassau BOCES - BOCES aid	\$ 505,419
NYC Department of Social Services - Charges for services	187,712
Other school districts - charges for services	293,036
Nassau County - grant	89,972
Miscellaneous	173
	<hr/> \$ 1,076,312

District management expects these amounts to be fully collectible.

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

10. CAPITAL ASSETS

A. Changes

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in capital assets and the addition of leased equipment of \$421,347. Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 1,544,932	\$	\$	\$ 1,544,932
Construction in progress	2,935,811	14,450,629	(2,935,811)	14,450,629
Total capital assets not being depreciated/amortized	<u>4,480,743</u>	<u>14,450,629</u>	<u>(2,935,811)</u>	<u>15,995,561</u>
Capital assets being depreciated/amortized:				
Buildings & improvements	108,123,980	3,076,538		111,200,518
Land improvements	1,366,354			1,366,354
Furniture and equipment	5,732,005	293,411	(139,690)	5,885,726
Vehicles	3,243,468	200,280	(5,033)	3,438,715
Leased equipment	421,347			421,347
Total capital assets being depreciated/amortized	<u>118,887,154</u>	<u>3,570,229</u>	<u>(144,723)</u>	<u>122,312,660</u>
Less accumulated depreciation/amortization for:				
Buildings & improvements	33,348,874	2,044,242		35,393,116
Land improvements	1,321,944	4,861		1,326,805
Furniture and equipment	4,336,170	217,306	(134,626)	4,418,850
Vehicles	2,523,888	133,266	(5,033)	2,652,121
Leased equipment		149,892		149,892
Total accumulated depreciation/ amortization	<u>41,530,876</u>	<u>2,549,567</u>	<u>(139,659)</u>	<u>43,940,784</u>
Total capital assets being depreciated/amortized, net	<u>77,356,278</u>	<u>1,020,662</u>	<u>(5,064)</u>	<u>78,371,876</u>
Capital assets, net	<u>\$ 81,837,021</u>	<u>\$ 15,471,291</u>	<u>\$ (2,940,875)</u>	<u>\$ 94,367,437</u>

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

General support	\$ 803,543
Instruction	1,514,696
Pupil transportation	<u>236,392</u>
Total depreciation/amortization expense	<u>\$ 2,554,631</u>

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

B. Lease Liabilities

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

C. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2022, the District has not recorded any such impairment losses.

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2022 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,667,914	\$ 592,878	\$ 521,961	\$ 5,175,063
Special Aid Fund		551,663	145,000	
School Food Service Fund		686,679		
Debt Service Fund	177,152		4,450,063	
Capital Projects Fund	642,878	656,724	580,000	521,961
	<u>\$ 2,487,944</u>	<u>\$ 2,487,944</u>	<u>\$ 5,697,024</u>	<u>\$ 5,697,024</u>

The District typically transfers from the general fund to the special aid fund, the debt service fund, and the capital projects fund for necessary expenditures. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities; the transfer to the debt service fund was for required long-term debt principal and interest payments for the fiscal year; and, the transfer to the capital projects fund was to transfer funding from the District's repair reserve for approved repair projects. The transfer from the capital projects fund to the general fund was the return of unexpended capital projects and repair reserve-funded projects balances.

12. SHORT-TERM DEBT

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

	Issue Date	Maturity	Stated Interest Rate	Balance June 30, 2021	Issued	Redeemed	Balance June 30, 2022
TAN	9/24/2021	6/23/2022	1.50%	\$	\$ 9,000,000	\$ (9,000,000)	\$ -
BAN	4/29/2022	4/28/2023	3.00%		5,000,000		5,000,000
BAN	4/29/2022	4/28/2023	3.25%		12,000,000		12,000,000
				<u>\$ -</u>	<u>\$ 26,000,000</u>	<u>\$ (9,000,000)</u>	<u>\$ 17,000,000</u>

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

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

The BANs were issued to provide cash flows for the voter-approved capital improvement projects. The District received issuance premium totaling \$169,643, which will be used to defray the interest cost upon maturity of the BANs, and yield a net interest rate of 2.1758%.

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

Interest paid	\$ 12,585
Plus interest accrued in the current year	<u>93,205</u>
Total interest expense on short-term debt	<u><u>\$ 105,790</u></u>

13. LONG-TERM LIABILITIES

A. Changes

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of lease liabilities. Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

	As Restated Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Amounts Due Within <u>One Year</u>
<u>Long-term debt:</u>					
Bonds payable	\$ 30,859,960	\$	\$ (3,335,000)	\$ 27,524,960	\$ 3,270,000
Premium	2,109,544		(358,199)	1,751,345	343,133
	<u>32,969,504</u>	-	<u>(3,693,199)</u>	<u>29,276,305</u>	<u>3,613,133</u>
Energy performance contracts	1,413,640	7,190,000	(544,031)	8,059,609	798,918
Lease liabilities	421,347		(148,567)	272,780	141,937
	<u>34,804,491</u>	<u>7,190,000</u>	<u>(4,385,797)</u>	<u>37,608,694</u>	<u>4,553,988</u>
<u>Other long-term liabilities:</u>					
Compensated absences	380,298		(13,210)	367,088	20,000
Workers' compensation	1,507,599	657,034	(458,528)	1,706,105	
	<u>1,887,897</u>	<u>657,034</u>	<u>(471,738)</u>	<u>2,073,193</u>	<u>20,000</u>
	<u><u>\$ 36,692,388</u></u>	<u><u>\$ 7,847,034</u></u>	<u><u>\$ (4,857,535)</u></u>	<u><u>\$ 39,681,887</u></u>	<u><u>\$ 4,573,988</u></u>

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

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Refunding serial bond	3/7/2013	7/15/2024	2.0-4.0%	\$ 1,870,000
Construction serial bond	11/3/2014	7/15/2029	2.0-3.0%	3,734,960
Construction serial bond	12/15/2015	12/15/2030	2.0-3.0%	8,455,000
Refunding serial bond	5/26/2016	8/1/2022	4.0-5.0%	715,000
Construction serial bond	6/8/2021	6/1/2036	2.0-5.0%	<u>12,750,000</u>
				<u>\$ 27,524,960</u>

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 3,270,000	\$ 798,409	\$ 4,068,409
2024	2,635,000	711,772	3,346,772
2025	2,710,000	636,425	3,346,425
2026	2,155,000	564,575	2,719,575
2027	2,230,000	489,900	2,719,900
2028 - 2032	10,239,960	1,223,286	11,463,246
2033 - 2036	<u>4,285,000</u>	<u>216,400</u>	<u>4,501,400</u>
Total	<u>\$ 27,524,960</u>	<u>\$ 4,640,767</u>	<u>\$ 32,165,727</u>

C. Advance Refunding

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

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

Year Ending June 30,	Amortization of Premium	Deferred Charge	Interest Expense Increase / (Decrease)
2023	\$ (343,133)	\$ 58,391	\$ (284,742)
2024	(255,353)	30,438	(224,915)
2025	(217,914)	15,217	(202,697)
2026	(179,627)		(179,627)
2027	(160,689)		(160,689)
2028 - 2032	(490,218)		(490,218)
2033 - 2036	<u>(104,411)</u>		<u>(104,411)</u>
Total	<u>\$ (1,751,345)</u>	<u>\$ 104,046</u>	<u>\$ (1,647,299)</u>

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

D. Energy Performance Contracts

Energy performance contracts are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Energy performance contract	5/29/2008	5/1/2025	3.706%	\$ 1,079,451
Energy performance contract	10/28/2021	6/15/2036	1.4795%	<u>6,980,158</u>
				<u>\$ 8,059,609</u>

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 798,918	\$ 138,427	\$ 937,345
2024	818,601	118,744	937,345
2025	838,869	98,476	937,345
2026	472,677	81,158	553,835
2027	479,696	74,139	553,835
2028-2032	2,507,472	261,704	2,769,176
2033-2036	<u>2,143,376</u>	<u>71,964</u>	<u>2,215,340</u>
Total	<u>\$ 8,059,609</u>	<u>\$ 844,612</u>	<u>\$ 8,904,221</u>

E. Lease Liabilities

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Mail folder/inserter	October 2018	October 2023	0.893%	\$ 4,669
Mail folder/inserter	October 2018	October 2023	0.893%	1,959
Photocopiers	March 2019	February 2023	0.893%	15,149
Photocopiers	July 2020	June 2024	0.893%	230,864
Photocopiers	October 2020	October 2024	0.893%	3,602
Mailing machine	November 2020	October 2025	0.893%	6,944
Mailing machine	November 2020	October 2025	0.893%	6,944
Mailing machine	January 2021	December 2025	0.893%	<u>2,649</u>
				<u>\$ 272,780</u>

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 141,937	\$ 1,823	\$ 143,760
2024	123,907	661	124,568
2025	5,647	41	5,688
2027	<u>1,289</u>	<u>3</u>	<u>1,292</u>
Total	<u>\$ 272,780</u>	<u>\$ 2,528</u>	<u>\$ 275,308</u>

There were no additional lease commitments entered into by the District after June 30, 2022.

F. Interest Expense

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

Interest paid	\$ 1,023,825
Less interest accrued in the prior year	(152,549)
Plus interest accrued in the current year	131,532
Plus amortization of deferred charges on refunding	58,391
Less amortization of deferred premium on refunding and serial bonds	<u>(358,199)</u>
Total interest expense on long-term debt	<u>\$ 703,000</u>

G. 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, 2022, the District has issued \$13,565,000 of serial bonds and received \$1,680,870 of bond issuance premium in June 2021, which will also be used for capital construction. Work has commenced and total expenditures incurred to date are recorded in the capital projects fund. The \$17,000,000 of BANs issued in April 2022 provide additional short-term cash flows for the capital projects.

14. PENSION PLANS – NEW YORK STATE

A. General Information

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

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

B. Provisions and Administration

Teachers' Retirement System

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

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, 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 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 15.21% of covered payroll for the ERS' fiscal year ended March 31, 2022.

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

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2022 was \$5,032,493 for TRS at the contribution rate of 9.80% and \$1,776,826 for ERS at an average contribution rate of 14.96%.

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

At June 30, 2022, the District reported the following assets for its proportionate share of the net pension asset for each of the systems. The net pension assets were measured as of June 30, 2021, for TRS and March 31, 2022 for ERS. The total pension liabilities used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2021	March 31, 2022
District's proportionate share of the net pension assets	\$ 51,916,915	\$ 2,715,722
District's portion of the Plan's total net pension assets	0.299595%	0.0332215%
Change in proportion since the prior measurement date	0.020617	0.0027566

For the year ended June 30, 2022, the District recognized pension expense (credit) of \$(3,203,253) for TRS and pension expense of \$482,667 for ERS. At June 30, 2022, 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	\$ 7,156,196	\$ 205,665	\$ 269,731	\$ 266,760
Change of assumptions	17,076,559	4,532,236	3,024,007	76,477
Net difference between projected and actual earnings on pension plan investments			54,336,423	8,892,852
Changes in proportion and differences between the District's contributions and proportionate share of contributions	117,181	927,803	931,428	80,245
District contributions subsequent to the measurement date	<u>5,032,493</u>	<u>404,051</u>		
Total	<u>\$ 29,382,429</u>	<u>\$ 6,069,755</u>	<u>\$ 58,561,589</u>	<u>\$ 9,316,334</u>

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

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2023	\$ (6,914,851)	\$ (377,170)
2024	(8,072,798)	(778,687)
2025	(10,051,040)	(2,120,087)
2026	(13,192,324)	(374,686)
2027	2,374,247	
Thereafter	1,645,113	
	<u>\$ (34,211,653)</u>	<u>\$ (3,650,630)</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, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Inflation	2.40%	2.70%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net investment expense, including inflation)	6.95%	5.90%
Cost of living adjustment	1.30%	1.40%

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

For TRS, the June 30, 2021 demographic, the actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The June 30, 2020 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2021		March 31, 2022
Asset type				
Domestic equity	33.0%	6.80%	32.0%	3.30%
International equity	16.0%	7.60%	15.0%	5.85%
Global equity	4.0%	7.10%		
Real estate equity	11.0%	6.50%	9.0%	5.00%
Private equity	8.0%	10.00%	10.0%	6.50%
Alternative investments			10.0%	3.78-5.80%
Domestic fixed income	16.0%	1.30%		
Global bonds	2.0%	0.80%		
High-yield bonds	1.0%	3.80%		
Fixed income			23.0%	0.00%
Private debt	1.0%	5.90%		
Real estate debt	7.0%	3.30%		
Cash equivalents	1.0%	(0.20)%		
Cash			1.0%	(1.00)%
	100.0%		100.0%	

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2020, was 7.10%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset (liability)	\$ 5,447,923	\$ 51,916,915	\$ 90,970,731
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset (liability)	\$ (6,990,239)	\$ 2,715,722	\$ 10,834,291

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2021	March 31, 2022
Employers' total pension liability	\$ (130,819,415)	\$ (223,874,888)
Plan fiduciary net position	148,148,457	232,049,473
Employers' net pension asset	\$ 17,329,042	\$ 8,174,585
Ratio of plan fiduciary net position to the employers' total pension liability	113.25%	103.65%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the system in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2022 amounted to \$5,032,493 of employer contributions and \$587,559 of employee contributions.

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

For ERS, employer contributions are paid annually based on the system’s fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2022, represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$404,051 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2022, totaled \$13,167 and \$3,384,422, 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, 2022 totaled \$387,513.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At the actuarial valuation date of July 1, 2020, the following employees were covered by the benefit terms:

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

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

B. Total OPEB Liability

The District's total OPEB liability of \$135,601,074 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020, updated to the measurement date of June 30, 2022.

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

Inflation	2.60%	
Discount rate	3.54%	
Healthcare cost trend rates	5.30%	decreasing to an ultimate rate of 4.10% over 55 years
Retirees' share of benefit-related costs	15-65%	of projected health insurance premiums for retirees based on employee group

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

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 162,466,713</u>
Changes for the year	
Service cost	7,612,919
Interest on total OPEB liability	3,628,335
Changes of benefit terms	-
Effect of demographic (gains) or losses	-
Changes in assumptions or other inputs	(33,881,967)
Benefit payments	<u>(4,224,926)</u>
	<u>(26,865,639)</u>
Balance at June 30, 2022	<u>\$ 135,601,074</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

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

OPEB	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB liability	<u>\$ (159,049,866)</u>	<u>\$ (135,601,074)</u>	<u>\$ (116,849,169)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30%) or 1 percentage point higher (6.30%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.30% decreasing to 3.10%	Healthcare Cost Trend Rates 5.30% decreasing to 4.10%	1% Increase 6.30% decreasing to 5.10%
Total OPEB liability	<u>\$ (116,225,445)</u>	<u>\$ (135,601,074)</u>	<u>\$ (161,150,851)</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$9,353,560. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,185,202	\$ 23,198,048
Changes of assumptions or other inputs	<u>27,993,382</u>	<u>29,481,712</u>
Total	<u>\$ 30,178,584</u>	<u>\$ 52,679,760</u>

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

Year Ending June 30,	Amount
2023	\$ (1,887,694)
2024	(1,887,694)
2025	(1,887,694)
2026	(1,894,078)
2027	(4,502,434)
Thereafter	<u>(10,441,582)</u>
	<u>\$ (22,501,176)</u>

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

17. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2022, 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, 2022, total \$286,731.

Also included in the governmental fund financial statements as deferred inflows of resources is LIPA PILOT earmarked for the 2022-2023 fiscal year but was received by the District by June 30, 2022 and is recorded as deferred revenue. Deferred revenues in the general fund at June 30, 2022, total \$2,092,511.

18. RISK MANAGEMENT

A. General Information

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

B. Risk Retention

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

	2021	2022
Unpaid claims at beginning of year	\$ 1,547,110	\$ 1,507,599
Incurred claims and claim adjustment expenses	480,427	657,034
Claim payments	(519,938)	(458,528)
Unpaid claims at year-end	\$ 1,507,599	\$ 1,706,105

At June 30, 2022, the District had \$1,598,720 of funds in the workers' compensation reserve.

19. ASSIGNED: APPROPRIATED FUND BALANCE

The total amount of \$3,363,930 has been appropriated to provide funding to the budget for the year ending June 30, 2023.

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 2021-2022 property tax revenue abated was \$50,702. The District received payment in lieu of taxes (PILOT) payments totaling \$36,381.

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

The District also recognized \$9,765,465 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, 2022, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:

General Fund	
General support	\$ 971,251
Instruction	161,120
Pupil transportation	66,708
Employee Benefits	<u>4,382</u>
	<u>\$ 1,203,461</u>

The District has also encumbered \$24,257,165 in the capital projects fund for ongoing capital improvement projects costs.

B. Grants

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

C. Litigation

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

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:

Tax Anticipation Notes

On October 7, 2022, the District issued tax anticipation notes in the amount of \$6,500,000, which are due May 18, 2023, and bear interest at a stated rate of 4.5%. The District received premium of \$36,920 with the borrowing to yield an effective interest rate of 3.5748%.

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, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 92,487,256	\$ 89,864,694	\$ 89,925,429	\$ 60,735
Other tax items	9,169,781	11,792,343	12,424,581	632,238
Charges for services	715,000	715,000	817,553	102,553
Use of money and property	390,000	390,000	53,120	(336,880)
Sale of property and compensation for loss			38,363	38,363
Miscellaneous	765,177	765,177	448,022	(317,155)
Total Local Sources	103,527,214	103,527,214	103,707,068	179,854
State Sources	5,879,774	5,879,774	6,822,724	942,950
Medicaid Reimbursement			35,698	35,698
Federal Sources		28,601	267,198	238,597
Total Revenues	109,406,988	109,435,589	110,832,688	1,397,099
OTHER FINANCING SOURCES				
Operating Transfers In	253,868	253,868	521,961	268,093
Total Revenues and Other Sources	109,660,856	109,689,457	111,354,649	\$ 1,665,192
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	1,980,162	1,980,162		
Prior Year's Encumbrances	1,919,113	1,919,113		
Appropriated Reserves	-	580,000		
Total Appropriated Fund Balance	3,899,275	4,479,275		
Total Revenues, and Other Financing Sources, and Appropriated Fund Balance	\$ 113,560,131	\$ 114,168,732		

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, 2022

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 239,865	\$ 707,742	\$ 632,746	\$ 8,818	\$ 66,178
Central administration	479,785	460,330	454,512	1,800	4,018
Finance	1,329,088	1,311,136	1,304,907		6,229
Staff	485,143	514,743	470,477	5,833	38,433
Central services	8,132,030	8,612,439	7,433,146	949,976	229,317
Special items	987,422	983,171	960,712	4,824	17,635
Total General Support	11,653,333	12,589,561	11,256,500	971,251	361,810
Instruction					
Administration & improvement	5,619,337	5,740,586	5,620,581	3,292	116,713
Teaching - regular school	37,785,456	38,140,241	37,851,459	34,640	254,142
Programs for students with disabilities	13,746,015	12,908,818	12,775,591	3,018	130,209
Occupational education	426,023	432,613	427,013		5,600
Teaching - special schools	140,907	130,859	98,300		32,559
Instructional media	2,374,450	2,430,169	2,316,705	87,451	26,013
Pupil services	6,436,131	6,546,654	6,288,487	32,719	225,448
Total Instruction	66,528,319	66,329,940	65,378,136	161,120	790,684
Pupil Transportation	2,774,101	2,882,951	2,715,218	66,708	101,025
Community Services	33,500	33,500	23,439		10,061
Employee Benefits	27,593,650	26,918,764	26,625,867	4,382	288,515
Debt Service					
Principal	-	176,441	148,567		27,874
Interest	57,000	59,672	15,378		44,294
Total Debt Service	57,000	236,113	163,945	-	72,168
Total Expenditures	108,639,903	108,990,829	106,163,105	1,203,461	1,624,263
OTHER USES					
Operating Transfers Out	4,920,228	5,177,903	5,175,063		2,840
Total Expenditures and Other Uses	\$ 113,560,131	\$ 114,168,732	111,338,168	\$ 1,203,461	\$ 1,627,103
Net Change in Fund Balance			16,481		
Fund Balance - Beginning of Year			22,606,792		
Fund Balance - End of Year			<u>\$ 22,623,273</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 Eight Fiscal Years

Teachers' Retirement System

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

Employees' Retirement System

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

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

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

Teachers' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 5,032,493	\$ 4,846,086	\$ 4,214,643	\$ 5,014,833	\$ 4,523,151	\$ 5,210,023	\$ 5,592,679	\$ 7,096,070	\$ 6,418,380	\$ 4,651,542
Contributions in relation to the contractually required contribution	5,032,493	4,846,086	4,214,643	5,014,833	4,523,151	5,210,023	5,592,679	7,096,070	6,418,380	4,651,542
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$51,351,969	\$50,850,850	\$47,959,283	\$47,630,194	\$46,343,887	\$44,714,477	\$42,334,323	\$40,834,874	\$39,917,240	\$39,752,414
Contributions as a percentage of covered payroll	10%	10%	9%	11%	10%	12%	13%	17%	16%	12%

Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,776,826	\$ 1,598,011	\$ 1,515,292	\$ 1,643,920	\$ 1,630,369	\$ 1,561,054	\$ 1,719,150	\$ 1,818,587	\$ 1,899,306	\$ 1,739,800
Contributions in relation to the contractually required contribution	1,776,826	1,598,011	1,515,292	1,643,920	1,630,369	1,561,054	1,719,150	1,818,587	1,899,306	1,739,800
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$11,877,813	\$11,619,679	\$11,181,817	\$11,164,507	\$10,905,633	\$10,613,227	\$10,248,524	\$ 9,964,689	\$ 9,480,525	\$ 9,441,547
Contributions as a percentage of covered payroll	15%	14%	14%	15%	15%	15%	17%	18%	20%	18%

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

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

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

Note to Required Supplementary Information

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

NORTH SHORE CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 111,641,018
Additions:		
Prior year's encumbrances		1,919,113
Original Budget		113,560,131
Budget revisions		608,601
Final Budget		\$ 114,168,732

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget		\$ 115,964,182
Maximum allowed (4% of 2022-2023 budget)		\$ 4,638,567
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 4,567,391	
Unassigned fund balance	4,638,567	
		\$ 9,205,958
Less:		
Appropriated fund balance	3,363,930	
Encumbrances	1,203,461	
Total adjustments		4,567,391
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		\$ 4,638,567
Actual Percentage		4.0%

NORTH SHORE CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2022

PROJECT TITLE	Budget		Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2022	
	June 30, 2021	June 30, 2022	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		
2012-2013 (\$19 Million) Bond Proposition:											
Middle School Roof and Playground	\$ 1,994,474	\$ 1,986,885	\$ 1,986,885	\$ -	\$ 1,986,885	\$ -	\$ 1,986,885	\$ -	\$ -	\$ 1,986,885	\$ -
Middle School Science Rooms and Fields	2,089,930	1,998,009	1,998,009	-	1,998,009	-	1,998,009	-	-	1,998,009	-
Glen Head Roof	966,484	958,906	958,906	-	958,906	-	958,906	-	-	958,906	-
Glen Head Flooring	138,542	137,710	137,710	-	137,710	-	137,710	-	-	137,710	-
Glen Head Water and Masonry	1,202,497	1,184,200	1,184,200	-	1,184,200	-	1,184,200	-	-	1,184,200	-
Glenwood Landing Flooring and Paving	484,134	466,152	466,152	-	466,152	-	466,152	-	-	466,152	-
Glenwood Landing Masonry	2,439,865	2,261,306	2,261,306	-	2,261,306	-	2,261,306	-	-	2,261,306	-
Sea Cliff Electric and Playground	139,117	130,367	130,367	-	130,367	-	130,367	-	-	130,367	-
Sea Cliff Masonry	1,064,310	1,031,149	1,031,149	-	1,031,149	-	1,031,149	-	-	1,031,149	-
Districtwide Security	495,004	465,493	465,493	-	465,493	-	456,070	-	9,423	465,493	-
Middle School Masonry and Windows	3,110,938	3,071,005	3,071,005	-	3,071,005	-	3,071,005	-	-	3,071,005	-
Transportation Garage Roof	51,764	46,578	46,578	-	46,578	-	46,578	-	-	46,578	-
Glenwood Landing Auditorium	276,821	274,546	274,546	-	274,546	-	274,546	-	-	274,546	-
High School Auditorium and Paving	3,683,586	3,679,686	3,679,686	-	3,679,686	-	3,679,686	-	-	3,679,686	-
Sea Cliff Roof and HVAC	1,493,256	1,427,769	1,427,769	-	1,427,769	-	1,427,769	-	-	1,427,769	-
Glen Head Ceramic Wall and 2000 Section Roof	-	510,961	-	28,181	28,181	482,780	510,961	-	-	510,961	482,780
General Fund Appropriations:											
Middle School Science Rooms and Fields	309,873	251,387	251,387	-	251,387	-	-	-	251,387	251,387	-
High School Tennis Courts and HVAC	1,111,551	1,107,313	1,107,313	-	1,107,313	-	-	-	1,107,313	1,107,313	-
Middle School Kitchen	491,000	448,645	448,645	-	448,645	-	-	75,000	373,645	448,645	-
High School Electric Switchgear	200,000	112,906	112,906	-	112,906	-	-	-	112,906	112,906	-
Victorian House	446,391	446,391	446,391	-	446,391	-	-	-	446,391	446,391	-
High School Mansard Roof	1,068,194	1,053,527	1,053,527	-	1,053,527	-	-	-	1,053,527	1,053,527	-
Elementary Playground Surface	698,200	654,778	654,778	-	654,778	-	-	-	654,778	654,778	-
Middle School Electric Renovations	268,243	175,338	175,338	-	175,338	-	-	-	175,338	175,338	-
Elementary and High School Kitchens - DASNY	122,000	122,000	113,857	-	113,857	8,143	-	50,000	72,000	122,000	8,143
High School Cafeteria Duct Work Renovations	422,609	422,609	422,000	-	422,000	609	-	-	422,609	422,609	609
High School Front Entrance Renovations	85,000	85,000	10,032	74,940	84,972	28	-	-	85,000	85,000	28
21st Century Classroom Project Renovations	65,000	65,000	56,716	-	56,716	8,284	-	-	65,000	65,000	8,284
Middle School Softball Field Renovations	320,135	570,135	63,512	60,642	124,154	445,981	-	250,000	320,135	570,135	445,981
Middle School Library Air Conditioning	822,330	822,330	18,455	431,047	449,502	372,828	-	-	822,330	822,330	372,828
Glenwood Landing Connecting Corridor Roof	97,775	97,775	-	6,480	6,480	91,295	-	-	97,775	97,775	91,295
High School Generator Replacement	290,784	290,784	-	-	-	290,784	-	-	290,784	290,784	290,784
Districtwide Telephone System, Network Switches	505,027	505,027	465,453	-	465,453	39,574	-	-	505,027	505,027	39,574
Capital Reserves:											
High School Field House	1,169,003	1,169,003	1,168,985	-	1,168,985	18	-	105,000	1,064,003	1,169,003	18
High School Track and Field	2,686,046	2,686,046	2,681,019	-	2,681,019	5,027	-	-	2,686,046	2,686,046	5,027
Middle School HVAC	1,211,663	1,211,663	1,086,649	-	1,086,649	125,014	-	-	1,211,663	1,211,663	125,014
Glen Head HVAC	241,163	241,163	77,240	-	77,240	163,923	-	-	241,163	241,163	163,923
High School HVAC	820,164	820,164	747,695	-	747,695	72,469	-	-	820,164	820,164	72,469
Sea Cliff HVAC	873,164	873,164	765,037	-	765,037	108,127	-	-	873,164	873,164	108,127
Middle School HVAC Cafeteria	587,900	587,900	560,471	-	560,471	27,429	-	-	587,900	587,900	27,429
Middle School Locker Room	2,550,000	2,550,000	126,415	1,069,648	1,196,063	1,353,937	-	-	2,550,000	2,550,000	1,353,937
Glen Head Nursing Station	450,000	450,000	11,610	38,956	50,566	399,434	-	-	450,000	450,000	399,434
Glen Head HVAC Cafeteria	453,300	453,300	423,650	(2,259)	421,391	31,909	-	-	453,300	453,300	31,909
Glenwood Landing HVAC Auditorium	547,100	547,100	501,874	-	501,874	45,226	-	-	547,100	547,100	45,226
Sea Cliff HVAC Cafeteria	633,412	633,412	563,101	-	563,101	70,311	-	-	633,412	633,412	70,311
High School HVAC Cafeteria Ceiling	1,222,200	1,222,200	1,230,593	-	1,230,593	(8,393)	-	-	1,222,200	1,222,200	(8,393)

NORTH SHORE CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund (Continued)
For the Year Ended June 30, 2022

PROJECT TITLE	Budget		Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2022	
	June 30, 2021	June 30, 2022	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		
											Total
Repair Reserve:											
Glen Head Masonry	\$ 212,886	\$ 212,886	\$ 212,886		\$ 212,886	\$ -	\$ -	\$ 212,886	\$ 212,886	\$ -	
Sea Cliff Masonry	159,806	156,404	156,404		156,404	-	-	156,404	156,404	-	
High School Masonry	127,308	72,408	72,408		72,408	-	-	72,408	72,408	-	
Emergency School House Repair	270,669	124,322	124,322		124,322	-	-	124,322	124,322	-	
High School Windows and Door Repairs	125,000	82,828	82,828		82,828	-	-	82,828	82,828	-	
High School Courtyard	56,594	37,814	37,814		37,814	-	-	37,814	37,814	-	
Glen Head, Glenwood Landing and Sea Cliff Windows	52,959	50,465	50,465		50,465	-	-	50,465	50,465	-	
Districtwide HVAC Repair	-	580,000	-		-	580,000	-	580,000	580,000	580,000	
Smart Schools Bond Act Grant Projects:											
Districtwide Network, New Data Closets	157,953	521,183	258,344	176,726	435,070	86,113	-	521,183	521,183	86,113	
BOCES Cabling High School	755,682	381,943	381,838		381,838	105	354,440	27,503	381,943	105	
BOCES Cabling Sea Cliff	285,871	227,529	227,529		227,529	-	58,955	168,574	227,529	-	
BOCES Cabling Glen Head	292,815	292,815	292,756		292,756	59	-	292,815	292,815	59	
BOCES Cabling Glenwood Landing	327,225	358,023	284,049		284,049	73,974	-	358,023	358,023	73,974	
BOCES Cabling Middle School	377,917	416,482	326,465		326,465	90,017	-	416,482	416,482	90,017	
BOCES Cabling Administration	60,472	59,960	59,960		59,960	-	-	59,960	59,960	-	
2019-2020 (\$39 Million) Bond Proposition Projects:											
Middle School - Phase I	10,736,877	10,736,877	1,436,953	4,883,170	6,320,123	4,416,754	10,736,877		10,736,877	4,416,754	
Glen Head School - Phase I	3,549,945	920,108	172,878	646,344	819,222	100,886	920,108		920,108	100,886	
Glen Head School - Phase II		2,610,615	54,099	244,754	298,853	2,311,762	2,610,615		2,610,615	2,311,762	
Glenwood Landing School - Phase I	4,899,616	1,285,537	209,035	891,073	1,100,108	185,429	1,285,537		1,285,537	185,429	
Glenwood Landing School - Phase II		3,583,281	90,072	287,475	377,547	3,205,734	3,583,281		3,583,281	3,205,734	
High School - Phase I	15,809,813	1,393,622	176,689	765,647	942,336	451,286	1,393,622		1,393,622	451,286	
High School - Phase II		14,492,387	439,305	958,963	1,398,268	13,094,119	14,492,387		14,492,387	13,094,119	
Sea Cliff School - Phase I	4,570,863	1,437,543	185,820	1,140,161	1,325,981	111,562	1,437,543		1,437,543	111,562	
Sea Cliff School - Phase II		3,107,144	74,266	281,286	355,552	2,751,592	3,107,144		3,107,144	2,751,592	
Administration Building - Phase I	332,672	314,672	2,137	43,014	45,151	269,521	314,672		314,672	269,521	
Administration Building - Phase II		18,000	9,850	5,379	15,229	2,771	18,000		18,000	2,771	
2021-2022 Energy Performance Contract		7,190,000		2,419,002	2,419,002	4,770,998	7,190,000		7,190,000	4,770,998	
	<u>\$ 83,562,892</u>	<u>\$ 90,971,630</u>	<u>\$ 39,883,582</u>	<u>\$ 14,450,629</u>	<u>\$ 54,334,211</u>	<u>\$ 36,637,419</u>	<u>\$ 66,711,085</u>	<u>\$ 893,395</u>	<u>\$ 23,367,150</u>	<u>\$ 90,971,630</u>	<u>36,637,419</u>
											(24,653,916)
											(250,000)
											<u>\$ 11,733,503</u>

NORTH SHORE CENTRAL SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2022

Capital assets, net	\$ 94,367,437
Add:	
Deferred charges on advance refunding, net	104,046
Deduct:	
Short-term portion of bonds payable	3,270,000
Long-term portion of bonds payable	24,254,960
Short-term portion of bond premium	343,133
Long-term portion of bond premium	1,408,212
Less: Unspent bond proceeds	(2,730,280)
Short-term portion of energy performance contract	798,918
Long-term portion of energy performance contract	7,260,691
Less: Unspent EPC proceeds	(4,770,998)
Short-term portion of lease liabilities	141,937
Long-term portion of lease liabilities	130,843
	30,107,416
Net Investment in Capital Assets	\$ 64,364,067



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the North Shore Central School District (District), as of and for the year ended June 30, 2022, 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 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Shore Central School District's internal control over financial reporting (internal control) 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the North Shore Central School District in a separate letter dated November 7, 2022.

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 7, 2022

