



North Shore Schools

Discovering Your Dreams

Board of Education

www.northshoreschools.org

January 28, 2021

Dear North Shore Community,

Throughout the COVID-19 pandemic, the North Shore Schools have focused on maximizing in-person learning, supporting remote students, and engaging children through athletics, arts, and extracurricular activities - while keeping everyone safe. We understand the financial stresses on our community, especially with the Nassau County reassessment increasing some households' taxes far beyond the 3.03% voter-approved levy. There's a lot of misinformation disseminating about reserves and fund balance, and I'd like to share some facts on these complicated topics.

Each year since the 2011 NYS Property Tax Cap Law, the North Shore Board of Education has presented budgets to the community within the limit. Line items are determined by the specific cost of operating our schools - if you've been to a board meeting during budget season, you've seen us publicly and carefully reviewing each line. Of course, this is only a projection of expenses. As the year progresses our administration spends only what is needed - not automatically up to the full budgeted amount. Every single check is independently audited to confirm that it is accurate and matches a purchase order and invoice. At fiscal year-end, after an additional independent audit, the books are closed and any unspent budgeted funds are identified as "fund balance."

State Education Law permits the district to keep up to 4% of the subsequent year's budget in unassigned fund balance. Any additional amount remaining may either be returned to the public or assigned to an approved reserve fund. We do both. The returned amount is in the form of an offset to the future year's levy (it's not legal to cut refund checks directly to residents). In each of the past several years, over a million dollars of fund balance has been returned to our residents. This year in consultation with District counsel and our auditors, specific COVID-19 related directives from Albany allowed us to move some of the 2019-2020 fund balance into the 2020-2021 budget year. Typically, remaining fund balance is placed in specific reserve accounts such as Emergency Repair, Workers' Comp or Capital Projects, which may only be withdrawn for specific, legally defined purposes. This year, we allocated our fund balance to fund the reopening of our schools through an accounting measure that required the Board's authorization known as GASB-Statement No. 54. The complete status of our reserves is posted on the district website at www.northshoreschools.org.

North Shore has consistently utilized reserves as an important, prudent means of protecting the financial stability of the schools for the future - as past generations have kept them strong for today. They shield us against the impact of unforeseen events like stock market crashes (affecting mandated retirement obligations) or major infrastructure failures (which couldn't be absorbed by the budget). It's an imperfect analogy to running a school district, but as a small business owner I can't imagine where my company or our employees would be without reserves to weather the pandemic.

Our three independent auditors consistently praise North Shore as the gold standard of district financial operations. We have perfect fiscal stress ratings from the NYS Comptroller and the second highest credit rating (Aa1) by Moody's Investors Service. Some neighboring districts have higher reserves and some have lower – and some in our community disagree with the approach we've taken. That's their prerogative, but the decisions of the North Shore Board have been made in public and in compliance with both the letter and spirit of the law. This includes the unanimous, public, November 19 vote to increase the current budget in accordance with the law upon the advice of our auditors and attorneys. Like many districts, we had an unusually large fund balance resulting from spring building closures – and like many districts, we faced unusually large needs to reopen buildings and keep students and staff safe. It did not change the tax amount levied on our community.

Thank you for taking the time to read these thoughts. I invite everyone to watch our open, transparent, live-streamed public meetings in the coming months on Thursdays at 7:45 PM, as we will be reviewing the 2021-2022 budget. Please see our website to view the video of the February 4, 2021 Board of Education meeting where the administration presented their initial 2021-2022 budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Ludmar". The signature is fluid and cursive, with a prominent initial "D" and "L".

Dave Ludmar
President, North Shore Schools Board of Education