

North Salem Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2021

North Salem Central School District, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
Management's Discussion and Analysis	6
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	23
Notes to Financial Statements	24
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	54
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	55
Schedule of Contributions	55
New York State and Local Employees' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	56
Schedule of Contributions	56
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	57
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	58
Schedule of Revenues and Other Financing Sources Compared to Budget	60
Schedule of Expenditures and Other Financing Uses Compared to Budget	62
Capital Projects Fund	
Comparative Balance Sheet	66
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	67
Project-Length Schedule	68

North Salem Central School District, New York

Table of Contents (Concluded)

	<u>Page No.</u>
Special Aid Fund	
Comparative Balance Sheet	70
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	71
Non-Major Governmental Funds	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	74
School Lunch Fund	
Comparative Balance Sheet	76
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	77
Special Purpose Fund	
Comparative Balance Sheet	78
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	79
Permanent Fund	
Comparative Balance Sheet	80
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	81
Debt Service Fund	
Comparative Balance Sheet	82
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	83
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	85
Section 1318 of Real Property Tax Law Limit Calculation	85
Schedule of Net Investment in Capital Assets	86

Independent Auditors' Report

**The Board of Education of the
North Salem Central School District, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Salem Central School District, New York ("School District") as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 2E in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "*Fiduciary Activities*". Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended June 30, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

We also previously audited, 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, the basic financial statements of the School District as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated September 30, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2020 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021 on our consideration of the 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 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 School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 24, 2021

(This page intentionally left blank)

**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**

Independent Auditors' Report

**The Board of Education of the
North Salem Central School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Salem Central School District, New York ("School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 24, 2021

North Salem Central School District, New York

Management's Discussion and Analysis ("MD&A") June 30, 2021

This discussion and analysis of the North Salem Central School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2021. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020-2021 are as follows:

- New York State Law limits the amount of unassigned fund balance, exclusive of encumbrances and amounts assigned for the subsequent year's budget that can be retained in the General Fund to 4% of the ensuing school year's budget. At the end of the current fiscal year, this amount for the General Fund was \$1,716,845 or 3.74%, and therefore within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental funds financial statement reports a combined fund balance of \$7,098,210. Exclusive of the Capital Projects Fund, the combined fund balances total \$8,121,924. Of this amount, the unassigned fund balance in the General Fund is \$1,716,845.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of its most recent fiscal year by \$9,247,030. This represented a decrease of \$718,340 for the year ended June 30, 2021, inclusive of an adjustment of \$52,880 for the cumulative effect of a change in accounting principle due to the implementation of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "*Fiduciary Activities*". In accordance with GASB Statement No. 84, the School District determined that the extra classroom activity funds should be reported with governmental activities (and governmental funds) and not within fiduciary funds.
- During the current fiscal year, the School District retired \$1,195,000 of serial bonds issued in previous years for various capital projects. In May 2015, the School District received voter authorization to issue bonds for up to \$12,721,216 to reconstruct various school district buildings. The School District issued bonds totaling \$9,200,000 to date for this project. The remaining bonds are expected to be issued during the next year as the projects progress. In May 2021, the School District received voter authorization to move forward with the Athletic Field Improvement project in an amount not to exceed \$6,997,132.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements, which are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combining and individual fund statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the School District include instruction, pupil transportation, community services, cost of food sales, interest and general support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- 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 School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the 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, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains seven individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund, Capital Projects Fund and Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Special Aid funds, which are considered to be major funds. Data for the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.
 - The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with budget.
- The *Fiduciary Funds* are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, the School District had no such activity to report in this fund category.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit liabilities, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the North Salem Central School District, New York, at the close of the current fiscal year, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$9,247,030.

Net Position

	June 30,	
	2021	2020
Current Assets	\$ 12,700,811	\$ 14,723,956
Capital Assets, net	29,131,482	29,263,983
Total Assets	41,832,293	43,987,939
Deferred Outflows of Resources	16,667,632	15,438,953
Current Liabilities	6,652,072	5,495,268
Long-term Liabilities	26,637,567	30,288,338
Total Liabilities	33,289,639	35,783,606
Deferred Inflows of Resources	15,963,256	13,677,916
Net Position		
Net Investment in Capital Assets	20,428,008	19,576,415
Restricted		
Capital Projects		23,150
Future Capital Projects	845,681	845,054
Tax Certiorari	866,107	877,320
Unemployment Benefits	16,956	70,944
ERS Retirement Contributions	1,297,894	1,372,332
TRS Retirement Contributions	1,016,760	658,786
Property Loss Reserve and Liability Claims	52,300	69,790
Debt Service	165,928	164,587
Special Purposes	67,218	72,706
Permanent	84,115	85,051
Unrestricted	(15,593,937)	(13,850,765)
Total Net Position	\$ 9,247,030	\$ 9,965,370

The largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position, which is a deficit of (\$15,593,937), primarily results from the recognition of the School District's total OPEB liability of \$15,418,302 required under GASB Statement No. 75. Overall, net position decreased by \$718,340 (inclusive of a cumulative effect of change in accounting principle of \$52,880) from the prior year.

Changes in Net Position

	June 30,	
	2021	2020
REVENUES		
Program Revenues		
Charges for Services	\$ 713,635	\$ 772,412
Operating Grants and Contributions	793,353	836,900
Capital Grants and Contributions	205,488	14,983
Total Program Revenues	1,712,476	1,624,295
General Revenues		
Real Property Taxes	37,791,679	36,807,716
Other Tax Items	1,913,725	2,142,766
Non-Property Taxes	676,585	544,928
Unrestricted Use of Money and Property	6,839	129,966
Sale of Property and Compensation for Loss	49,605	44,833
Unrestricted State Aid	2,540,106	2,721,134
Miscellaneous	230,117	176,203
Total General Revenues	43,208,656	42,567,546
Total Revenues	44,921,132	44,191,841
PROGRAM EXPENSES		
General Support	5,849,380	5,945,193
Instruction	36,891,917	35,760,762
Pupil Transportation	2,369,106	2,772,361
Community Services	22,215	10,862
Cost of Food Sales	273,715	324,936
Interest	286,019	343,034
Total Expenses	45,692,352	45,157,148
Change in Net Position	(771,220)	(965,307)
NET POSITION		
Beginning, as reported	9,965,370	10,930,677
Cumulative Effect of Change in Accounting Principle	52,880	-
Beginning, as restated	10,018,250	10,930,677
Ending	\$ 9,247,030	\$ 9,965,370

The following are the major changes in Net Position:

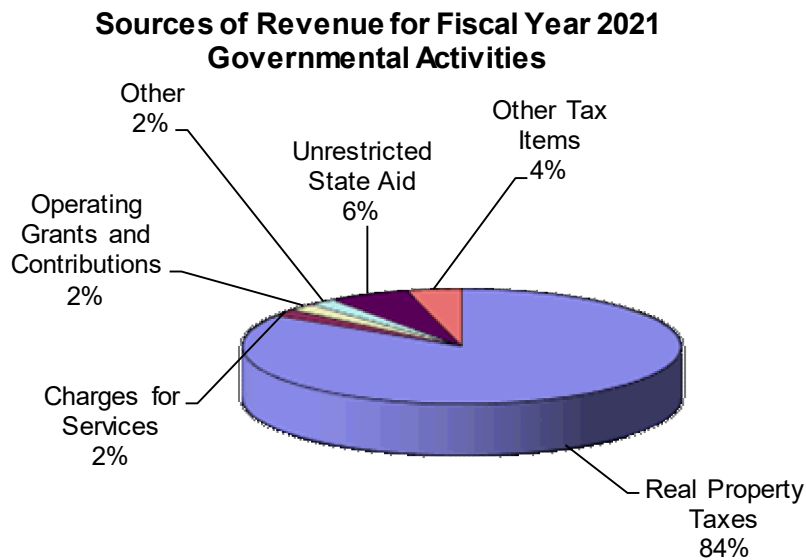
Revenues:

- Real property taxes increased by \$983,963. The current property tax increase is attributed to projected increased expenses related to instruction, employee benefits and transportation. It is also a result of the continuing decrease in STAR (see below). The School District relies upon real property taxes as its primary source of revenue.
- Other tax items include revenues received for the School Tax Relief Reimbursement Program ("STAR"). The STAR Program provides tax relief to homeowners by decreasing the assessments taxable to the homeowner or by providing a refund of a portion of school taxes paid. As a result, in changes to the New York State law, this revenue decreased by \$229,041 shifting this burden from the state to the taxpayers.

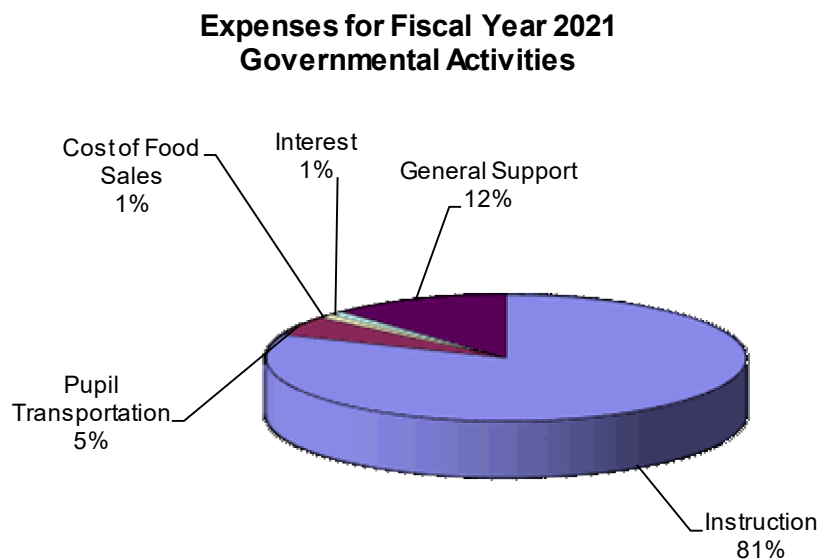
Expenses:

- General support expenses decreased by \$ 95,813. This is primarily due to school closures and remote instruction.
- Instructional expenses increased by \$ 1,131,155. The increase was due to technology improvements and contractual obligations.
- Pupil transportation decreased by \$ 403,255. Due to the pandemic transportation needs decreased because of remote instruction, school closures and cancelled activities.

The following graphs depict where the School District revenues were derived and how monies were spent. As you can see, the School District relies upon real property taxes for 84% of its revenue, while the School District's largest expense, instructional costs, accounts for 81% of total expenses.



Financial Analysis of the School District's Funds



As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

		<u>Fund Balance</u>
Nonspendable Fund Balance	Reserve for Trust (Permanent Fund)	\$ 43,888
	Reserve for Inventories	<u>2,179</u>
		<u>46,067</u>
Restricted Fund Balance	Reserve for Tax Certiorari	866,107
	Reserve for Unemployment Benefits	16,956
	Reserve for Employee Benefit Accrued Liability	389,308
	Reserve for ERS Retirement Contributions	1,297,894
	Reserve for TRS Retirement Contributions	1,016,760
	Reserve for Property Loss and Liability Claims	52,300
	Reserve for Future Capital Projects	845,681
	Reserve for Debt Service	165,928
	Reserve for Special Purposes	120,098
	Permanent Fund Unreserved Fund Balance	<u>40,227</u>
		<u>4,811,259</u>
Assigned Fund Balance	Reserve for Encumbrances:	
	General Government Support	339,360
	Instruction	279,871
	Transportation	32,962
	Employee Benefits	41,000
	School Lunch Fund Unreserved Fund Balance	29,560
	Designated for Subsequent Year's Expenditures - Unassigned Fund Balance	<u>825,000</u>
		<u>1,547,753</u>
Unassigned Fund Balance	Unreserved and Undesignated	<u>693,131</u>
Total Fund Balance (as of June 30, 2021)		<u><u>\$ 7,098,210</u></u>

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances as noted above of \$7,098,210, an decrease of \$26,037 from the prior year. Of this amount, \$46,067 is in nonspendable form while \$4,811,259 is restricted for various purposes (\$866,107 for tax certiorari obligations, \$16,956 for unemployment benefits, \$389,308 for employee benefit accrued liabilities, \$2,314,654 for retirement system obligations, \$52,300 for liability claims, \$845,681 for future capital projects, \$165,928 for debt service purposes, \$120,098 for special purposes and \$40,227 for the spendable portion of the Permanent Fund). Another \$1,547,753 of the total fund balance is assigned. These funds are to fund purchases on order of \$693,193, \$29,560 to be used for School Lunch Fund purposes and \$825,000 to be used to balance the General Fund's subsequent year's budget.

The General Fund is the primary operating fund of the School District. Revenues and other financing sources were favorable compared to the final budget by \$298,153. The key factor contributing to this variance was an increase in charges for services of non-resident tuition from other districts and sales tax

collected. Expenditures and other financing uses were \$1,619,921 or 4%, less than the final budget due to remote learning.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2021-2021 is \$44,967,709 exclusive of encumbrances. During the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2021 was \$46,069,773.

Capital Assets

At June 30, 2021, the School District had \$29,131,482 net of accumulated depreciation invested in a broad range of capital assets, including land, construction-in-progress, buildings and improvements and machinery and equipment.. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2021	2020
Land	\$ 110,000	\$ 110,000
Construction-in-Progress	2,650,694	5,270,791
Buildings and Improvements	25,886,714	23,308,944
Machinery and Equipment	484,074	574,248
Total Capital Assets, net of accumulated depreciation	<u>\$ 29,131,482</u>	<u>\$ 29,263,983</u>

More detailed information about the School District's capital assets is presented in Note 3B in the notes to financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30,	
	2021	2020
General Obligation Bonds Payable	\$ 7,690,000	\$ 8,885,000
Compensated Absences	603,986	566,909
Net Pension Liability (ERS and TRS)	2,925,279	4,038,640
Other Post Employment Benefit Obligations	15,418,302	16,797,789
Total	<u>\$ 26,637,567</u>	<u>\$ 30,288,338</u>

- The School District, during the 2021-2021 fiscal year, paid \$1,195,000 in principal on serial bonds.
- The School District also had \$2,740,455 in short-term bond anticipation notes outstanding Note 3D.

More detailed information about the School District's long-term liabilities is presented in Note 3F in the notes to financial statements.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

North Salem Central School District
Attn: Ms. Barbara Briganti
Assistant Superintendent for Business Administration
230 June Road
North Salem, New York 10560-1204

(This page intentionally left blank)

North Salem Central School District, New YorkStatement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 6,371,842
Investments	4,965,492
Receivables	
Accounts	379,327
State and Federal aid	857,971
Due from other governments	124,000
Inventory	2,179
Capital assets	
Not being depreciated	2,760,694
Being depreciated, net	26,370,788
Total Assets	41,832,293
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	13,583,804
OPEB related	3,083,828
Total Deferred Outflows of Resources	16,667,632
LIABILITIES	
Accounts payable	457,472
Accrued liabilities	93,476
Bond anticipation notes payable	2,740,455
Due to other governments	158,489
Due to retirement systems	2,116,155
Unearned revenues	36,554
Accrued interest payable	9,471
Claims payable	1,040,000
Non-current liabilities	
Due within one year	1,280,400
Due in more than one year	25,357,167
Total Liabilities	33,289,639
DEFERRED INFLOWS OF RESOURCES	
Pension related	5,785,403
OPEB related	10,177,853
Total Deferred Inflows of Resources	15,963,256
NET POSITION	
Net investment in capital assets	20,428,008
Restricted	
Future capital projects	845,681
Tax certiorari	866,107
Unemployment benefits	16,956
ERS retirement contributions	1,297,894
TRS retirement contributions	1,016,760
Property loss reserve and liability claims	52,300
Debt service	165,928
Special purposes	67,218
Permanent	
Nonspendable	43,888
Spendable	40,227
Unrestricted	(15,593,937)
Total Net Position	\$ 9,247,030

The notes to financial statements are an integral part of this statement.

(This page intentionally left blank)

North Salem Central School District, New York

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General support	\$ 5,849,380	\$ 10,202	\$ 1,820	\$ 104,172	\$ (5,733,186)
Instruction	36,891,917	670,964	554,034	74,975	(35,591,944)
Pupil transportation	2,369,106	-	-	-	(2,369,106)
Community services	22,215	-	16,727	-	(5,488)
Cost of food sales	273,715	32,469	220,772	-	(20,474)
Interest	286,019	-	-	26,341	(259,678)
Total Governmental Activities	\$ 45,692,352	\$ 713,635	\$ 793,353	\$ 205,488	(43,979,876)
General revenues					
Real property taxes					37,791,679
Other tax items					
School tax relief reimbursement					1,907,888
Interest and penalties on real property taxes					5,837
Non-property taxes					
Non-property tax distribution from County					676,585
Unrestricted use of money and property					6,839
Sale of property and compensation for loss					49,605
Unrestricted State aid					2,540,106
Miscellaneous					230,117
Total General Revenues					43,208,656
Change in Net Position					(771,220)
Net Position - Beginning					9,965,370
Cumulative Effect of Change in Accounting Principle					52,880
Net Position - Beginning, as restated					10,018,250
Net Position - Ending					\$ 9,247,030

The notes to financial statements are an integral part of this statement.

North Salem Central School District, New York

Balance Sheet
Governmental Funds
June 30, 2021

	General	Capital Projects	Special Aid
ASSETS			
Cash and equivalents	\$ 4,619,709	\$ 1,641,775	\$ 42,881
Investments	4,647,824	-	-
Receivables			
Accounts	377,877	-	-
State and Federal aid	449,478	74,975	265,545
Due from other governments	124,000	-	-
Due from other funds	282,185	-	-
Inventories	-	-	-
Total Assets	<u>\$ 10,501,073</u>	<u>\$ 1,716,750</u>	<u>\$ 308,426</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 385,747	\$ -	\$ 16,889
Accrued liabilities	93,476	-	-
Bond anticipation notes payable	-	2,740,455	-
Due to other funds	-	9	282,176
Due to other governments	158,458	-	-
Due to retirement systems	2,116,155	-	-
Unearned revenues	27,193	-	9,361
Total Liabilities	<u>2,781,029</u>	<u>2,740,464</u>	<u>308,426</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	4,485,006	-	-
Assigned	1,518,193	-	-
Unassigned	1,716,845	(1,023,714)	-
Total Fund Balances (Deficits)	<u>7,720,044</u>	<u>(1,023,714)</u>	<u>-</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 10,501,073</u>	<u>\$ 1,716,750</u>	<u>\$ 308,426</u>

The notes to financial statements are an integral part of this statement.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 67,477	\$ 6,371,842
317,668	4,965,492
1,450	379,327
67,973	857,971
-	124,000
-	282,185
2,179	2,179
<u>\$ 456,747</u>	<u>\$ 12,982,996</u>

\$ 54,836	\$ 457,472
-	93,476
-	2,740,455
-	282,185
31	158,489
-	2,116,155
-	36,554
<u>54,867</u>	<u>5,884,786</u>

46,067	46,067
326,253	4,811,259
29,560	1,547,753
-	693,131
<u>401,880</u>	<u>7,098,210</u>
<u>\$ 456,747</u>	<u>\$ 12,982,996</u>

(This page intentionally left blank)

North Salem Central School District, New York

Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position June 30, 2021

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Fund Balances - Total Governmental Funds	\$ 7,098,210
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	2,760,694
Capital assets - depreciable	43,195,257
Accumulated depreciation	<u>(16,824,469)</u>
	<u>29,131,482</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	13,583,804
Deferred outflows - OPEB related	3,083,828
Deferred inflows - pension related	(5,785,403)
Deferred inflows - OPEB related	<u>(10,177,853)</u>
	<u>704,376</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(9,471)
Claims payable	(1,040,000)
General obligation bonds payable	(7,690,000)
Compensated absences	(603,986)
Net pension liability - ERS	(14,455)
Net pension liability - TRS	(2,910,824)
Total OPEB liability	<u>(15,418,302)</u>
	<u>(27,687,038)</u>
Net Position of Governmental Activities	<u><u>\$ 9,247,030</u></u>

The notes to financial statements are an integral part of this statement.

North Salem Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General	Capital Projects	Special Aid
REVENUES			
Real property taxes	\$ 37,791,679	\$ -	\$ -
Other tax items	1,913,725	-	-
Non-property taxes	676,585	-	-
Charges for services	670,964	-	-
Use of money and property	18,861	-	-
Sale of property and compensation for loss	49,605	-	-
State aid	2,610,326	179,147	109,509
Federal aid	-	-	360,616
Food sales	-	-	-
Miscellaneous	243,742	-	-
Total Revenues	<u>43,975,487</u>	<u>179,147</u>	<u>470,125</u>
EXPENDITURES			
Current			
General support	5,197,041	-	-
Instruction	24,989,982	-	511,181
Pupil transportation	1,693,044	-	-
Community services	-	-	-
Employee benefits	9,953,285	-	-
Cost of food sales	-	-	-
Other	-	-	-
Capital outlay	-	823,443	-
Debt service			
Principal	-	-	-
Interest	33,750	-	-
Total Expenditures	<u>41,867,102</u>	<u>823,443</u>	<u>511,181</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,108,385</u>	<u>(644,296)</u>	<u>(41,056)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	25,000	400,000	41,056
Transfers out	(1,889,569)	-	-
Total Other Financing Sources (Uses)	<u>(1,864,569)</u>	<u>400,000</u>	<u>41,056</u>
Net Change in Fund Balances	243,816	(244,296)	-
FUND BALANCES (DEFICITS)			
Beginning of Year, as restated	<u>7,476,228</u>	<u>(779,418)</u>	<u>-</u>
End of Year	<u>\$ 7,720,044</u>	<u>\$ (1,023,714)</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 37,791,679
-	1,913,725
-	676,585
-	670,964
26,462	45,323
-	49,605
7,598	2,906,580
213,155	573,771
32,469	32,469
16,689	260,431
<u>296,373</u>	<u>44,921,132</u>
-	5,197,041
1,000	25,502,163
-	1,693,044
6,900	6,900
-	9,953,285
273,715	273,715
15,315	15,315
-	823,443
1,195,000	1,195,000
253,513	287,263
<u>1,745,443</u>	<u>44,947,169</u>
<u>(1,449,070)</u>	<u>(26,037)</u>
1,448,513	1,914,569
<u>(25,000)</u>	<u>(1,914,569)</u>
1,423,513	-
(25,557)	(26,037)
<u>427,437</u>	<u>7,124,247</u>
<u>\$ 401,880</u>	<u>\$ 7,098,210</u>

North Salem Central School District, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (26,037)</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	852,390
Depreciation expense	<u>(984,891)</u>
	<u>(132,501)</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal paid on general obligation bonds	<u>1,195,000</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	1,244
Compensated absences	(37,077)
Claims payable	(440,000)
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,825,067)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>493,218</u>
	<u>(1,807,682)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (771,220)</u></u>

The notes to financial statements are an integral part of this statement.

North Salem Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 37,818,093	\$ 37,818,093	\$ 37,791,679	\$ (26,414)
Other tax items	1,907,888	1,907,888	1,913,725	5,837
Non-property taxes	420,750	420,750	676,585	255,835
Charges for services	509,721	509,721	670,964	161,243
Use of money and property	110,000	110,000	18,861	(91,139)
Sale of property and compensation for loss	1,000	1,000	49,605	48,605
State aid	2,696,880	2,696,880	2,610,326	(86,554)
Miscellaneous	199,377	213,002	243,742	30,740
Total Revenues	43,663,709	43,677,334	43,975,487	298,153
EXPENDITURES				
Current				
General support	5,364,704	5,724,037	5,197,041	526,996
Instruction	25,556,028	26,169,023	24,989,982	1,179,041
Pupil transportation	2,253,997	1,866,575	1,693,044	173,531
Employee benefits	10,643,318	10,382,879	9,953,285	429,594
Debt service				
Interest	128,296	33,750	33,750	-
Total Expenditures	43,946,343	44,176,264	41,867,102	2,309,162
Excess of Revenues Over Expenditures	(282,634)	(498,930)	2,108,385	2,607,315
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Transfers out	(1,709,735)	(1,893,521)	(1,889,569)	3,952
Total Other Financing Sources (Uses)	(1,684,735)	(1,868,521)	(1,864,569)	3,952
Net Change in Fund Balances	(1,967,369)	(2,367,451)	243,816	2,611,267
FUND BALANCES				
Beginning of Year	1,967,369	2,367,451	7,476,228	5,108,777
End of Year	\$ -	\$ -	\$ 7,720,044	\$ 7,720,044

The notes to financial statements are an integral part of this statement.

(This page intentionally left blank)

Note 1 - Summary of Significant Accounting Policies

The North Salem Central School District, New York ("School District"), as presently constituted, was established in 1926 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

A. Financial Reporting Entity

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

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Putnam-Northern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by the ratio which the component school district's full value of taxable properties in effect at the time of adoption bears to the total full value of taxable properties of all component school districts within the BOCES as defined by Education Law. Copies of BOCES' financial statements can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York 10598.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

While separate district-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are Federal and State aid.

The School District also reports the following non-major governmental funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

Permanent Fund - The Permanent Fund is used to account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Fiduciary Funds (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. In accordance with the provisions of GASB Statement No. 84, "Fiduciary Activities", the School District had no such activity to report in this fund category.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities and other post-employment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3

Note 1 - Summary of Significant Accounting Policies (Continued)

inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of the General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. The balance at June 30, 2021 was \$4,965,492. CLASS issues separately available audited financial statements with a year end of June 30th.

The School District's position in the pool is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days. CLASS is rated AAAM by Standard & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District's formal investment policy does not address limits of investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2021.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does

Note 1 - Summary of Significant Accounting Policies (Continued)

not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January. The various towns which are included in the levy are responsible for the billing and collection of taxes. In Westchester County, the towns guarantee the full payment of the School District warrant on March 31st and assume responsibility for the uncollected taxes. For taxes collected from residents of Putnam County, the towns transfer collection responsibility to the County on November 1st. On or about April 1st, Putnam County remits to the School District the balance of all uncollected taxes thus making the School District whole.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventory - Inventory in the School Lunch Fund consists of surplus food at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

Note 1 - Summary of Significant Accounting Policies (Continued)

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Machinery and Equipment	8-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consists of amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$27,193 in the General Fund for health insurance and State and Federal aid received in advance and \$9,361 in the Special Aid Fund for State and Federal aid received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expense) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District has reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the district-wide financial statement. These amounts are detailed in the discussion of the School District's pension and other postemployment benefit liabilities in Note 3F.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Debt Service or Capital Projects funds expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No 68"*.

Other Post Employment Benefit Liability ("OPEB") - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*.

Net Position - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes restricted for future capital projects, tax certiorari, unemployment benefits, ERS and TRS retirement contributions, property loss reserve and liability claims, debt service, permeant funds and special purpose.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Note 1 - Summary of Significant Accounting Policies (Continued)

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or by delegated authority to the Assistant Superintendent for Business Administration for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable

Note 1 - Summary of Significant Accounting Policies (Continued)

appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

The School District has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 24, 2021.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the

Note 2 - Stewardship, Compliance and Accountability (Continued)

lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

- f) Formal budgetary integration is employed during the year as a management control device for General and Debt Service funds.
- g) Budgets for General and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch, Special Purpose or Permanent funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget. The School District is within this statutory limit.

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

Note 2 - Stewardship, Compliance and Accountability (Continued)

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

D. Capital Projects Fund Project Deficits

The deficits in various capital projects arise because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficits in these projects will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits where no bond anticipation notes were issued or outstanding to the extent of the project deficits, arise because of expenditures exceeds current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing. Other deficits, where no bond anticipation notes were issued or outstanding to the extent of the project deficits, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

E. Adoption of Accounting Standard

For the year ended June 30, 2021, the School District implemented the provisions of GASB Statement No. 84, "*Fiduciary Activities*". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported within governmental funds are now reflected within the Fiduciary Fund while other transactions previously reported in the Fiduciary Fund are now reflected within governmental funds.

F. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified to conform with the current year presentation with respect to the implementation of the provisions of GASB Statement No. 84. These reclassifications had no effect on previously reported fund balance amounts.

G. Cumulative Effect of Change in Accounting Principle

The School District implemented the provisions of GASB Statement No.84, "*Fiduciary Activities*", for the year ended June 30, 2021. Certain amounts previously reported in the School District's Fiduciary Fund are now being reported within the Special Purpose Fund and/or the General Fund. As a result, the School District has reported a cumulative effect of change in accounting principle of

North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2021

Note 2 - Stewardship, Compliance and Accountability (Continued)

\$59,671 to the July 1, 2019 fund balance of the Special Purpose Fund (the earliest year presented). The School District also reported on its Statement of Activities a cumulative effect of change in accounting principle of \$52,880 to the July 1, 2020 net position of governmental activities for this same reason.

Note 3 - Detailed Notes on All Funds**A. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2021 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 282,185	\$ -
Capital Projects	-	9
Special Aid	-	282,176
	<u>\$ 282,185</u>	<u>\$ 282,185</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Capital Assets

Changes in the School District's capital assets are as follows:

<u>Class</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Capital Assets, not being depreciated:				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction-in-progress	5,270,791	823,441	3,443,538	2,650,694
Total Capital Assets, not being depreciated	<u>\$ 5,380,791</u>	<u>\$ 823,441</u>	<u>\$ 3,443,538</u>	<u>\$ 2,760,694</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 36,565,632	\$ 3,443,538	\$ -	\$ 40,009,170
Machinery and Equipment	3,533,317	28,949	376,179	3,186,087
Total Capital Assets, being depreciated	<u>40,098,949</u>	<u>3,472,487</u>	<u>376,179</u>	<u>43,195,257</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	13,256,688	865,768	-	14,122,456
Machinery and Equipment	2,959,069	119,123	376,179	2,702,013
Total Accumulated Depreciation	<u>16,215,757</u>	<u>984,891</u>	<u>376,179</u>	<u>16,824,469</u>
Total Capital Assets, being depreciated, net	<u>\$ 23,883,192</u>	<u>\$ 2,487,596</u>	<u>\$ -</u>	<u>\$ 26,370,788</u>
Capital Assets, net	<u>\$ 29,263,983</u>	<u>\$ 3,311,037</u>	<u>\$ 3,443,538</u>	<u>\$ 29,131,482</u>

North Salem Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation expense was charged to School District functions and programs as follows:

General Support	\$ 4,671
Instruction	871,066
Pupil Transportation	<u>109,154</u>
Total Depreciation Expense	<u>\$ 984,891</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2021 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 93,476</u>

D. Short-Term Capital Borrowings – Bond Anticipation Notes

The schedule below details the changes in the short-term capital borrowings:

<u>Purpose</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Balance July 1, 2020</u>	<u>New Issues</u>	<u>Redemptions</u>	<u>Balance June 30, 2021</u>
Reconstruction of Various School Buildings	6/25/2021	6/24/2022	1.25 %	<u>\$ 2,250,000</u>	<u>\$ 890,455</u>	<u>\$ 400,000</u>	<u>\$ 2,740,455</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$33,750 were recorded in the fund financial statements in the General Fund and district-wide financial statements.

E. Claims Payable

The district-wide financial statements reflect liabilities for self insured health benefit costs, which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported ("IBNR's"). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation and changes in doctrines of legal liability, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of

North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of claims activity is as follows:

	Year Ended June 30,	
	2021	2020
Unpaid Claims - Beginning of Year	\$ 600,000	\$ 600,000
Incurred Claims including IBNR's	5,120,576	4,541,742
Claims Paid	(4,680,576)	(4,541,742)
Unpaid Claims - End of Year	<u>\$ 1,040,000</u>	<u>\$ 600,000</u>

The liability for claims payable is reflected in the district-wide financial statements.

F. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2021	Due Within One-Year
General Obligation Bonds Payable	\$ 8,885,000	\$ -	\$ 1,195,000	\$ 7,690,000	\$ 1,220,000
Other Non-current Liabilities:					
Compensated Absences	566,909	93,777	56,700	603,986	60,400
Net Pension Liability - ERS	4,038,640	-	4,024,185	14,455	-
Net Pension Liability (Asset) - TRS	(2,768,036)	5,678,860	-	2,910,824	-
Other Post Employment Benefit Liability	16,797,789	1,183,224	2,562,711	15,418,302	-
Total Non-current Liabilities	18,635,302	6,955,861	6,643,596	18,947,567	60,400
Total Long-Term Liabilities	<u>\$ 27,520,302</u>	<u>\$ 6,955,861</u>	<u>\$ 7,838,596</u>	<u>\$ 26,637,567</u>	<u>\$ 1,280,400</u>

Each governmental fund's liability for compensated absences, net pension liability and other post employment benefit liabilities is liquidated by the General Fund. The School District's indebtedness for general obligation bonds is satisfied by the Debt Service Fund, which is funded primarily by the General Fund.

North Salem Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2021 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2021
District-Wide Improvements	2012	\$ 1,300,000	June, 2027	2.500-3.125 %	\$ 550,000
HS/MS Boiler Plant	2014	730,000	June, 2030	2.250-3.375	445,000
District-Wide Improvements	2015	431,500	June, 2024	2.000-3.000	150,000
Buses	2016	744,403	November, 2021	1.550	160,000
District-Wide Improvements	2018	2,700,000	June, 2033	2.125-3.000	1,420,000
District-Wide Improvements	2019	6,500,000	June, 2033	3.000-3.250	4,965,000
					<u>\$ 7,690,000</u>

Interest expenditures of \$253,513 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$252,269 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2021 including interest payments of \$1,389,896 is as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,220,000	\$ 224,815	\$ 1,444,815
2023	625,000	196,100	821,100
2024	640,000	178,012	818,012
2025	590,000	158,813	748,813
2026	610,000	141,113	751,113
2027-2031	2,860,000	436,312	3,296,312
2032-2033	1,145,000	54,731	1,199,731
	<u>\$ 7,690,000</u>	<u>\$ 1,389,896</u>	<u>\$ 9,079,896</u>

The above general obligation bonded debt is a direct borrowing of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Note 3 - Detailed Notes on All Funds (Continued)

Legal Debt Margin

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent full valuation of taxable real property. At June 30, 2021, that amount was \$197,285,870. As of June 30, 2021, the total outstanding debt applicable to the limit was \$10,430,455, which is 5.3% of the total debt limit.

Compensated Absences

Vacation time is earned at the completion of one year of service. It has been the School District's practice to compensate administrators and all other employees for unused vacation time upon separation of service. The School District does not compensate employees for unused sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

Pension Plans

New York State and Local Retirement System and Teachers' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). 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 School District also participates in the Public Employees' Group Life Insurance Plan, 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 provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. 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. The TRS issues a stand-alone financial report which may be found at

North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

www.nystsr.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2021 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75I	19.8 %
	4 A15	16.2
	5 A15	13.5
	6 A15	9.7
TRS	1-6	9.53 %

At June 30, 2020, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension liability	\$ 14,455	\$ 2,910,824
School Districts' proportion of the net pension liability	0.0145171 %	0.105340 %
Change in proportion since the prior measurement date	(0.0007342) %	(0.001205) %

The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2021, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$4,446,236 (\$468,791 for ERS and \$3,977,445 for TRS). Pension expenditure for ERS of \$830,543 and \$1,205 were reported in the fund financial statements and were charged to the General and School Lunch funds, respectively. Pension expenditures for TRS of \$1,789,421 were recorded in the fund financial statements in the General Fund.

North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2021, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 176,538	\$ -	\$ 2,550,464	\$ 149,174
Changes of assumptions	2,657,855	50,128	3,681,515	1,312,268
Net difference between projected and actual earnings on pension plan investments	-	4,152,400	1,901,023	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	344,474	75,588	229,723	45,845
School District contributions subsequent to the measurement date	257,481	-	1,784,731	-
	<u>\$ 3,436,348</u>	<u>\$ 4,278,116</u>	<u>\$ 10,147,456</u>	<u>\$ 1,507,287</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 2,727,002	\$ 149,174		
Changes of assumptions	6,339,370	1,362,396		
Net difference between projected and actual earnings on pension plan investments	1,901,023	4,152,400		
Changes in proportion and differences between School District contributions and proportionate share of contributions	574,197	121,433		
School District contributions subsequent to the measurement date	2,042,212	-		
	<u>\$ 13,583,804</u>	<u>\$ 5,785,403</u>		

\$257,481 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2022. The \$1,784,731 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension liability in the plan's year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31,	June 30,
	ERS	TRS
2021	\$ -	\$ 1,185,168
2022	(139,838)	2,340,255
2023	(9,856)	1,927,669
2024	(172,774)	1,201,793
2025	(776,781)	55,725
Thereafter	-	144,828
	<u>\$ (1,099,249)</u>	<u>\$ 6,855,438</u>

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate of return	5.9% *	7.1% *
Salary scale	4.4%	1.90%-4.72%
Inflation rate	2.7%	2.2%
Cost of living adjustments	1.4%	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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.

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 Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2021		TRS June 30, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.05 %	33 %	7.1 %
International Equity	15	6.30	16	7.7
Private Equity	10	6.75	8	10.4
Real Estate	9	4.95	11	6.8
Domestic Fixed Income Securities	-	-	16	1.8
Global Fixed Income Securities	-	-	2	1.0
High Yield Fixed Income Securities	-	-	1	3.9
Global Equities	-	-	4	7.4
Private Debt	-	-	1	5.2
Real Estate Debt	-	-	7	3.6
Opportunistic Portfolio/ARS Portfolio	3	4.50	-	-
Credit	4	3.63	-	-
Real Assets	3	5.95	-	-
Fixed Income	23	-	-	-
Cash	1	0.50	1	0.7
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.7% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. 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 those assumptions, the System's 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.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 6.1% for TRS) or 1 percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 4,012,219</u>	<u>\$ 14,455</u>	<u>\$ (3,672,419)</u>
	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 18,386,671</u>	<u>\$ 2,910,824</u>	<u>\$ (10,077,334)</u>

The components of the collective net pension liability as of the March 31, 2021 ERS measurement date and the June 30, 2020 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 220,680,157,000	\$ 123,242,776,215
Fiduciary net position	<u>220,580,583,000</u>	<u>120,479,505,380</u>
Employers' net pension liability	<u>\$ 441,260,740,000</u>	<u>\$ 243,722,281,595</u>
Fiduciary net position as a percentage of total pension liability	<u>99.95%</u>	<u>97.76%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2021 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2021 were \$257,481 to ERS and \$1,858,674 to TRS, inclusive of \$73,943 of employee contributions.

Note 3 - Detailed Notes on All Funds (Continued)

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 5% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Post Employment Benefit Liability ("OPEB")

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2021, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	80
Active participants	<u>251</u>
	<u><u>331</u></u>

The School District's total OPEB liability of \$15,418,302 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	1.25%, average, including inflation
Discount rate	1.92%
Healthcare cost trend rates	Ranging from 5.75% to 6.75% in 2021, decreasing annually to an ultimate rate of 3.784% for 2075 and later years
Retirees' share of benefit-related costs	Varies from 50% to 65%, depending on applicable retirement year and bargaining unit

The discount rate was based on an analysis of returns on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of June 30, 2020 and June 30, 2021, respectively, which yielded discount rates of 2.45% and 1.92%, respectively.

Mortality rates were based on the sex-distinct and job category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees.

North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2021 is as follows:

Total OPEB Liability - Beginning of Year	\$ 16,797,789
Service cost	759,643
Interest	423,581
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(2,025,879)
Benefit payments	<u>(536,832)</u>
Total OPEB Liability - End of Year	<u>\$ 15,418,302</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.92%) or 1 percentage point higher (2.92%) than the current discount rate:

	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Total OPEB Liability	<u>\$ 17,043,713</u>	<u>\$ 15,418,302</u>	<u>\$ 13,967,712</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.750% decreasing to 2.784%) or 1 percentage point higher (7.750% decreasing to 4.784%) than the current healthcare cost trend rates:

	1% Decrease (5.750 decreasing to 2.784%)	Current Healthcare Cost Trend Rates (6.750 decreasing to 3.784%)	1% Increase (7.750 decreasing to 4.784%)
Total OPEB Liability	<u>\$ 13,483,947</u>	<u>\$ 15,418,302</u>	<u>\$ 17,759,714</u>

For the year ended June 30, 2021, the School District recognized OPEB expense of \$43,614 in the district-wide financial statements. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 461,394	\$ 7,409,012
Differences between expected and actual experience	<u>2,622,434</u>	<u>2,768,841</u>
	<u>\$ 3,083,828</u>	<u>\$ 10,177,853</u>

North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

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

Year Ended June 30,	
2022	\$ (1,139,610)
2023	(1,139,610)
2024	(1,139,610)
2025	(1,148,070)
2026	(1,177,986)
Thereafter	<u>(1,349,139)</u>
	<u>\$ (7,094,025)</u>

G. Revenues and Expenditures**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfer In				Total
	General Fund	Capital Projects Fund	Special Aid Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 400,000	\$ 41,056	\$ 1,448,513	\$ 1,889,569
Non-Major Governmental Funds	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
	<u>\$ 25,000</u>	<u>\$ 400,000</u>	<u>\$ 41,056</u>	<u>\$ 1,448,513</u>	<u>\$ 1,914,569</u>

Transfers are used to 1) move funds from the General Fund to the Debt Service Fund as debt service principal and interest payments become due, 2) move amounts earmarked in the General Fund to fulfill commitments for Special Aid Fund and Capital Projects Fund expenditures and 3) move funds from the Debt Service Fund to the General Fund as debt service payments become due.

H. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Future Capital Projects - the component of net position that has been established to set aside funds to be used for future capital projects.

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Unemployment Benefits - the component of net position that has been set aside to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

Restricted for ERS Retirement Contributions - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for TRS Retirement Contributions - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for Property Loss Reserve and Liability Claims - the component of net position that reports the amounts set aside to be used to pay for property loss and liability claims incurred in accordance with the Education Law of the State of New York.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

Restricted for Permanent Fund - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

North Salem Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2021				2020			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:								
Inventories	\$ -	\$ -	\$ 2,179	\$ 2,179	\$ -	\$ -	\$ 2,171	\$ 2,171
Permanent Fund	-	-	43,888	43,888	-	-	43,888	43,888
Total Nonspendable	-	-	46,067	46,067	-	-	46,059	46,059
Restricted:								
Tax certiorari	866,107	-	-	866,107	877,320	-	-	877,320
Unemployment benefits	11,956	-	-	11,956	66,944	-	-	66,944
Unemployment benefits - for subsequent year's expenditures	5,000	-	-	5,000	4,000	-	-	4,000
Employee benefit accrued liability	389,308	-	-	389,308	424,960	-	-	424,960
ERS retirement contributions	847,894	-	-	847,894	797,332	-	-	797,332
ERS retirement contributions - for subsequent year's expenditures	450,000	-	-	450,000	575,000	-	-	575,000
TRS retirement contributions	798,840	-	-	798,840	658,786	-	-	658,786
TRS retirement contributions - for subsequent year's expenditures	217,920	-	-	217,920	-	-	-	-
Property loss reserve and liability claims	52,300	-	-	52,300	69,790	-	-	69,790
Future capital projects	845,681	-	-	845,681	845,054	-	-	845,054
Debt service	-	-	140,928	140,928	-	-	139,587	139,587
Debt service - for subsequent year's expenditures	-	-	25,000	25,000	-	-	25,000	25,000
Special purposes (1)	-	-	120,098	120,098	-	-	125,586	125,586
Permanent fund	-	-	40,227	40,227	-	-	41,163	41,163
Total Restricted	4,485,006	-	326,253	4,811,259	4,319,186	-	331,336	4,650,522
Assigned:								
Purchases on order:								
General government support	339,360	-	-	339,360	352,962	-	-	352,962
Instruction	279,871	-	-	279,871	332,147	-	-	332,147
Pupil transportation	32,962	-	-	32,962	3,085	-	-	3,085
Employee benefits	41,000	-	-	41,000	175	-	-	175
	693,193	-	-	693,193	688,369	-	-	688,369
For subsequent year's expenditures -								
General Fund	825,000	-	-	825,000	700,000	-	-	700,000
School Lunch Fund	-	-	29,560	29,560	-	-	50,042	50,042
Total Assigned	1,518,193	-	29,560	1,547,753	1,388,369	-	50,042	1,438,411
Unassigned	1,716,845	(1,023,714)	-	693,131	1,768,673	(779,418)	-	989,255
Total Fund Balances (Deficits)	\$ 7,720,044	\$ (1,023,714)	\$ 401,880	\$ 7,098,210	\$ 7,476,228	\$ (779,418)	\$ 427,437	\$ 7,124,247

(1) Balance at June 30, 2020 restated for the implementation of the provisions of GASB Statement No. 84, "Fiduciary Activities".

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

Restricted for Employee Benefit Accrued Liability - the component of fund balance that reports the amounts set aside to be used for the payment of unused sick and vacation time granted upon termination or separation from service in accordance with Section 6-p of the General Municipal Law of the State of New York.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2021, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities of the School Lunch Fund.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balance in the various capital projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is a defendant in a case involving a former student which alleges sexual abuse. The School District's submitted a motion to dismiss based on the statute of limitations and failure to state a cause of action. The Southern District of New York dismissed the federal claims but refused to exercise supplemental jurisdiction and rule on the state law claims. State law claims were dismissed without prejudice. The Plaintiff re-filed the case as it related to the state law claims in Westchester County Supreme Court. The parties are in the discovery phase of litigation and the outcome is outcome is indeterminable at this time. No provision for loss has been included in the financial statements.

The School District is a defendant in a case involving a former student which alleges sexual abuse. The matter is in its early stages and still pending. The School District submitted a notice of appearance and an answer to the complaint. No provision for loss has been included in the financial statements.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District is a defendant in a case involving the North Salem Teachers Association which filed an improper practice charge with the Public Employment Relations Board ("PERB") alleging that the School District inappropriately transferred bargaining unit work to a non-bargaining unit employee. The matter is still pending at the PERB. This matter is in its early stages of which the outcome is indeterminable at this time. No provision for loss has been included in the financial statements.

The School District is involved in a matter pertaining to a special education student. The parents of the student allege that the School District was unable to provide an appropriate placement for the student for the 2021-2022 school year. This matter is ongoing. No provision for loss has been included in the financial statements.

B. Contingencies

The School District participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million. The School District also maintains liability coverage for school board members up to \$1 million and an umbrella policy which provides coverage up to \$19 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester Putnam School Cooperative Workers' Compensation Self-Insurance Plan. This Plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority of the total membership of Trustees. Billings to each participant are based upon the cost incurred for workers' compensation. The School District has transferred all related risk to the Plan.

The School District, along with other municipal entities, participates in the Municipal Employees Benefits Consortium ("MEBCO"). MEBCO is a public entity risk pool currently operating as a common risk management and health insurance program for its members. MEBCO was formed in April 1988 pursuant to an act of the Board of Legislators of the County of Westchester. This act provided cities, towns, villages and certain school districts throughout Westchester County with an opportunity to participate in a cooperative program for providing health benefits to municipal employees by entering into an intermunicipal agreement pursuant to Article 5-G of the General Municipal Law of the State of New York. MEBCO functions primarily as a claims service whereby each participating municipality retains its own risk. MEBCO does not transfer risk since charges to each municipality are ultimately determined by their individual claims/loss experience. The School District pays the pool an annual provision for its health coverage. The purpose of the pool is to stabilize the cost of medical benefits provided to employees. MEBCO functions primarily as a claims service whereby each member of MEBCO retains its own risk for individual claims up to \$75,000. Premium equivalents are set for each municipality based upon their individual claim loss experience for all claims under \$75,000. The pool has insurance coverage to pay for individual claims above \$75,000. For individual claims above \$75,000, the risk is insured by MEBCO's participation in a captive insurance company, which currently is Tokio Marine. It underwrites risk for individual claims above \$75,000. MEBCO has entered into a participation agreement with Tokio Marine to be part of a segregated account within this captive insurance company ("MEBCO Segregated Cell"). Claims in this second tier are funded by amounts paid by each member to the captive for premium contributions and stop loss coverage that the captive secures on MEBCO's behalf.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes a single model for lease accounting based on the concept that leases are financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

This is not an all-inclusive list of recently issues GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

North Salem Central School District, New York

Required Supplementary Information - Schedule of Changes in the School District's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1) (2)

	2021	2020	2019	2018
Total OPEB Liability:				
Service cost	\$ 759,643	\$ 1,100,348	\$ 910,125	\$ 912,502
Interest	423,581	773,925	815,147	757,010
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(9,861,920) (4)	212,232	672,305
Changes of assumptions or other inputs	(2,025,879) (6)	3,490,646 (5)	(1,449,526)	(197,421)
Benefit payments	(536,832)	(464,719)	(672,425)	(1,104,537)
Net Change in Total OPEB Liability	(1,379,487)	(4,961,720)	(184,447)	1,039,859
Total OPEB Liability – Beginning of Year	16,797,789	21,759,509	21,943,956	20,904,097 (3)
Total OPEB Liability – End of Year	<u>\$ 15,418,302</u>	<u>\$ 16,797,789</u>	<u>\$ 21,759,509</u>	<u>\$ 21,943,956</u>
School District's covered-employee payroll	<u>\$ 24,508,702</u>	<u>\$ 23,297,702</u>	<u>\$ 23,148,617</u>	<u>\$ 22,803,312</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>62.91%</u>	<u>72.10%</u>	<u>94.00%</u>	<u>96.23%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

(4) The decrease in the liability from the difference between expected and actual experience results from the repeal of the "Cadillac Tax" from the Patient Protection and Affordable Care Act which was signed into law on December 20, 2019.

(5) Discount rate decreased from 3.13% in 2019 to 2.45% in 2020.

(6) Discount rate decreased from 2.45% in 2020 to 1.92% in 2021.

North Salem Central School District, New York

Required Supplementary Information - Schedule of the
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) (2)							
	2021 (6)	2020 (5)	2019	2018 (4)	2017 (3)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.105340%</u>	<u>0.106545%</u>	<u>0.105717%</u>	<u>0.109364%</u>	<u>0.109763%</u>	<u>0.109625%</u>	<u>0.109989%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 2,910,824</u>	<u>\$ (2,768,036)</u>	<u>\$ (1,911,648)</u>	<u>\$ (831,271)</u>	<u>\$ 1,175,612</u>	<u>\$ (11,386,513)</u>	<u>\$ (12,252,122)</u>
School District's covered payroll	<u>\$ 17,918,217</u>	<u>\$ 17,805,296</u>	<u>\$ 17,195,034</u>	<u>\$ 17,332,571</u>	<u>\$ 17,003,533</u>	<u>\$ 16,509,291</u>	<u>\$ 16,447,718</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>16.25%</u>	<u>(15.55)%</u>	<u>(11.12)%</u>	<u>(4.80)%</u>	<u>(6.91)%</u>	<u>(68.97)%</u>	<u>(74.49)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.76%</u>	<u>102.20%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

Schedule of Contributions							
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 1,784,731</u>	<u>\$ 1,587,554</u>	<u>\$ 1,892,562</u>	<u>\$ 1,685,113</u>	<u>\$ 2,031,377</u>	<u>\$ 2,254,668</u>	<u>\$ 2,894,079</u>
Contributions in relation to the contractually required contribution	<u>(1,784,731)</u>	<u>(1,587,554)</u>	<u>(1,892,562)</u>	<u>(1,685,113)</u>	<u>(2,031,377)</u>	<u>(2,254,668)</u>	<u>(2,894,079)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 18,801,445</u>	<u>\$ 17,918,217</u>	<u>\$ 17,805,296</u>	<u>\$ 17,195,034</u>	<u>\$ 17,332,571</u>	<u>\$ 17,003,533</u>	<u>\$ 16,509,291</u>
Contributions as a percentage of covered payroll	<u>9.49%</u>	<u>8.86%</u>	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of this prior fiscal year.

(3) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

(4) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

(5) The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.1% effective with the June 30, 2019 measurement date.

(6) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

See independent auditors' report.

North Salem Central School District, New York

Required Supplementary Information - Schedule of the
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

Schedule of the District's Proportionate Share of the Net Pension Liability (2)							
	2021 (6)	2020 (4) (5)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability	0.0145171%	0.0152513%	0.0154731%	0.0154754%	0.0155721%	0.0153166%	0.0155537%
School District's proportionate share of the net pension liability	\$ 14,455	\$ 4,038,640	\$ 1,096,315	\$ 499,460	\$ 1,463,193	\$ 2,458,354	\$ 525,443
School District's covered payroll	\$ 5,185,328	\$ 5,610,710	\$ 5,447,185	\$ 5,073,119	\$ 5,036,810	\$ 4,835,160	\$ 4,550,520
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.28%	71.98%	20.13%	9.85%	29.05%	50.84%	11.55%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
Schedule of Contributions							
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 795,511	\$ 765,917	\$ 727,374	\$ 754,926	\$ 735,418	\$ 833,908	\$ 815,893
Contributions in relation to the contractually required contribution	(795,511)	(765,917)	(727,374)	(754,926)	(735,418)	(833,908)	(815,893)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 5,311,983	\$ 5,490,427	\$ 5,484,743	\$ 5,164,255	\$ 5,086,719	\$ 4,834,113	\$ 4,681,003
Contributions as a percentage of covered payroll	14.98%	13.95%	13.26%	14.62%	14.46%	17.25%	17.43%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

(5) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(6) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains, partially offset by a decrease in the discount rate from 6.8% to 5.9% effective with the March 31, 2021 measurement date.

See independent auditors' report.

(This page intentionally left blank)

North Salem Central School District, New York

General Fund
Comparative Balance Sheet
June 30,

	2021	2020
ASSETS		
Cash and equivalents	\$ 4,619,709	\$ 3,789,493
Investments	4,647,824	4,708,409
Receivables		
Accounts	377,877	366,040
State and Federal aid	449,478	511,450
Due from other governments	124,000	85,000
Due from other funds	282,185	524,161
	1,233,540	1,486,651
Total Assets	\$ 10,501,073	\$ 9,984,553
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 385,747	\$ 544,367
Accrued liabilities	93,476	88,989
Due to other governments	158,458	13,495
Due to retirement systems	2,116,155	1,858,973
Unearned revenues	27,193	2,501
Total Liabilities	2,781,029	2,508,325
Fund balance		
Restricted	4,485,006	4,319,186
Assigned	1,518,193	1,388,369
Unassigned	1,716,845	1,768,673
Total Fund Balance	7,720,044	7,476,228
Total Liabilities and Fund Balance	\$ 10,501,073	\$ 9,984,553

See independent auditors' report.

North Salem Central School District, New York

General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended June 30,

	2021				
	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 37,818,093	\$ 37,818,093	\$ 37,791,679	\$	\$ (26,414)
Other tax items	1,907,888	1,907,888	1,913,725		5,837
Non-property taxes	420,750	420,750	676,585		255,835
Charges for services	509,721	509,721	670,964		161,243
Use of money and property	110,000	110,000	18,861		(91,139)
Sale of property and compensation for loss	1,000	1,000	49,605		48,605
State aid	2,696,880	2,696,880	2,610,326		(86,554)
Miscellaneous	199,377	213,002	243,742		30,740
Total Revenues	43,663,709	43,677,334	43,975,487		298,153
EXPENDITURES					
Current					
General support					
Board of education	71,565	80,640	68,499	-	12,141
Central administration	364,566	364,566	358,836	-	5,730
Finance	686,916	705,137	687,020	2,958	15,159
Staff	306,350	308,685	243,074	13,701	51,910
Central services	3,487,443	3,820,472	3,401,312	321,401	97,759
Special items	447,864	444,537	438,300	1,300	4,937
Total General Support	5,364,704	5,724,037	5,197,041	339,360	187,636
Instruction					
Instruction, administration and improvement	1,924,159	1,871,942	1,736,790	7,959	127,193
Teaching - Regular school	12,286,532	12,166,049	11,923,312	29,097	213,640
Programs for students with disabilities	7,050,456	7,288,743	7,000,391	63,808	224,544
Programs for English language learners	265,531	331,239	325,323	-	5,916
Occupational education	304,209	304,209	304,209	-	-
Instructional media	1,267,247	1,707,206	1,506,157	152,456	48,593
Pupil services	2,457,894	2,499,635	2,193,800	26,551	279,284
Total Instruction	25,556,028	26,169,023	24,989,982	279,871	899,170
Pupil transportation	2,253,997	1,866,575	1,693,044	32,962	140,569
Employee benefits	10,643,318	10,382,879	9,953,285	41,000	388,594
Debt service					
Interest	128,296	33,750	33,750	-	-
Total Expenditures	43,946,343	44,176,264	41,867,102	693,193	1,615,969
Excess of Revenues Over Expenditures	(282,634)	(498,930)	2,108,385	(693,193)	1,914,122
OTHER FINANCING SOURCES (USES)					
Transfers in	25,000	25,000	25,000	-	-
Transfers out	(1,709,735)	(1,893,521)	(1,889,569)	-	3,952
Total Other Financing Uses	(1,684,735)	(1,868,521)	(1,864,569)	-	3,952
Net Change in Fund Balance	(1,967,369)	(2,367,451)	243,816	\$ (693,193)	\$ 1,918,074
FUND BALANCE					
Beginning of Year	1,967,369	2,367,451	7,476,228		
End of Year	\$ -	\$ -	\$ 7,720,044		

See independent auditors' report.

2020				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
\$ 36,812,245	\$ 36,812,245	\$ 36,807,716	\$	\$ (4,529)
2,138,728	2,138,728	2,142,766		4,038
395,000	395,000	544,928		149,928
384,000	434,000	557,474		123,474
110,000	110,000	168,057		58,057
1,000	1,000	44,833		43,833
2,843,089	2,843,089	2,798,816		(44,273)
189,939	193,209	186,981		(6,228)
<u>42,874,001</u>	<u>42,927,271</u>	<u>43,251,571</u>		<u>324,300</u>
71,469	78,437	66,827	175	11,435
360,764	366,667	365,756	-	911
670,318	675,629	650,093	3,668	21,868
272,465	353,067	267,115	50,304	35,648
3,227,101	3,498,369	3,050,544	295,265	152,560
445,793	423,601	420,051	3,550	-
<u>5,047,910</u>	<u>5,395,770</u>	<u>4,820,386</u>	<u>352,962</u>	<u>222,422</u>
1,923,453	1,918,069	1,787,822	7,965	122,282
12,434,145	11,896,881	11,554,284	37,061	305,536
6,486,649	6,587,650	6,193,124	250,579	143,947
-	234,564	233,447	-	1,117
240,899	240,899	240,899	-	-
1,264,237	1,395,470	1,334,435	22,703	38,332
2,311,183	2,413,124	2,163,074	13,839	236,211
<u>24,660,566</u>	<u>24,686,657</u>	<u>23,507,085</u>	<u>332,147</u>	<u>847,425</u>
2,221,113	2,089,274	1,861,947	3,085	224,242
10,408,327	10,218,178	9,483,055	175	734,948
140,296	63,050	63,042	-	8
<u>42,478,212</u>	<u>42,452,929</u>	<u>39,735,515</u>	<u>688,369</u>	<u>2,029,045</u>
<u>395,789</u>	<u>474,342</u>	<u>3,516,056</u>	<u>(688,369)</u>	<u>2,353,345</u>
25,000	25,000	25,000	-	-
(1,712,917)	(1,811,462)	(1,792,097)	-	19,365
(1,687,917)	(1,786,462)	(1,767,097)	-	19,365
(1,292,128)	(1,312,120)	1,748,959	<u>\$ (688,369)</u>	<u>\$ 2,372,710</u>
<u>1,292,128</u>	<u>1,312,120</u>	<u>5,727,269</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,476,228</u>		

North Salem Central School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	<u>\$ 37,818,093</u>	<u>\$ 37,818,093</u>	<u>\$ 37,791,679</u>	<u>\$ (26,414)</u>
OTHER TAX ITEMS				
School tax relief reimbursement	1,907,888	1,907,888	1,907,888	-
Interest and penalties on real property taxes	<u>-</u>	<u>-</u>	<u>5,837</u>	<u>5,837</u>
	<u>1,907,888</u>	<u>1,907,888</u>	<u>1,913,725</u>	<u>5,837</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>420,750</u>	<u>420,750</u>	<u>676,585</u>	<u>255,835</u>
CHARGES FOR SERVICES				
Other student fees and charges	71,000	71,000	38,653	(32,347)
Non-resident tuition from other districts	<u>438,721</u>	<u>438,721</u>	<u>632,311</u>	<u>193,590</u>
	<u>509,721</u>	<u>509,721</u>	<u>670,964</u>	<u>161,243</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	100,000	100,000	8,659	(91,341)
Rental of real property - Individuals	<u>10,000</u>	<u>10,000</u>	<u>10,202</u>	<u>202</u>
	<u>110,000</u>	<u>110,000</u>	<u>18,861</u>	<u>(91,139)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	1,000	1,000	-	(1,000)
Insurance recoveries	<u>-</u>	<u>-</u>	<u>49,605</u>	<u>49,605</u>
	<u>1,000</u>	<u>1,000</u>	<u>49,605</u>	<u>48,605</u>

STATE AID

Basic formula	2,696,880	1,938,795	1,868,680	(70,115)
Lottery aid	-	91,100	91,086	(14)
BOCES	-	580,340	580,340	-
Textbook aid	-	63,784	47,359	(16,425)
Software aid	-	16,274	16,274	-
Library aid	-	6,587	6,587	-
	<u>2,696,880</u>	<u>2,696,880</u>	<u>2,610,326</u>	<u>(86,554)</u>

MISCELLANEOUS

Refund of prior year's expenditures	130,000	130,000	181,369	51,369
Gifts and donations	1,000	14,625	13,625	(1,000)
Medicare Part D reimbursement	-	-	40,123	40,123
Other	68,377	68,377	8,625	(59,752)
	<u>199,377</u>	<u>213,002</u>	<u>243,742</u>	<u>30,740</u>

TOTAL REVENUES

43,663,709	43,677,334	43,975,487	298,153
------------	------------	------------	---------

OTHER FINANCING SOURCES

Transfers in				
Debt Service Fund	25,000	25,000	25,000	-
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>

**TOTAL REVENUES AND OTHER
FINANCING SOURCES**

<u>\$ 43,688,709</u>	<u>\$ 43,702,334</u>	<u>\$ 44,000,487</u>	<u>\$ 298,153</u>
----------------------	----------------------	----------------------	-------------------

See independent auditors' report.

North Salem Central School District, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 36,475	\$ 36,915	\$ 30,508	\$ -	\$ 6,407
District clerk	19,040	25,975	25,460	-	515
District meeting	16,050	17,750	12,531	-	5,219
Total Board of Education	71,565	80,640	68,499	-	12,141
CENTRAL ADMINISTRATION					
Chief school administrator	364,566	364,566	358,836	-	5,730
FINANCE					
Business administration	511,183	521,480	508,154	295	13,031
Auditing	64,367	61,967	60,698	-	1,269
Treasurer	95,792	106,116	105,734	-	382
Tax collection	2,500	2,500	2,245	-	255
Fiscal agent fees	13,074	13,074	10,189	2,663	222
Total Finance	686,916	705,137	687,020	2,958	15,159
STAFF					
Legal	200,304	199,339	141,434	13,701	44,204
Personnel	85,546	84,646	76,971	-	7,675
Public information and services	20,500	24,700	24,669	-	31
Total Staff	306,350	308,685	243,074	13,701	51,910

CENTRAL SERVICES

Operation and maintenance of plant	3,475,443	3,805,472	3,386,969	321,401	97,102
Central printing and mailing	12,000	15,000	14,343	-	657
Total Central Services	3,487,443	3,820,472	3,401,312	321,401	97,759

SPECIAL ITEMS

Unallocated insurance	186,688	166,530	162,713	1,300	2,517
Refunds of real property taxes	-	11,831	9,411	-	2,420
Administrative and capital charges - BOCES	261,176	266,176	266,176	-	-
Total Special Items	447,864	444,537	438,300	1,300	4,937
Total General Support	5,364,704	5,724,037	5,197,041	339,360	187,636

INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	628,635	560,327	461,046	9	99,272
Supervision - Regular school	1,295,524	1,311,615	1,275,744	7,950	27,921
Total Instruction, Administration and Improvement	1,924,159	1,871,942	1,736,790	7,959	127,193

TEACHING - REGULAR SCHOOL

12,286,532	12,166,049	11,923,312	29,097	213,640
------------	------------	------------	--------	---------

**PROGRAMS FOR STUDENTS
WITH DISABILITIES**

7,050,456	7,288,743	7,000,391	63,808	224,544
-----------	-----------	-----------	--------	---------

**PROGRAMS FOR ENGLISH
LANGUAGE LEARNERS**

265,531	331,239	325,323	-	5,916
---------	---------	---------	---	-------

OCCUPATIONAL EDUCATION

304,209	304,209	304,209	-	-
---------	---------	---------	---	---

INSTRUCTIONAL MEDIA

School library and audiovisual	411,624	418,441	407,779	2,831	7,831
Computer assisted instruction	855,623	1,288,765	1,098,378	149,625	40,762
Total Instructional Media	1,267,247	1,707,206	1,506,157	152,456	48,593

(Continued)

North Salem Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
INSTRUCTION (Continued)					
<i>PUPIL SERVICES</i>					
Guidance - Regular school	\$ 705,984	\$ 711,174	\$ 690,451	\$ 377	\$ 20,346
Health services - Regular school	281,200	318,628	288,645	9,003	20,980
Psychological services - Regular school	468,784	471,584	465,618	4,879	1,087
Co-curricular activities - Regular school	224,399	222,507	150,444	1,396	70,667
Interscholastic athletics - Regular school	777,527	775,742	598,642	10,896	166,204
	<u>2,457,894</u>	<u>2,499,635</u>	<u>2,193,800</u>	<u>26,551</u>	<u>279,284</u>
Total Pupil Services					
	<u>25,556,028</u>	<u>26,169,023</u>	<u>24,989,982</u>	<u>279,871</u>	<u>899,170</u>
PUPIL TRANSPORTATION					
District transportation services	<u>2,253,997</u>	<u>1,866,575</u>	<u>1,693,044</u>	<u>32,962</u>	<u>140,569</u>
EMPLOYEE BENEFITS					
State retirement	959,224	894,800	830,543	-	64,257
Teachers' retirement	1,878,816	1,877,316	1,789,421	-	87,895
Social security	1,874,980	1,874,910	1,779,980	-	94,930
Unemployment benefits	4,000	54,000	48,256	-	5,744
Hospital, medical and dental insurance	5,490,740	5,205,200	5,086,184	-	119,016
Workers' compensation benefits	164,494	164,289	164,288	-	1
Life insurance	7,663	7,938	7,935	-	3
Other benefits	55,582	96,607	71,828	24,000	779
Union welfare benefits	207,819	207,819	174,850	17,000	15,969
	<u>10,643,318</u>	<u>10,382,879</u>	<u>9,953,285</u>	<u>41,000</u>	<u>388,594</u>
Total Employee Benefits					

DEBT SERVICE

Interest

Bond anticipation notes

128,296	33,750	33,750	-	-
---------	--------	--------	---	---

TOTAL EXPENDITURES

43,946,343	44,176,264	41,867,102	693,193	1,615,969
------------	------------	------------	---------	-----------

OTHER FINANCING USES

Transfers out

Capital Projects Fund

186,216	400,002	400,000	-	2
---------	---------	---------	---	---

Special Aid Fund

65,000	45,000	41,056	-	3,944
--------	--------	--------	---	-------

Debt Service Fund

1,458,519	1,448,519	1,448,513	-	6
-----------	-----------	-----------	---	---

TOTAL OTHER FINANCING USES

1,709,735	1,893,521	1,889,569	-	3,952
-----------	-----------	-----------	---	-------

**TOTAL EXPENDITURES AND OTHER
FINANCING USES**

\$ 45,656,078	\$ 46,069,785	\$ 43,756,671	\$ 693,193	\$ 1,619,921
---------------	---------------	---------------	------------	--------------

See independent auditors' report.

North Salem Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	\$ 1,641,775	\$ 1,549,312
State and Federal aid	<u>74,975</u>	<u>-</u>
	<u>\$ 1,716,750</u>	<u>\$ 1,549,312</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ -	\$ 78,723
Bond anticipation notes payable	2,740,455	2,250,000
Due to other funds	<u>9</u>	<u>7</u>
Total Liabilities	2,740,464	2,328,730
Fund Deficit		
Unassigned	<u>(1,023,714)</u>	<u>(779,418)</u>
Total Liabilities and Fund Deficit	<u>\$ 1,716,750</u>	<u>\$ 1,549,312</u>

See independent auditors' report.

North Salem Central School District, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2021</u>	<u>2020</u>
REVENUES		
State aid	\$ 179,147	\$ -
EXPENDITURES		
Capital outlay	<u>823,443</u>	<u>1,415,411</u>
Deficiency of Revenues Over Expenditures	<u>(644,296)</u>	<u>(1,415,411)</u>
OTHER FINANCING SOURCES		
Transfers in	<u>400,000</u>	<u>280,761</u>
Net Change in Fund Balance	(244,296)	(1,134,650)
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>(779,418)</u>	<u>355,232</u>
End of Year	<u><u>\$ (1,023,714)</u></u>	<u><u>\$ (779,418)</u></u>

See independent auditors' report.

North Salem Central School District, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through June 30, 2021

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
EFC - Wastewater Treatment Plant	\$ 4,042,257	\$ 2,154,074	\$ 104,172	\$ 2,258,246	\$ 1,784,011
Bus Garage - Phase 1	166,724	166,724	-	166,724	-
PQ Improvements - Phase 3	2,534,721	2,534,721	-	2,534,721	-
PQ Dehumidification	742,093	156,100	585,993	742,093	-
Water Supply Project	900,000	76,850	33,390	110,240	789,760
Bus Garage and MS/HS Drainage	200,000	166,778	3,061	169,839	30,161
MS/HS HVAC	240,000	15,540	21,852	37,392	202,608
District-wide Improvements	1,319,212	-	-	-	1,319,212
PQ Dehumidification Controls	175,000	-	-	-	175,000
Smart Bond	230,261	-	74,975	74,975	155,286
Totals	<u>\$ 10,550,268</u>	<u>\$ 5,270,787</u>	<u>\$ 823,443</u>	<u>\$ 6,094,230</u>	<u>\$ 4,456,038</u>

See independent auditors' report.

Proceeds of Obligations	Methods of Financing			Fund Balance (Deficit) at June 30, 2021	Bond Anticipation Notes Outstanding at June 30, 2021
	Transfers	State Aid	Totals		
\$ -	\$ -	\$ 2,258,246	\$ 2,258,246	\$ -	\$ -
-	166,724	-	166,724	-	-
1,856,534	614,037	-	2,470,571	(64,150)	64,150
-	-	-	-	(742,093)	742,093
-	100,000	-	100,000	(10,240)	-
-	-	-	-	(169,839)	200,000
-	-	-	-	(37,392)	240,000
-	-	-	-	-	1,319,212
-	-	-	-	-	175,000
-	-	74,975	74,975	-	-
<u>\$ 1,856,534</u>	<u>\$ 880,761</u>	<u>\$ 2,333,221</u>	<u>\$ 5,070,516</u>	<u>\$ (1,023,714)</u>	<u>\$ 2,740,455</u>

North Salem Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	\$ 42,881	\$ 153,700
State and Federal aid receivable	<u>265,545</u>	<u>389,476</u>
Total Assets	<u><u>\$ 308,426</u></u>	<u><u>\$ 543,176</u></u>
LIABILITIES		
Accounts payable	\$ 16,889	\$ 8,862
Due to other funds	282,176	524,154
Unearned revenues	<u>9,361</u>	<u>10,160</u>
Total Liabilities	<u><u>\$ 308,426</u></u>	<u><u>\$ 543,176</u></u>

See independent auditors' report.

North Salem Central School District, New York

Special Aid Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2021</u>	<u>2020</u>
REVENUES		
State aid	\$ 109,509	\$ 201,813
Federal aid	<u>360,616</u>	<u>409,629</u>
Total Revenues	470,125	611,442
EXPENDITURES		
Current		
Instruction	<u>511,181</u>	<u>661,096</u>
Deficiency of Revenues Over Expenditures	(41,056)	(49,654)
OTHER FINANCING SOURCES		
Transfers in	<u>41,056</u>	<u>49,654</u>
Net Change in Fund Balance	-	-
FUND BALANCE		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

North Salem Central School District, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2021
 (With Comparative Totals for 2020)

	School Lunch	Special Purpose	Permanent	Debt Service
ASSETS				
Cash and equivalents	\$ 15,004	\$ 52,473	\$ -	\$ -
Investments	-	67,625	84,115	165,928
Receivables				
Accounts	1,450	-	-	-
State and Federal aid	67,973	-	-	-
	69,423	-	-	-
Inventories	2,179	-	-	-
Total Assets	<u>\$ 86,606</u>	<u>\$ 120,098</u>	<u>\$ 84,115</u>	<u>\$ 165,928</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 54,836	\$ -	\$ -	\$ -
Due to other governments	31	-	-	-
Total Liabilities	<u>54,867</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	2,179	-	43,888	-
Restricted	-	120,098	40,227	165,928
Assigned	29,560	-	-	-
Total Fund Balances	<u>31,739</u>	<u>120,098</u>	<u>84,115</u>	<u>165,928</u>
Total Liabilities and Fund Balances	<u>\$ 86,606</u>	<u>\$ 120,098</u>	<u>\$ 84,115</u>	<u>\$ 165,928</u>

See independent auditors' report.

Total Non-Major Governmental Funds	
2021	2020
\$ 67,477	\$ 116,440
317,668	321,744
1,450	2,536
67,973	13,029
69,423	15,565
2,179	2,171
<u>\$ 456,747</u>	<u>\$ 455,920</u>
\$ 54,836	\$ 28,483
31	-
54,867	28,483
46,067	46,059
326,253	331,336
29,560	50,042
401,880	427,437
<u>\$ 456,747</u>	<u>\$ 455,920</u>

North Salem Central School District, New York

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2021
(With Comparative Totals for 2020)

	School Lunch	Special Purpose	Permanent	Debt Service
REVENUES				
Use of money and property	\$ 7	\$ 50	\$ 64	\$ 26,341
Sale of property and compensation for loss	-	-	-	-
State aid	7,598	-	-	-
Federal aid	213,155	-	-	-
Food sales	32,469	-	-	-
Miscellaneous	12	16,677	-	-
Total Revenues	253,241	16,727	64	26,341
EXPENDITURES				
Current				
Instruction	-	-	1,000	-
Community services	-	6,900	-	-
Cost of food sales	273,715	-	-	-
Other	-	15,315	-	-
Debt service				
Principal	-	-	-	1,195,000
Interest	-	-	-	253,513
Total Expenditures	273,715	22,215	1,000	1,448,513
Deficiency of Revenues Over Expenditures	(20,474)	(5,488)	(936)	(1,422,172)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,448,513
Transfers out	-	-	-	(25,000)
Total Other Financing Sources	-	-	-	1,423,513
Net Change in Fund Balances	(20,474)	(5,488)	(936)	1,341
FUND BALANCES				
Beginning of Year, as reported	52,213	125,586	85,051	164,587
Cumulative Effect of Change in Accounting Principle	-	-	-	-
Beginning of Year, as restated	52,213	125,586	85,051	164,587
End of Year	\$ 31,739	\$ 120,098	\$ 84,115	\$ 165,928

See independent auditors' report.

Total Non-Major Governmental Funds	
2021	2020
\$ 26,462	\$ 17,359
-	-
7,598	4,282
213,155	92,088
32,469	210,332
16,689	34,993
296,373	359,054
1,000	1,000
6,900	10,862
273,715	324,936
15,315	37,017
1,195,000	1,180,000
253,513	281,682
1,745,443	1,835,497
(1,449,070)	(1,476,443)
1,448,513	1,461,682
(25,000)	(25,000)
1,423,513	1,436,682
(25,557)	(39,761)
427,437	407,527
-	59,671
427,437	467,198
\$ 401,880	\$ 427,437

North Salem Central School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	<u>\$ 15,004</u>	<u>\$ 62,960</u>
Receivables		
Accounts	1,450	2,536
State and Federal aid	<u>67,973</u>	<u>13,029</u>
	<u>69,423</u>	<u>15,565</u>
Inventories	<u>2,179</u>	<u>2,171</u>
Total Assets	<u><u>\$ 86,606</u></u>	<u><u>\$ 80,696</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 54,836	\$ 28,483
Due to other governments	<u>31</u>	<u>-</u>
Total Liabilities	<u>54,867</u>	<u>28,483</u>
Fund balance		
Nonspendable	2,179	2,171
Assigned	<u>29,560</u>	<u>50,042</u>
Total Fund Balance	<u>31,739</u>	<u>52,213</u>
Total Liabilities and Fund Balance	<u><u>\$ 86,606</u></u>	<u><u>\$ 80,696</u></u>

See independent auditors' report.

North Salem Central School District, New York

School Lunch Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2021</u>	<u>2020</u>
REVENUES		
Use of money and property	\$ 7	\$ 113
State aid	7,598	4,282
Federal aid	213,155	92,088
Food sales	32,469	210,332
Miscellaneous	<u>12</u>	<u>39</u>
Total Revenues	253,241	306,854
EXPENDITURES		
Current		
Cost of food sales	<u>273,715</u>	<u>324,936</u>
Deficiency of Revenues Over Expenditures	(20,474)	(18,082)
FUND BALANCE		
Beginning of Year	<u>52,213</u>	<u>70,295</u>
End of Year	<u><u>\$ 31,739</u></u>	<u><u>\$ 52,213</u></u>

See independent auditors' report.

North Salem Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	\$ 52,473	\$ 53,480
Investments	<u>67,625</u>	<u>72,106</u>
Total Assets	<u>\$ 120,098</u>	<u>\$ 125,586</u>
FUND BALANCE		
Restricted	<u>\$ 120,098</u>	<u>\$ 125,586</u>

See independent auditors' report.

North Salem Central School District, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2021</u>	<u>2020</u>
REVENUES		
Use of money and property	\$ 50	\$ 1,055
Miscellaneous	<u>16,677</u>	<u>34,954</u>
Total Revenues	<u>16,727</u>	<u>36,009</u>
EXPENDITURES		
Current		
Community services	6,900	10,862
Other	<u>15,315</u>	<u>37,017</u>
Total Expenditures	<u>22,215</u>	<u>47,879</u>
Deficiency of Revenues Over Expenditures	<u>(5,488)</u>	<u>(11,870)</u>
FUND BALANCE		
Beginning of Year, as reported	125,586	77,785
Cumulative Effect of Changes in Accounting Principle	<u>-</u>	<u>59,671</u>
Beginning of Year, as restated	<u>125,586</u>	<u>137,456</u>
End of Year	<u>\$ 120,098</u>	<u>\$ 125,586</u>

See independent auditors' report.

North Salem Central School District, New York

Permanent Fund
Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments	<u>\$ 84,115</u>	<u>\$ 85,051</u>
FUND BALANCE		
Nonspendable	\$ 43,888	\$ 43,888
Restricted	<u>40,227</u>	<u>41,163</u>
Total Fund Balance	<u>\$ 84,115</u>	<u>\$ 85,051</u>

See independent auditors' report.

North Salem Central School District, New York

Permanent Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2021</u>	<u>2020</u>
REVENUES		
Use of money and property	\$ 64	\$ 1,208
EXPENDITURES		
Current		
Instruction	<u>1,000</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(936)	208
FUND BALANCE		
Beginning of Year	<u>85,051</u>	<u>84,843</u>
End of Year	<u><u>\$ 84,115</u></u>	<u><u>\$ 85,051</u></u>

See independent auditors' report.

(This page intentionally left blank)

North Salem Central School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments	<u>\$ 165,928</u>	<u>\$ 164,587</u>
FUND BALANCE		
Restricted	<u>\$ 165,928</u>	<u>\$ 164,587</u>

See independent auditors' report.

North Salem Central School District, New York

Debt Service Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Years Ended June 30,

	2021			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Use of money and property	\$ -	\$ -	\$ 26,341	\$ 26,341
EXPENDITURES				
Debt service				
Serial bonds				
Principal	1,205,000	1,195,000	1,195,000	-
Interest	253,519	253,519	253,513	6
Total Expenditures	1,458,519	1,448,519	1,448,513	6
Deficiency of Revenues Over Expenditures	(1,458,519)	(1,448,519)	(1,422,172)	26,347
OTHER FINANCING SOURCES (USES)				
Transfers in	1,458,519	1,448,519	1,448,513	(6)
Transfers out	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources	1,433,519	1,423,519	1,423,513	(6)
Net Change in Fund Balance	(25,000)	(25,000)	1,341	26,341
FUND BALANCE				
Beginning of Year	25,000	25,000	164,587	139,587
End of Year	\$ -	\$ -	\$ 165,928	\$ 165,928

See independent auditors' report.

2020			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ 14,983	\$ 14,983
1,180,000	1,180,000	1,180,000	-
281,701	281,701	281,682	19
1,461,701	1,461,701	1,461,682	19
(1,461,701)	(1,461,701)	(1,446,699)	15,002
1,461,701	1,461,701	1,461,682	(19)
(25,000)	(25,000)	(25,000)	-
1,436,701	1,436,701	1,436,682	(19)
(25,000)	(25,000)	(10,017)	14,983
25,000	25,000	174,604	149,604
\$ -	\$ -	\$ 164,587	\$ 164,587

North Salem Central School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2021

Adopted Budget	\$ 44,967,709
Additions - Encumbrances	<u>688,369</u>
Original Budget	45,656,078
Budget Amendments	<u>413,707</u>
Final Budget	<u><u>\$ 46,069,785</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2021-22 Expenditure Budget	<u><u>\$ 45,914,756</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 1,518,193
Unassigned fund balance	<u>1,716,845</u>
Total Unrestricted Fund Balance	<u>3,235,038</u>
Less	
Appropriated for subsequent year's budget	825,000
Encumbrances	<u>693,193</u>
Total Adjustments	<u>1,518,193</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,716,845</u></u>
Actual Percentage	<u><u>3.74%</u></u>

See independent auditors' report.

North Salem Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2021

Capital Assets, net	<u>\$ 29,131,482</u>
Plus	
Unexpended debt proceeds	<u>1,726,981</u>
Less	
General obligation bonds payable	7,690,000
Bond anticipation notes payable	<u>2,740,455</u>
	<u>10,430,455</u>
Net Investment in Capital Assets	<u><u>\$ 20,428,008</u></u>

See independent auditors' report.