

**North Salem Central School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2019



# North Salem Central School District, New York

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## **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, 2019, and the related notes to the 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, 2019, and the respective changes in financial position and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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, 2019 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, 2019 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, 2019 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated September 26, 2018, 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, 2018 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 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019 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 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 23, 2019

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**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, 2019, 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 23, 2019.

**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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 23, 2019

## **North Salem Central School District, New York**

### **Management's Discussion and Analysis (MD&A) June 30, 2019**

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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, 2019. 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 for FY 2018-2019**

Key financial highlights for fiscal year 2018-2019 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 \$1,330,075 or 3.03%, 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 \$6,490,028. Exclusive of the Capital Projects Fund, the combined fund balances total \$6,134,796. Of this amount, the unassigned fund balance in the General Fund is \$1,330,075.
- On the district-wide financial statements, the assets and deferred outflows of resources of the School District exceeded liabilities and deferred inflows of resources at the close of its most recent fiscal year by \$10,930,677. The School District's total net position increased by \$161,484 for the year ended June 30, 2019. The district-wide financial statements must report certain items in accordance with the pronouncements of the GASB. The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of these standards requires the School District to recognize the financial impact associated with other postemployment benefit ("OPEB") obligations. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. For the year ending June 30, 2019, the School District's OPEB obligations of \$21,759,509 are reflected as a liability on the district-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75 is presented in note 3F in the notes to financial statements. This standard parallels the pension standard under provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"*, presented in Note 3F as well.
- Also noteworthy on the district-wide financial statements for the year ended June 30, 2019 is the provision of GASB Statement No. 68. This pronouncement established accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under these standards, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported

as pension expense and deferred inflows/outflows of resources, is presented in note 3F in the notes to financial statements.

- During the current fiscal year, the School District issued \$6,500,000 in serial bonds to fund district wide improvements and retired \$1,415,000 of outstanding serial bonds.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements 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, Special Aid and Debt Service funds. A budgetary comparison statement has been provided for the General and Special Aid funds (major funds) within the basic financial statements to demonstrate compliance with the respective budgets.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statements because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

#### *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 obligations, the schedules of budget to actual comparisons and the combining statements for the non-major governmental funds.

### **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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,930,677 at the close of the current fiscal year.

## Net Position

	June 30,	
	2019	2018
Current Assets	\$ 12,774,881	\$ 11,696,689
Capital Assets, net	28,799,302	26,271,452
<b>Total Assets</b>	<b>41,574,183</b>	<b>37,968,141</b>
Deferred Outflows of Resources	11,943,224	13,280,882
Current Liabilities	4,985,610	8,383,648
Long-term Liabilities	33,442,932	28,024,016
<b>Total Liabilities</b>	<b>38,428,542</b>	<b>36,407,664</b>
Deferred Inflows of Resources	4,158,188	4,072,166
<b>Net Position</b>		
Net Investment in Capital Assets	19,066,358	18,125,892
Restricted		
Capital Projects	23,176	172,872
Future Capital Projects	833,181	914,640
Tax Certiorari	766,777	654,263
Unemployment Benefits	19,705	23,275
ERS Retirement Contributions	1,056,501	1,286,189
TRS Retirement Contributions	300,000	-
Property Loss Reserve and Liability Claims	69,075	-
Debt Service	174,604	171,862
Special Purposes	77,785	85,225
Permanent	84,843	84,038
Unrestricted	(11,541,328)	(10,749,063)
<b>Total Net Position</b>	<b>\$ 10,930,677</b>	<b>\$ 10,769,193</b>

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 (\$11,541,328), primarily results from the recognition of the School District's total OPEB liability of \$21,759,509 required under the new GASB no. 75. Overall, net position increased by \$161,484 from the prior year.

## Changes in Net Position

	June 30,	
	2019	2018
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 721,912	\$ 786,381
Operating Grants and Contributions	932,337	727,183
Capital Grants and Contributions	97,316	1,103,659
Total Program Revenues	1,751,565	2,617,223
General Revenues		
Real Property Taxes	35,667,291	34,635,843
Other Tax Items	2,623,162	2,755,220
Non-Property Taxes	439,232	421,930
Unrestricted Use of Money and Property	202,761	123,553
Sale of Property and Compensation for Loss	126,687	6,943
Unrestricted State Aid	2,572,354	2,417,579
Miscellaneous	220,339	180,276
Total General Revenues	41,851,826	40,541,344
Total Revenues	43,603,391	43,158,567
<b>PROGRAM EXPENSES</b>		
General Support	6,449,777	5,518,019
Instruction	33,202,609	32,808,158
Pupil Transportation	2,984,026	3,026,907
Community Services	12,146	3,937
Cost of Food Sales	500,926	465,232
Interest	292,423	167,086
Total Expenses	43,441,907	41,989,339
Change in Net Position	161,484	1,169,228
<b>NET POSITION</b>		
Beginning, as reported	10,769,193	13,928,201
Cumulative Effect of Change in Accounting Principle	-	(4,328,236)
Beginning, as restated	10,769,193	9,599,965
Ending	\$ 10,930,677	\$ 10,769,193

As seen above, governmental activities increased the School District's net position by \$161,484 during the current fiscal year. Noteworthy is the impact on this schedule of the requirements of recognizing OPEB and pension expenses in accordance with applicable pronouncements.

Other changes in these activities are described below.

Revenues:

- Real property taxes increased by \$1,031,448. This was the result of a higher tax levy.
- Other tax items decreased by \$132,058. This was a result of New York State sending the STAR reimbursement directly to new residents instead of the School District.
- Unrestricted use of money and property increased by \$79,208. This was a result of a continuous rise in interest rates.
- Sale of property and compensation for loss increased by \$119,744. This was a result of insurance claims.

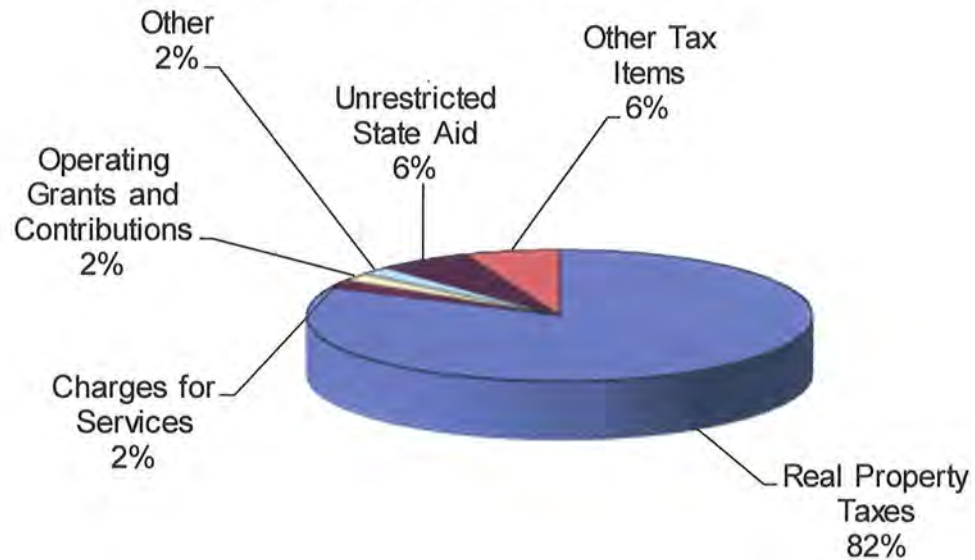
Expenses:

- General support expenses increased by \$ 931,758.
- Instructional expenses increased by \$ 394,450.
- Pupil transportation decreased by \$ 42,881.
- Interest increased by \$ 125,337.

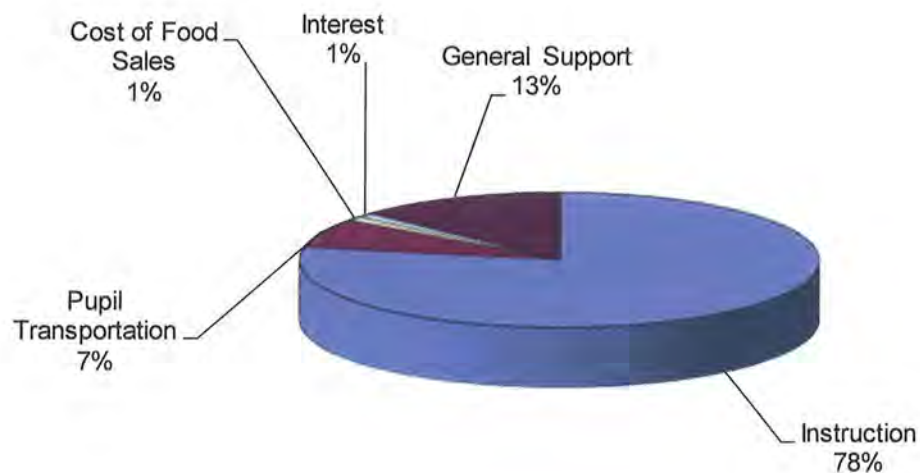


As indicated on the charts below, the School District relies upon real property taxes as its primary revenue source. The School District's instruction costs account for 78% of its expenses.

### Sources of Revenue for Fiscal Year 2019 Governmental Activities



### Expenses for Fiscal Year 2019 Governmental Activities



## **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.

### *Fund Balance Reporting*

GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in February 2009. The requirements of Statement No. 54 became effective for financial statements for periods ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Note: According to the Office of the State Comptroller, school districts in New York will not have committed fund balance to report.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

### Total Governmental Funds

The table below outlines the various balances that comprise the total fund balances of all of the funds of the School District as of June 30, 2019 according to their GASB Statement No. 54 classifications.

		<u>Fund Balance</u>
Nonspendable Fund Balance	Reserve for Trust (Permanent Fund)	\$ 43,888
	Reserve for Inventories	1,662
		<u>45,550</u>
Restricted Fund Balance	Reserve for Tax Certiorari	766,777
	Reserve for Unemployment Benefits	19,705
	Reserve for Employee Benefit Accrued Liability	433,827
	Reserve for ERS Retirement Contributions	1,056,501
	Reserve for TRS Retirement Contributions	300,000
	Reserve for Property Loss and Liability Claims	69,075
	Reserve for Future Capital Projects	833,181
	Reserve for Capital Projects	355,232
	Reserve for Debt Service	174,604
	Reserve for Special Purposes	77,785
	Permanent Fund Unreserved Fund Balance	40,955
		<u>4,127,642</u>
Assigned Fund Balance	Reserve for Encumbrances:	
	General Government Support	96,334
	Instruction	193,668
	Transportation	2,531
	Employee Benefits	25,595
	School Lunch Fund Unreserved Fund Balance	68,633
	Designated for Subsequent Year's Expenditures -	
	Unassigned Fund Balance	600,000
		<u>986,761</u>
Unassigned Fund Balance	Unreserved and Undesignated - General Fund	<u>1,330,075</u>
Total Fund Balance (as of June 30, 2019)		<u>\$ 6,490,028</u>

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 School District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances as noted above of \$6,490,028, a increase of \$3,358,553 from the prior year. Exclusive of the Capital Projects Fund, total fund balance aggregates \$6,134,796. Of this amount, \$45,550 is in nonspendable form while \$4,127,642 is restricted for various purposes (\$766,777 for tax certiorari obligations, \$19,705 for unemployment benefits, \$433,827 for employee benefit accrued liabilities, \$1,356,501 for retirement system obligations, \$69,075 for liability claims, \$833,181 for future capital projects, \$355,232 for capital projects, \$174,604 for debt service purposes, \$77,785 for special purposes and \$40,955 for the spendable portion of the Permanent Fund). Another \$986,761 of the total fund balance is assigned. These funds are to fund purchases on order of \$318,128, \$68,633 to be used for School Lunch

Fund purposes and \$600,000 to be used to balance the General Fund's subsequent year's budget. Unassigned fund balance of \$1,330,075 is reflected in the General Fund.

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 \$462,309. The key factor contributing to this variance was an increase in use of money and property and insurance claims. Expenditures and other financing uses were \$1,431,820 or 3%, less than the final budget due to conservative budgeting practices.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2018-2019 is \$42,884,512 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, 2019 was \$44,065,070 a modest \$1,180,558 greater than the adopted budget. The School District experienced an unexpected emergency mold remediation project that contributed in this increase.

### **Capital Assets**

At June 30, 2019, the School District had \$28,799,302 net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2019	2018
Land	\$ 110,000	\$ 110,000
Construction-in-Progress	3,855,380	8,870,946
Buildings and Improvements	24,107,623	16,400,700
Machinery and Equipment	726,299	889,806
Total Capital Assets, net of accumulated depreciation	<u>\$ 28,799,302</u>	<u>\$ 26,271,452</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,	
	2019	2018
Bonds Payable	\$ 10,065,000	\$ 4,980,000
Compensated Absences	522,108	600,600
Net Pension Liability	1,096,315	499,460
Other Post Employment Benefit Obligations	21,759,509	21,943,956
Total	<u>\$ 33,442,932</u>	<u>\$ 28,024,016</u>

- The School District, during the 2018-2019 fiscal year, paid \$1,415,000 in principal on serial bonds while issuing \$6,500,000 in serial bonds to fund district wide improvements.
- The School District also had \$1,500,000 in short-term bond anticipation notes outstanding.

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

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**North Salem Central School District, New York**Statement of Net Position  
June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 3,929,221
Investments	5,663,288
Receivables	
Accounts	175,816
State and Federal aid	988,246
Due from other governments	105,000
Inventory	1,662
Net pension asset	1,911,648
Capital assets	
Not being depreciated	3,965,380
Being depreciated, net	24,833,922
Total Assets	41,574,183
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	11,943,224
<b>LIABILITIES</b>	
Accounts payable	471,516
Accrued liabilities	181,235
Bond anticipation notes payable	1,500,000
Due to other governments	28,629
Due to retirement systems	2,185,834
Unearned revenues	5,991
Accrued interest payable	12,405
Claims payable	600,000
Non-current liabilities	
Due within one year	1,232,000
Due in more than one year	32,210,932
Total Liabilities	38,428,542
<b>DEFERRED INFLOWS OF RESOURCES</b>	4,158,188
<b>NET POSITION</b>	
Net investment in capital assets	19,066,358
Restricted	
Capital projects	23,176
Future capital projects	833,181
Tax certiorari	766,777
Unemployment benefits	19,705
ERS Retirement contributions	1,056,501
TRS Retirement contributions	300,000
Property loss reserve and liability claims	69,075
Debt service	174,604
Special purposes	77,785
Permanent	
Nonspendable	43,888
Spendable	40,955
Unrestricted	(11,541,328)
Total Net Position	\$ 10,930,677

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

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# North Salem Central School District, New York

## Statement of Activities Year Ended June 30, 2019

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	\$ 6,449,777	\$ 16,568	\$ 51,797	\$ 71,029	\$ (6,310,383)
Instruction	33,202,609	375,156	774,269	-	(32,053,184)
Pupil transportation	2,984,026	-	-	-	(2,984,026)
Community services	12,146	-	4,706	-	(7,440)
Cost of food sales	500,926	330,188	101,565	-	(69,173)
Interest	292,423	-	-	26,287	(266,136)
<b>Total Governmental Activities</b>	<b>\$ 43,441,907</b>	<b>\$ 721,912</b>	<b>\$ 932,337</b>	<b>\$ 97,316</b>	<b>(41,690,342)</b>
General revenues					
Real property taxes					35,667,291
Other tax items					
Payments in lieu of taxes					75,302
School tax relief reimbursement					2,540,557
Interest and penalties on real property taxes					7,303
Non-property taxes					
Non-property tax distribution from County					439,232
Unrestricted use of money and property					202,761
Sale of property and compensation for loss					126,687
Unrestricted State aid					2,572,354
Miscellaneous					220,339
<b>Total General Revenues</b>					<b>41,851,826</b>
<b>Change in Net Position</b>					<b>161,484</b>
<b>Net Position - Beginning</b>					<b>10,769,193</b>
<b>Net Position - Ending</b>					<b>\$ 10,930,677</b>

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, 2019

	General	Capital Projects	Special Aid
<b>ASSETS</b>			
Cash and equivalents	\$ 1,951,051	\$ 1,860,779	\$ 33,474
Investments	5,326,056	-	-
Receivables			
Accounts	174,607	-	-
State and Federal aid	550,499	-	430,869
Due from other governments	105,000	-	-
Due from other funds	448,003	-	-
Inventories	-	-	-
Total Assets	<u>\$ 8,555,216</u>	<u>\$ 1,860,779</u>	<u>\$ 464,343</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 428,663	\$ 5,356	\$ 14,203
Accrued liabilities	181,235	-	-
Bond anticipation notes payable	-	1,500,000	-
Due to other funds	-	191	447,812
Due to other governments	28,552	-	-
Due to retirement systems	2,185,834	-	-
Unearned revenues	3,663	-	2,328
Total Liabilities	<u>2,827,947</u>	<u>1,505,547</u>	<u>464,343</u>
Fund balances			
Nonspendable	-	-	-
Restricted	3,479,066	355,232	-
Assigned	918,128	-	-
Unassigned	1,330,075	-	-
Total Fund Balances	<u>5,727,269</u>	<u>355,232</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 8,555,216</u>	<u>\$ 1,860,779</u>	<u>\$ 464,343</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 83,917	\$ 3,929,221
337,232	5,663,288
1,209	175,816
6,878	988,246
-	105,000
-	448,003
1,662	1,662
<u>\$ 430,898</u>	<u>\$ 11,311,236</u>

\$ 23,294	\$ 471,516
-	181,235
-	1,500,000
-	448,003
77	28,629
-	2,185,834
-	5,991
<u>23,371</u>	<u>4,821,208</u>

45,550	45,550
293,344	4,127,642
68,633	986,761
-	1,330,075
<u>407,527</u>	<u>6,490,028</u>
<u>\$ 430,898</u>	<u>\$ 11,311,236</u>

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**North Salem Central School District, New York**

Reconciliation of Governmental Funds Balance Sheet to  
the District-Wide Statement of Net Position  
June 30, 2019

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Fund Balances - Total Governmental Funds	<u>\$ 6,490,028</u>
--	---------------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>28,799,302</u>
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Governmental funds do not report the effects of assets or liabilities  
related to net pension assets (liabilities) and post employment  
benefit obligations whereas these amounts are deferred  
and amortized in the statement of activities.

Deferred amounts on net pension assets (liabilities)	8,510,865
Deferred amounts on other postemployment benefit obligations	<u>(725,829)</u>

7,785,036

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are not reported in the funds.

Net pension asset	<u>1,911,648</u>
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Long-term liabilities that are not due and payable in the current  
period are not reported in the funds.

Accrued interest payable	(12,405)
Claims payable	(600,000)
Bonds payable	(10,065,000)
Compensated absences	(522,108)
Net pension liability	(1,096,315)
Other post employment benefit obligations payable	<u>(21,759,509)</u>

(34,055,337)

Net Position of Governmental Activities	<u><u>\$ 10,930,677</u></u>
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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, 2019

	General	Capital Projects	Special Aid
<b>REVENUES</b>			
Real property taxes	\$ 35,667,291	\$ -	\$ -
Other tax items	2,623,162	-	-
Non-property taxes	439,232	-	-
Charges for services	375,156	-	-
Use of money and property	271,126	-	-
Sale of property and compensation for loss	126,687	-	-
State aid	2,644,828	71,029	196,108
Federal aid	-	-	497,878
Food sales	-	-	-
Miscellaneous	226,339	-	-
Total Revenues	42,373,821	71,029	693,986
<b>EXPENDITURES</b>			
Current			
General support	4,652,571	-	-
Instruction	23,241,469	-	754,256
Pupil transportation	2,040,218	-	-
Community services	-	-	-
Employee benefits	9,882,644	-	-
Cost of food sales	-	-	-
Capital outlay	-	3,878,881	-
Debt service			
Principal	-	-	-
Interest	117,000	-	-
Total Expenditures	39,933,902	3,878,881	754,256
Excess (Deficiency) of Revenues Over Expenditures	2,439,919	(3,807,852)	(60,270)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued	-	6,500,000	-
Transfers in	25,000	657,227	60,270
Transfers out	(2,381,220)	(1,455)	-
Total Other Financing Sources (Uses)	(2,356,220)	7,155,772	60,270
Net Change in Fund Balances	83,699	3,347,920	-
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	5,643,570	(2,992,688)	-
End of Year	\$ 5,727,269	\$ 355,232	\$ -

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 35,667,291
-	2,623,162
-	439,232
-	375,156
30,046	301,172
522	127,209
4,890	2,916,855
94,854	592,732
330,188	330,188
4,051	230,390
<u>464,551</u>	<u>43,603,387</u>
-	4,652,571
1,000	23,996,725
-	2,040,218
12,146	12,146
-	9,882,644
500,926	500,926
-	3,878,881
1,415,000	1,415,000
248,723	365,723
<u>2,177,795</u>	<u>46,744,834</u>
<u>(1,713,244)</u>	<u>(3,141,447)</u>
-	6,500,000
1,665,178	2,407,675
(25,000)	(2,407,675)
<u>1,640,178</u>	<u>6,500,000</u>
(73,066)	3,358,553
<u>480,593</u>	<u>3,131,475</u>
<u>\$ 407,527</u>	<u>\$ 6,490,028</u>

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## 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, 2019

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

Net Change in Fund Balances - Total Governmental Funds	\$ 3,358,553
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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	3,321,654
Depreciation expense	<u>(793,804)</u>
	<u>2,527,850</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.

Bonds issued	(6,500,000)
Principal paid on bonds	<u>1,415,000</u>
	<u>(5,085,000)</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	73,300
Claims	(36,000)
Compensated absences	78,492
Pension obligations	260,555
Other post employment benefit obligations	<u>(1,016,266)</u>
	<u>(639,919)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 161,484</u></u>
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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 - Budget and Actual General and Special Aid Funds Year Ended June 30, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 35,700,447	\$ 35,700,447	\$ 35,667,291	\$ (33,156)
Other tax items	2,616,524	2,616,524	2,623,162	6,638
Non-property taxes	385,000	385,000	439,232	54,232
Charges for services	387,400	437,400	375,156	(62,244)
Use of money and property	85,000	85,000	271,126	186,126
Sale of property and compensation for loss	1,000	1,000	126,687	125,687
State aid	2,510,024	2,510,024	2,644,828	134,804
Federal aid	-	-	-	-
Miscellaneous	170,117	176,117	226,339	50,222
Total Revenues	41,855,512	41,911,512	42,373,821	462,309
<b>EXPENDITURES</b>				
Current				
General support	5,036,090	4,978,853	4,652,571	326,282
Instruction	23,838,308	24,059,770	23,241,469	818,301
Pupil transportation	2,139,658	2,134,092	2,040,218	93,874
Employee benefits	10,374,622	10,331,296	9,882,644	448,652
Debt service				
Interest	117,000	117,000	117,000	-
Total Expenditures	41,505,678	41,621,011	39,933,902	1,687,109
Excess (Deficiency) of Revenues Over Expenditures	349,834	290,501	2,439,919	2,149,418
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	25,000	25,000	-
Transfers out	(1,723,217)	(2,444,059)	(2,381,220)	62,839
Total Other Financing Sources (Uses)	(1,698,217)	(2,419,059)	(2,356,220)	62,839
Net Change in Fund Balances	(1,348,383)	(2,128,558)	83,699	2,212,257
<b>FUND BALANCES</b>				
Beginning of Year	1,348,383	2,128,558	5,643,570	3,515,012
End of Year	\$ -	\$ -	\$ 5,727,269	\$ 5,727,269

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
191,382	196,112	196,108	(4)
548,304	570,164	497,878	(72,286)
-	-	-	-
739,686	766,276	693,986	(72,290)
-	-	-	-
804,686	826,550	754,256	72,294
-	-	-	-
-	-	-	-
-	-	-	-
804,686	826,550	754,256	72,294
(65,000)	(60,274)	(60,270)	4
65,000	60,274	60,270	(4)
-	-	-	-
65,000	60,274	60,270	(4)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**North Salem Central School District, New York**

Statement of Assets and Liabilities  
Fiduciary Fund  
June 30, 2019

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	<u>\$ 59,671</u>
<b>LIABILITIES</b>	
Student activity funds	<u>\$ 59,671</u>

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

**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 accounting policies of the School District conform to generally accepted accounting principles for 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 following is a summary of the School District's more significant accounting policies:

**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.

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

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:

Special Revenue 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 the terms of a trust agreement.

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. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

**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*. The Agency Fund has no measurement focus but utilizes 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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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. 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 obligations are recorded only 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 Measurements 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



**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 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. CLASS issues separately available audited financial statements with a year end of June 30<sup>th</sup>.

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 17<sup>th</sup> 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, 2019.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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 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 assumes 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, 2019, 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.

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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

<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 \$3,663 and \$2,328 for State and Federal aid received in advance in the General and Special Aid funds, respectively. 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 will sometimes report 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 will sometimes report 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.

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 996,879	\$ 359,536
New York State Teachers' Retirement System	10,259,879	2,386,357
Other Post Employment Benefit Obligations	686,466	1,412,295
Totals	<u>\$ 11,943,224</u>	<u>\$ 4,158,188</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other postemployment benefit obligations are detailed in Note 3F.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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 expended 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.

**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"*.

**Net Position** - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its 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. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for capital projects, future capital projects, tax certiorari, unemployment benefits, ERS retirement contributions, TRS retirement contributions, property loss reserve and liability claims, debt service, special purposes and permanent fund purposes. The balance is classified as unrestricted.

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflow 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:

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).

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

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 appropriations, is generally employed as an extension of formal budgetary integration in the

**Note 1 - Summary of Significant Accounting Policies (Continued)**

General and Special Aid funds. 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 23, 2019.

**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, Special Aid and Debt Service funds.
- g) Budgets for General, Special Aid 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 School Lunch, Special Purpose or Permanent funds.
- 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 General, Special Aid 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.

**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 Deficit**

The PQ Dehumidification capital project had a deficit fund balance in the amount of \$19,716. This deficit arises 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 and 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. This deficit will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

**Note 3 - Detailed Notes on All Funds**

**A. Due From/To Other Funds**

The balances reflected as due from/to other funds at June 30, 2019 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 448,003	\$ -
Capital Projects	-	191
Special Aid	-	447,812
	<u>\$ 448,003</u>	<u>\$ 448,003</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, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Capital Assets, not being depreciated:				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction-in-progress	8,870,946	1,647,263	6,662,829	3,855,380
Total Capital Assets, not being depreciated	<u>\$ 8,980,946</u>	<u>\$ 1,647,263</u>	<u>\$ 6,662,829</u>	<u>\$ 3,965,380</u>



# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2019

### Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 28,209,134	\$ 8,337,220	\$ -	\$ 36,546,354
Machinery and Equipment	3,533,317	-	-	3,533,317
Total Capital Assets, being depreciated	31,742,451	8,337,220	-	40,079,671
Less Accumulated Depreciation for:				
Buildings and Improvements	11,808,434	630,297	-	12,438,731
Machinery and Equipment	2,643,511	163,507	-	2,807,018
Total Accumulated Depreciation	14,451,945	793,804	-	15,245,749
Total Capital Assets, being depreciated, net	\$ 17,290,506	\$ 7,543,416	\$ -	\$ 24,833,922
Capital Assets, net	\$ 26,271,452	\$ 9,190,679	\$ 6,662,829	\$ 28,799,302

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

General Support	\$ 4,456
Instruction	652,805
Pupil Transportation	136,543
Total Depreciation Expense	\$ 793,804

### C. Accrued Liabilities

Accrued liabilities at June 30, 2019 were as follows:

	General Fund
Payroll and Employee Benefits	\$ 181,235

### D. Short-Term Capital Borrowings – Bond Anticipation Notes

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

Purpose	Original Issue Date	Maturity Date	Rate of Interest	Balance July 1, 2018	New Issues	Redemptions	Balance June 30, 2019
Reconstruction of Various School Buildings	10/17/2017	10/17/2018	- %	\$ 5,200,000	\$ -	\$ 5,200,000	\$ -
Reconstruction of Various School Buildings	6/25/2019	6/25/2020	2.25	-	1,500,000	-	1,500,000
				\$ 5,200,000	\$ 1,500,000	\$ 5,200,000	\$ 1,500,000

**Note 3 - Detailed Notes on All Funds (Continued)**

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 \$117,000 were recorded in the fund financial statements in the General Fund. Interest expense of \$34,270 was recorded in the 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 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,	
	2019	2018
Unpaid Claims - Beginning of Year	\$ 564,000	\$ 655,000
Incurred Claims including IBNR's	4,608,410	4,268,368
Claims Paid	(4,572,410)	(4,359,368)
Unpaid Claims - End of Year	<u>\$ 600,000</u>	<u>\$ 564,000</u>

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

# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2019

### Note 3 - Detailed Notes on All Funds (Continued)

#### **F. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2019	Due Within One-Year
General Obligation Bonds Payable	\$ 4,980,000	\$ 6,500,000	\$ 1,415,000	\$ 10,065,000	\$ 1,180,000
Other Non-current Liabilities:					
Compensated Absences	600,600	-	78,492	522,108	52,000
Net Pension Liability	499,460	596,855	-	1,096,315	-
Other Post Employment Benefit Obligations Payable	21,943,956	487,978	672,425	21,759,509	-
Total Non-current Liabilities	23,044,016	1,084,833	750,917	23,377,932	52,000
Total Long-Term Liabilities	\$ 28,024,016	\$ 7,584,833	\$ 2,165,917	\$ 33,442,932	\$ 1,232,000

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

#### **General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2019 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2019
District-Wide Improvements	2012	\$ 1,300,000	June, 2027	2.500-3.125 %	\$ 725,000
HS/MS Boiler Plant	2014	730,000	June, 2030	2.250-3.375	530,000
District-Wide Improvements	2015	431,500	June, 2024	1.500-3.000	250,000
Buses	2016	744,403	November, 2021	1.550	465,000
District-Wide Improvements	2018	2,700,000	June, 2033	2.125-3.000	2,285,000
District-Wide Improvements	2019	6,500,000	June, 2033	3.000-3.250	5,810,000
					<u>\$ 10,065,000</u>

Interest expenditures of \$248,723 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$258,153 was recorded in the district-wide financial statements.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded debt as of June 30, 2019 including interest payments of \$1,925,116 is as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,180,000	\$ 281,701	\$ 1,461,701
2021	1,195,000	253,519	1,448,519
2022	1,220,000	224,815	1,444,815
2023	625,000	196,100	821,100
2024	640,000	178,012	818,012
2025 - 2029	2,935,000	613,538	3,548,538
2030 - 2033	2,270,000	177,431	2,447,431
	<u>\$ 10,065,000</u>	<u>\$ 1,925,116</u>	<u>\$ 11,990,116</u>

The above general obligation bonded debt is a direct obligation 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.

**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

**Note 3 - Detailed Notes on All Funds (Continued)**

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](http://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 [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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 2019 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75I	19.7 %
	3 A15	15.9
	4 A15	15.9
	5 A15	13.1
	6 A15	9.4
TRS	1-6	10.62 %

At June 30, 2019, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Net pension liability (asset)	\$ 1,096,315	\$ (1,911,648)
School Districts' proportion of the net pension liability (asset)	0.0154731 %	0.105717 %
Change in proportion since the prior measurement date	(0.0000023) %	(0.003647) %

# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2019

### Note 3 - Detailed Notes on All Funds (Continued)

The net pension liability (asset) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS and the total pension liability used to calculate the net pension liability (asset) 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 asset 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, 2019, the School District recognized pension expense in the district-wide financial statements of \$2,357,106 (\$837,230 for ERS and \$1,519,876 for TRS). Pension expenditure for ERS of \$716,915 and \$8,671 were reported in the fund financial statements and were charged to the General and School Lunch Funds, respectively. Pension expenditures for TRS of \$1,892,075 were recorded in the fund financial statements in the General Fund.

At June 30, 2019, the School District reported 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	\$ 215,887	\$ 73,594	\$ 1,428,558	\$ 258,768
Changes of assumptions	275,569	-	6,682,464	-
Net difference between projected and actual earnings on pension plan investments	-	281,375	-	2,122,075
Changes in proportion and differences between School District contributions and proportionate share of contributions	272,460	4,567	256,295	5,514
School District contributions subsequent to the measurement date	232,963	-	1,892,562	-
	<u>\$ 996,879</u>	<u>\$ 359,536</u>	<u>\$ 10,259,879</u>	<u>\$ 2,386,357</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 1,644,445	\$ 332,362		
Changes of assumptions	6,958,033	-		
Net difference between projected and actual earnings on pension plan investments	-	2,403,450		
Changes in proportion and differences between School District contributions and proportionate share of contributions	528,755	10,081		
School District contributions subsequent to the measurement date	2,125,525	-		
	<u>\$ 11,256,758</u>	<u>\$ 2,745,893</u>		

# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2019

### Note 3 - Detailed Notes on All Funds (Continued)

\$232,963 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, 2020. The \$1,892,562 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2019. 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, ERS	June 30, TRS
2019	\$ -	\$ 1,956,188
2020	338,182	1,341,006
2021	(137,429)	177,276
2022	31,633	1,336,502
2023	171,994	922,437
Thereafter	-	247,551

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, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Investment rate of return	7.0% *	7.25% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

\*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-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, 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, 2010 - March 31, 2015. 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

# North Salem Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2019

## Note 3 - Detailed Notes on All Funds (Continued)

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. 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, 2019		TRS June 30, 2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	33 %	5.8 %
International Equity	14	6.35	16	7.3
Private Equity	10	7.50	8	8.9
Real Estate	10	5.55	11	4.9
Domestic Fixed Income Securities	-	-	16	1.3
Global Fixed Income Securities	-	-	2	0.9
High Yield Fixed Income Securities	-	-	1	3.5
Short-Term	-	-	1	0.3
Global Equities	-	-	4	6.7
Private Debt	-	-	1	6.8
Real Estate Debt	-	-	7	2.8
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	-	-
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.3% for TRS.

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% 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.



**Note 3 - Detailed Notes on All Funds (Continued)**

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 7.0% for ERS and 7.25% 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 (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 4,793,264</u>	<u>\$ 1,096,315</u>	<u>\$ (2,009,384)</u>
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 13,133,333</u>	<u>\$ (1,911,648)</u>	<u>\$ (14,515,161)</u>

The components of the collective net pension liability as of the March 31, 2019 ERS measurement date and the June 30, 2018 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	<u>\$ 189,803,429,000</u>	<u>\$ 118,107,253,288</u>
Fiduciary net position	<u>182,718,124,000</u>	<u>119,915,517,622</u>
Employers' net pension liability (asset)	<u>\$ 7,085,305,000</u>	<u>\$ (1,808,264,334)</u>
Fiduciary net position as a percentage of total pension liability	<u>96.27%</u>	<u>101.53%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period April 1, 2019 through June 30, 2019 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, 2019 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, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS

**Note 3 - Detailed Notes on All Funds (Continued)**

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, 2019 were \$232,963 to ERS and \$1,952,871 to TRS, inclusive of \$60,309 of employee contributions.

*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 Obligations ("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, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	81
Active employees	<u>191</u>
	<u>272</u>

The School District's total OPEB liability of \$21,759,509 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

The total OPEB liability in the July 1, 2017 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	3.13%
Healthcare cost trend rates	Ranging from 4.60% to 9.00% in 2019, 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

**North Salem Central School District, New York**

Notes to Financial Statements (Continued)

June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

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, 2018 and June 30, 2019, respectively, which yielded discount rates of 3.62% and 3.13%, respectively.

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the July 1, 2017 valuation were based on the Entry Age Normal Level Percent of Pay cost method.

The School District's change in the total OPEB liability for the year ended June 30, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 21,943,956
Service cost	910,125
Interest	815,147
Changes of benefit terms	-
Differences between expected and actual experience	212,232
Changes in assumptions or other inputs	(1,449,526)
Benefit payments	<u>(672,425)</u>
Total OPEB Liability - End of Year	<u>\$ 21,759,509</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 (2.13%) or 1 percentage point higher (4.13%) than the current discount rate:

	1% Decrease (2.13%)	Current Assumption (3.13%)	1% Increase (4.13%)
Total OPEB Liability	<u>\$ 25,261,775</u>	<u>\$ 21,759,509</u>	<u>\$ 18,902,824</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 (8.000% decreasing to 2.784%) or 1 percentage point higher (10.00% decreasing to 4.784%) than the current healthcare cost trend rates:

	1% Decrease (8.000 decreasing to 2.784%)	Healthcare Cost Trend Rates (9.000 decreasing to 3.784%)	1% Increase (10.000 decreasing to 4.784%)
Total OPEB Liability	<u>\$ 18,431,440</u>	<u>\$ 21,759,509</u>	<u>\$ 26,017,759</u>

# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2019

### Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2019, the School District recognized OPEB expense of \$1,016,266 in the district-wide financial statements. At June 30, 2019, 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	\$ -	\$ 1,412,295
Differences between expected and actual experience	686,466	-
	<u>\$ 686,466</u>	<u>\$ 1,412,295</u>

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,	
2020	\$ 96,999
2021	96,999
2022	96,999
2023	96,999
2024	96,999
Thereafter	240,834

## 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	\$ -	\$ 657,227	\$ 60,270	\$ 1,663,723	\$ 2,381,220
Capital Projects Fund	-	-	-	1,455	1,455
Non-Major Governmental Funds	25,000	-	-	-	25,000
	<u>\$ 25,000</u>	<u>\$ 657,227</u>	<u>\$ 60,270</u>	<u>\$ 1,665,178</u>	<u>\$ 2,407,675</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.

**Note 3 - Detailed Notes on All Funds (Continued)**

**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.

*Restricted for Capital Projects* - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

*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, 2019

### Note 3 - Detailed Notes on All Funds (Continued)

#### I. Fund Balances

	2019				2018			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:								
Inventories	\$ -	\$ -	\$ 1,662	\$ 1,662	\$ -	\$ -	\$ 3,462	\$ 3,462
Permanent Fund	-	-	43,888	43,888	-	-	43,888	43,888
Total Nonspendable	-	-	45,550	45,550	-	-	47,350	47,350
Restricted:								
Tax certiorari	766,777	-	-	766,777	654,263	-	-	654,263
Unemployment benefits	15,705	-	-	15,705	19,275	-	-	19,275
Unemployment benefits - for subsequent year's expenditures	4,000	-	-	4,000	4,000	-	-	4,000
Employee benefit accrued liability	433,827	-	-	433,827	440,078	-	-	440,078
ERS retirement contributions	686,501	-	-	686,501	936,189	-	-	936,189
ERS retirement contributions - for subsequent year's expenditures	370,000	-	-	370,000	350,000	-	-	350,000
TRS retirement contributions	300,000	-	-	300,000	-	-	-	-
Property loss reserve and liability claims	69,075	-	-	69,075	-	-	-	-
Future capital projects	833,181	-	-	833,181	914,640	-	-	914,640
Capital projects	-	355,232	-	355,232	-	-	-	-
Debt service	-	-	149,604	149,604	-	-	146,862	146,862
Debt service - for subsequent year's expenditures	-	-	25,000	25,000	-	-	25,000	25,000
Special purposes	-	-	77,785	77,785	-	-	85,225	85,225
Permanent fund	-	-	40,955	40,955	-	-	40,150	40,150
Total Restricted	3,479,066	355,232	293,344	4,127,642	3,318,445	-	297,237	3,615,682
Assigned:								
Purchases on order:								
General government support	96,334	-	-	96,334	83,259	-	-	83,259
Instruction	193,668	-	-	193,668	210,724	-	-	210,724
Pupil transportation	2,531	-	-	2,531	400	-	-	400
Employee benefits	25,595	-	-	25,595	50,000	-	-	50,000
	318,128	-	-	318,128	344,383	-	-	344,383
For subsequent year's expenditures - General Fund	600,000	-	-	600,000	650,000	-	-	650,000
School Lunch Fund	-	-	68,633	68,633	-	-	136,006	136,006
Total Assigned	918,128	-	68,633	986,761	994,383	-	136,006	1,130,389
Unassigned	1,330,075	-	-	1,330,075	1,330,742	(2,992,688)	-	(1,661,946)
Total Fund Balances	\$ 5,727,269	\$ 355,232	\$ 407,527	\$ 6,490,028	\$ 5,643,570	\$ (2,992,688)	\$ 480,593	\$ 3,131,475

**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, 2019, 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 or assigned.

**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 intention is to submit a motion to dismiss based on the statute of limitations and failure to state a cause of action. This case is in its early stages of which the outcome is indeterminable at this time.

**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.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

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.

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



**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

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 - Tax Abatements**

The School District has one real property tax abatement agreement with the Putnam County Industrial Development Agency, a Public Benefit Corporation organized and existing under the Laws of the State of New York and Seven Sutton Place LLC, a New York limited-liability company organized for the purpose of operating a commercial facility.

This agreement, which began in April 2009, extends for ten years and provides varying percent abatement of real property taxes in exchange for a payment in lieu of taxes ("PILOT") based on the following percentages Year 1 – 70%, Year 2 – 63%, Year 3 – 56%, Year 4 – 49%, Year 5 – 42%, Year 6 – 35%, Year 7 – 28%, Year 8 – 21%, Year 9 – 14%, and Year 10 – 7%.

Information relevant to disclosure of this agreement for the fiscal year ended June 30, 2019 is as follows:

<u>Start Date</u>	<u>Agreement</u>	<u>Taxable Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
11/12/2009	7 Sutton Place LLC.	<u>\$ 4,080,000</u>	<u>\$ 20.80</u>	<u>\$ 84,852</u>	<u>\$ 75,302</u>	<u>\$ 9,550</u>

**Note 6 - Subsequent Events**

The School District, on July 9, 2019, issued a \$4,750,000 tax anticipation note. The note matures on October 30, 2019 and bears interest at a rate of 2.00% per annum.

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**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)

	2019	2018
Total OPEB Liability:		
Service cost	\$ 910,125	\$ 912,502
Interest	815,147	757,010
Changes of benefit terms	-	-
Differences between expected and actual experience	212,232	672,305
Changes of assumptions or other inputs	(1,449,526)	(197,421)
Benefit payments	(672,425)	(1,104,537)
Net Change in Total OPEB Liability	(184,447)	1,039,859
Total OPEB Liability – Beginning of Year	21,943,956	20,904,097 (3)
Total OPEB Liability – End of Year	<u>\$ 21,759,509</u>	<u>\$ 21,943,956</u>
School District's covered-employee payroll	<u>\$ 23,148,617</u>	<u>\$ 22,803,312</u>
Total OPEB liability as a percentage of covered-employee payroll	<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.

**North Salem Central School District, New York**

Required Supplementary Information - Schedule of the  
School District's Proportionate Share of the Net Pension Liability (Asset)  
New York State Teachers' Retirement System  
Last Ten Fiscal Years (1)

	2019	2018 (3)	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<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>\$ (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>\$ 17,195,034</u>	<u>\$ 17,332,571</u>	<u>\$ 17,003,533</u>	<u>\$ 16,509,921</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>(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>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

- (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 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.
- (3) 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.

# North Salem Central School District, New York

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

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,892,562	\$ 1,685,113	\$ 2,031,377	\$ 2,254,668	\$ 2,894,079
Contributions in relation to the contractually required contribution	<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>
School District's covered payroll	<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>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*.

**North Salem Central School District, New York**

Required Supplementary Information - Schedule of the  
 School District's Proportionate Share of the Net Pension Liability  
 New York State and Local Employees' Retirement System  
 Last Ten Fiscal Years (1)

	2019	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	<u>0.0154731%</u>	<u>0.0154754%</u>	<u>0.0155721%</u>	<u>0.0153166%</u>	<u>0.0155537%</u>
School District's proportionate share of the net pension liability	<u>\$ 1,096,315</u>	<u>\$ 499,460</u>	<u>\$ 1,463,193</u>	<u>\$ 2,458,354</u>	<u>\$ 525,443</u>
School District's covered payroll	<u>\$ 5,447,185</u>	<u>\$ 5,073,119</u>	<u>\$ 5,036,810</u>	<u>\$ 4,835,160</u>	<u>\$ 4,550,520</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>20.13%</u>	<u>9.85%</u>	<u>29.05%</u>	<u>50.84%</u>	<u>11.55%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(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 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.

**North Salem Central School District, New York****Required Supplementary Information - Schedule of Contributions  
New York State and Local Employees' Retirement System  
Last Ten Fiscal Years (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 727,374	\$ 754,926	\$ 735,418	\$ 833,908	\$ 815,893
Contributions in relation to the contractually required contribution	<u>(727,374)</u>	<u>(754,926)</u>	<u>(735,418)</u>	<u>(833,908)</u>	<u>(815,893)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 5,484,743</u>	<u>\$ 5,164,255</u>	<u>\$ 5,086,719</u>	<u>\$ 4,834,113</u>	<u>\$ 4,681,003</u>
Contributions as a percentage of covered payroll	<u>13.26%</u>	<u>14.62%</u>	<u>14.46%</u>	<u>17.25%</u>	<u>17.43%</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*.

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**North Salem Central School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

	2019	2018
<b>ASSETS</b>		
Cash and equivalents	\$ 1,951,051	\$ 3,059,108
Investments	5,326,056	4,356,098
Receivables		
Accounts	174,607	149,060
State and Federal aid	550,499	241,468
Due from other governments	105,000	100,000
Due from other funds	448,003	201,737
	1,278,109	692,265
Total Assets	<u>\$ 8,555,216</u>	<u>\$ 8,107,471</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 428,663	\$ 317,667
Accrued liabilities	181,235	174,375
Due to other governments	28,552	-
Due to retirement systems	2,185,834	1,971,859
Unearned revenues	3,663	-
Total Liabilities	<u>2,827,947</u>	<u>2,463,901</u>
Fund balance		
Restricted	3,479,066	3,318,445
Assigned	918,128	994,383
Unassigned	1,330,075	1,330,742
Total Fund Balance	<u>5,727,269</u>	<u>5,643,570</u>
Total Liabilities and Fund Balance	<u>\$ 8,555,216</u>	<u>\$ 8,107,471</u>

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,

	2019				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
<b>REVENUES</b>					
Real property taxes	\$ 35,700,447	\$ 35,700,447	\$ 35,667,291	\$	\$ (33,156)
Other tax items	2,616,524	2,616,524	2,623,162		6,638
Non-property taxes	385,000	385,000	439,232		54,232
Charges for services	387,400	437,400	375,156		(62,244)
Use of money and property	85,000	85,000	271,126		186,126
Sale of property and compensation for loss	1,000	1,000	126,687		125,687
Interfund revenues	-	-	-		-
State aid	2,510,024	2,510,024	2,644,828		134,804
Miscellaneous	170,117	176,117	226,339		50,222
Total Revenues	41,855,512	41,911,512	42,373,821		462,309
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	70,981	66,409	57,839	361	8,209
Central administration	355,159	356,769	355,694	150	925
Finance	658,829	666,701	642,869	6,862	16,970
Staff	279,785	258,094	240,494	13,605	3,995
Central services	3,245,347	3,218,891	2,948,508	72,056	198,327
Special items	425,989	411,989	407,167	3,300	1,522
Total General Support	5,036,090	4,978,853	4,652,571	96,334	229,948
Instruction					
Instruction, administration and improvement	1,900,728	1,892,725	1,794,014	4,293	94,418
Teaching - Regular school	12,134,983	12,263,261	12,066,219	56,788	140,254
Programs for students with disabilities	6,213,665	6,370,112	6,090,392	64,944	214,776
Occupational education	196,465	196,465	196,465	-	-
Instructional media	1,202,593	1,177,608	1,031,669	60,189	85,750
Pupil services	2,189,874	2,159,599	2,062,710	7,454	89,435
Total Instruction	23,838,308	24,059,770	23,241,469	193,668	624,633
Pupil transportation	2,139,658	2,134,092	2,040,218	2,531	91,343
Employee benefits	10,374,622	10,331,296	9,882,644	25,595	423,057
Debt service					
Interest	117,000	117,000	117,000	-	-
Total Expenditures	41,505,678	41,621,011	39,933,902	318,128	1,368,981
Excess of Revenues Over Expenditures	349,834	290,501	2,439,919	(318,128)	1,831,290
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	25,000	25,000	25,000	-	-
Transfers out	(1,723,217)	(2,444,059)	(2,381,220)	-	62,839
Total Other Financing Uses	(1,698,217)	(2,419,059)	(2,356,220)	-	62,839
Net Change in Fund Balance	(1,348,383)	(2,128,558)	83,699	\$ (318,128)	\$ 1,894,129
<b>FUND BALANCE</b>					
Beginning of Year	1,348,383	2,128,558	5,643,570		
End of Year	\$ -	\$ -	\$ 5,727,269		

See independent auditors' report.

2018				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 34,642,136	\$ 34,642,136	\$ 34,635,843	\$	\$ (6,293)
2,747,699	2,747,699	2,755,220		7,521
370,000	370,000	421,930		51,930
397,500	452,500	399,105		(53,395)
45,000	45,000	172,620		127,620
500	500	6,943		6,443
-	-	4,081		4,081
2,557,579	2,557,579	2,508,630		(48,949)
149,832	164,012	194,456		30,444
40,910,246	40,979,426	41,098,828		119,402
70,708	70,461	60,524	-	9,937
351,299	354,389	351,611	-	2,778
644,648	662,738	645,550	2,016	15,172
268,160	264,461	230,910	20,414	13,137
3,080,946	3,062,486	2,811,445	60,829	190,212
422,808	411,308	407,361	-	3,947
4,838,569	4,825,843	4,507,401	83,259	235,183
1,902,707	1,888,433	1,789,822	15,361	83,250
12,188,462	12,024,222	11,778,693	12,263	233,266
5,760,137	5,865,249	5,629,983	149,772	85,494
173,781	173,781	173,781	-	-
1,204,104	1,205,087	1,124,343	8,213	72,531
2,274,623	2,230,769	2,142,545	25,115	63,109
23,503,814	23,387,541	22,639,167	210,724	537,650
2,135,846	2,143,084	2,077,028	400	65,656
9,869,413	10,111,583	9,921,937	50,000	139,646
100,000	38,255	38,253	-	2
40,447,642	40,506,306	39,183,786	344,383	978,137
462,604	473,120	1,915,042	(344,383)	1,097,539
25,000	25,000	25,000	-	-
(1,740,460)	(1,831,205)	(1,828,787)	-	2,418
(1,715,460)	(1,806,205)	(1,803,787)	-	2,418
(1,252,856)	(1,333,085)	111,255	\$ (344,383)	\$ 1,099,957
1,252,856	1,333,085	5,532,315		
\$ -	\$ -	\$ 5,643,570		

**North Salem Central School District, New York**

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	<u>\$ 35,700,447</u>	<u>\$ 35,700,447</u>	<u>\$ 35,667,291</u>	<u>\$ (33,156)</u>
<b>OTHER TAX ITEMS</b>				
Payments in lieu of taxes	75,967	75,967	75,302	(665)
School tax relief reimbursement	2,540,557	2,540,557	2,540,557	-
Interest and penalties on real property taxes	<u>-</u>	<u>-</u>	<u>7,303</u>	<u>7,303</u>
	<u>2,616,524</u>	<u>2,616,524</u>	<u>2,623,162</u>	<u>6,638</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	<u>385,000</u>	<u>385,000</u>	<u>439,232</u>	<u>54,232</u>
<b>CHARGES FOR SERVICES</b>				
Other student fees and charges	83,000	133,000	137,732	4,732
Non-resident tuition from other districts	<u>304,400</u>	<u>304,400</u>	<u>237,424</u>	<u>(66,976)</u>
	<u>387,400</u>	<u>437,400</u>	<u>375,156</u>	<u>(62,244)</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	60,000	60,000	254,558	194,558
Rental of real property - Individuals	<u>25,000</u>	<u>25,000</u>	<u>16,568</u>	<u>(8,432)</u>
	<u>85,000</u>	<u>85,000</u>	<u>271,126</u>	<u>186,126</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Sale of equipment	1,000	1,000	400	(600)
Insurance recoveries	<u>-</u>	<u>-</u>	<u>126,287</u>	<u>126,287</u>
	<u>1,000</u>	<u>1,000</u>	<u>126,687</u>	<u>125,687</u>

**STATE AID**

Basic formula	1,970,956	1,887,713	1,948,104	60,391
Lottery aid	-	83,243	86,517	3,274
BOCES	449,988	449,988	537,733	87,745
Textbook aid	89,080	65,569	48,613	(16,956)
Software aid	-	16,699	16,699	-
Library aid	-	6,812	6,812	-
Other	-	-	350	350
	<u>2,510,024</u>	<u>2,510,024</u>	<u>2,644,828</u>	<u>134,804</u>

**MISCELLANEOUS**

Refund of prior year's expenditures	100,000	100,000	154,397	54,397
Gifts and donations	5,000	11,000	6,000	(5,000)
Medicare Part D reimbursement	-	-	43,884	43,884
Other	65,117	65,117	22,058	(43,059)
	<u>170,117</u>	<u>176,117</u>	<u>226,339</u>	<u>50,222</u>

**TOTAL REVENUES**

41,855,512	41,911,512	42,373,821	462,309
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**OTHER FINANCING SOURCES**

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

**TOTAL REVENUES AND OTHER  
FINANCING SOURCES**

<u>\$ 41,880,512</u>	<u>\$ 41,936,512</u>	<u>\$ 42,398,821</u>	<u>\$ 462,309</u>
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# North Salem Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 36,300	\$ 35,378	\$ 31,504	\$ -	\$ 3,874
District clerk	18,481	18,481	17,551	-	930
District meeting	16,200	12,550	8,784	361	3,405
Total Board of Education	70,981	66,409	57,839	361	8,209
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	355,159	356,769	355,694	150	925
<b>FINANCE</b>					
Business administration	489,253	493,265	487,366	1,000	4,899
Auditing	62,000	61,675	57,245	-	4,430
Treasurer	91,829	96,489	96,488	-	1
Tax collection	2,500	2,025	638	-	1,387
Fiscal agent fees	13,247	13,247	1,132	5,862	6,253
Total Finance	658,829	666,701	642,869	6,862	16,970
<b>STAFF</b>					
Legal	170,414	164,289	150,470	13,205	614
Personnel	82,341	74,775	73,042	400	1,333
Public information and services	27,030	19,030	16,982	-	2,048
Total Staff	279,785	258,094	240,494	13,605	3,995

**CENTRAL SERVICES**

Operation and maintenance of plant	3,233,347	3,202,473	2,932,754	72,056	197,663
Central printing and mailing	12,000	16,418	15,754	-	664

Total Central Services	3,245,347	3,218,891	2,948,508	72,056	198,327
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**SPECIAL ITEMS**

Unallocated insurance	176,202	162,202	157,693	3,300	1,209
Administrative and capital charges - BOCES	249,787	249,787	249,474	-	313

Total Special Items	425,989	411,989	407,167	3,300	1,522
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Total General Support	5,036,090	4,978,853	4,652,571	96,334	229,948
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**INSTRUCTION****INSTRUCTION, ADMINISTRATION  
AND IMPROVEMENT**

Curriculum development and supervision	652,366	644,631	564,983	3,948	75,700
Supervision - Regular school	1,248,362	1,248,094	1,229,031	345	18,718

Total Instruction, Administration and Improvement	1,900,728	1,892,725	1,794,014	4,293	94,418
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<b>TEACHING - REGULAR SCHOOL</b>	12,134,983	12,263,261	12,066,219	56,788	140,254
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<b>PROGRAMS FOR STUDENTS WITH DISABILITIES</b>	6,213,665	6,370,112	6,090,392	64,944	214,776
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<b>OCCUPATIONAL EDUCATION</b>	196,465	196,465	196,465	-	-
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**INSTRUCTIONAL MEDIA**

School library and audiovisual	397,757	398,749	385,577	-	13,172
Computer assisted instruction	804,836	778,859	646,092	60,189	72,578

Total Instructional Media	1,202,593	1,177,608	1,031,669	60,189	85,750
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(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, 2019

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b><i>PUPIL SERVICES</i></b>					
Guidance - Regular school	\$ 620,256	\$ 671,379	\$ 661,483	\$ 2,430	\$ 7,466
Health services - Regular school	258,613	255,836	239,615	-	16,221
Psychological services - Regular school	441,657	354,304	351,979	367	1,958
Co-curricular activities - Regular school	201,101	209,939	197,379	-	12,560
Interscholastic athletics - Regular school	668,247	668,141	612,254	4,657	51,230
Total Pupil Services	2,189,874	2,159,599	2,062,710	7,454	89,435
Total Instruction	23,838,308	24,059,770	23,241,469	193,668	624,633
<b>PUPIL TRANSPORTATION</b>					
District transportation services	2,139,658	2,134,092	2,040,218	2,531	91,343
<b>EMPLOYEE BENEFITS</b>					
State retirement	852,690	762,690	716,915	-	45,775
Teachers' retirement	1,847,965	1,915,734	1,892,075	-	23,659
Social security	1,706,314	1,716,314	1,701,872	-	14,442
Unemployment benefits	4,000	4,000	2,719	-	1,281
Hospital, medical and dental insurance	5,501,478	5,447,782	5,136,901	595	310,286
Workers' compensation benefits	140,240	145,240	140,221	-	5,019
Life insurance	6,057	6,810	6,726	-	84
Other benefits	105,407	122,255	94,470	25,000	2,785
Union welfare benefits	210,471	210,471	190,745	-	19,726
Total Employee Benefits	10,374,622	10,331,296	9,882,644	25,595	423,057



**DEBT SERVICE**

## Interest

Bond anticipation notes	<u>117,000</u>	<u>117,000</u>	<u>117,000</u>	<u>-</u>	<u>-</u>
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**TOTAL EXPENDITURES**

	<u>41,505,678</u>	<u>41,621,011</u>	<u>39,933,902</u>	<u>318,128</u>	<u>1,368,981</u>
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**OTHER FINANCING USES**

## Transfers out

Special Aid Fund	65,000	60,274	60,270	-	4
Debt Service Fund	1,658,217	1,663,785	1,663,723	-	62
Capital Projects Fund	<u>-</u>	<u>720,000</u>	<u>657,227</u>	<u>-</u>	<u>62,773</u>

**TOTAL OTHER FINANCING USES**

	<u>1,723,217</u>	<u>2,444,059</u>	<u>2,381,220</u>	<u>-</u>	<u>62,839</u>
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**TOTAL EXPENDITURES AND OTHER  
FINANCING USES**

	<u><u>\$ 43,228,895</u></u>	<u><u>\$ 44,065,070</u></u>	<u><u>\$ 42,315,122</u></u>	<u><u>\$ 318,128</u></u>	<u><u>\$ 1,431,820</u></u>
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**North Salem Central School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 1,860,779</u>	<u>\$ 2,209,344</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 5,356	\$ -
Bond anticipation notes payable	1,500,000	5,200,000
Due to other funds	<u>191</u>	<u>2,032</u>
Total Liabilities	<u>1,505,547</u>	<u>5,202,032</u>
Fund balance (deficit)		
Restricted	355,232	-
Unassigned	<u>-</u>	<u>(2,992,688)</u>
Total Fund Balance (Deficit)	<u>355,232</u>	<u>(2,992,688)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 1,860,779</u>	<u>\$ 2,209,344</u>

**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>2019</u>	<u>2018</u>
<b>REVENUES</b>		
State aid	\$ 71,029	\$ 1,051,101
<b>EXPENDITURES</b>		
Capital outlay	<u>3,878,881</u>	<u>6,448,934</u>
Deficiency of Revenues Over Expenditures	<u>(3,807,852)</u>	<u>(5,397,833)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds issued	6,500,000	2,700,000
Transfers in	657,227	100,000
Transfers out	<u>(1,455)</u>	<u>-</u>
Total Other Financing Sources	<u>7,155,772</u>	<u>2,800,000</u>
Net Change in Fund Balance	3,347,920	(2,597,833)
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>(2,992,688)</u>	<u>(394,855)</u>
End of Year	<u>\$ 355,232</u>	<u>\$ (2,992,688)</u>

**North Salem Central School District, New York**

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2019

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
EFC - Wastewater Treatment Plant	\$ 4,042,257	\$ 2,083,045	\$ 71,029	\$ 2,154,074	\$ 1,888,183
District-Wide Security Upgrade	484,000	467,828	16,172	484,000	-
PQ Septic and Brick Work - Phase 1	611,812	395,194	216,618	611,812	-
MS/HS Walkways and Doors - Phase 1	643,689	85,664	558,025	643,689	-
Buses	744,403	742,948	1,455	744,403	-
MS/HS Improvements - Phase 2	6,051,565	5,277,261	774,304	6,051,565	-
Bus Garage - Phase 1	123,934	-	99,974	99,974	23,960
PQ Improvements - Phase 3	4,545,016	125,068	1,379,694	1,504,762	3,040,254
PQ Dehumidification	708,800	-	19,716	19,716	689,084
District-Wide Improvements	100,000	27,128	72,872	100,000	-
Water Supply Project	900,000	-	76,850	76,850	823,150
Bus Garage Boiler Replacement	36,400	-	36,400	36,400	-
Mold Remediation Project	620,000	-	557,227	557,227	62,773
Totals	<u>\$ 19,611,876</u>	<u>\$ 9,204,136</u>	<u>\$ 3,880,336</u>	<u>\$ 13,084,472</u>	<u>\$ 6,527,404</u>

See independent auditors' report.

Methods of Financing				Fund Balance (Deficit) at June 30, 2019	Bond Anticipation Notes Outstanding at June 30, 2019
Proceeds of Obligations	Transfers	State Aid	Totals		
\$ -	\$ -	\$ 2,154,074	\$ 2,154,074	\$ -	\$ -
484,000	-	-	484,000	-	-
611,812	-	-	611,812	-	-
643,689	-	-	643,689	-	-
744,403	-	-	744,403	-	-
5,951,565	100,000	-	6,051,565	-	-
-	100,000	-	100,000	26	-
1,856,534	-	-	1,856,534	351,772	794,200
-	-	-	-	(19,716)	705,800
-	100,000	-	100,000	-	-
-	100,000	-	100,000	23,150	-
36,400	-	-	36,400	-	-
-	557,227	-	557,227	-	-
<u>\$ 10,328,403</u>	<u>\$ 957,227</u>	<u>\$ 2,154,074</u>	<u>\$ 13,439,704</u>	<u>\$ 355,232</u>	<u>\$ 1,500,000</u>

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**North Salem Central School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 33,474	\$ 20,349
State and Federal aid receivable	<u>430,869</u>	<u>201,607</u>
Total Assets	<u>\$ 464,343</u>	<u>\$ 221,956</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 14,203	\$ 14,347
Due to other funds	447,812	199,705
Unearned revenues	<u>2,328</u>	<u>7,904</u>
Total Liabilities	<u>\$ 464,343</u>	<u>\$ 221,956</u>

See independent auditors' report.

**North Salem Central School District, New York**

## Special Aid Fund

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

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 191,382	\$ 196,112	\$ 196,108	\$ (4)
Federal aid	548,304	570,164	497,878	(72,286)
Total Revenues	739,686	766,276	693,986	(72,290)
<b>EXPENDITURES</b>				
Current				
Instruction	804,686	826,550	754,256	72,294
Deficiency of Revenues Over Expenditures	(65,000)	(60,274)	(60,270)	4
<b>OTHER FINANCING SOURCES</b>				
Transfers in	65,000	60,274	60,270	(4)
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.



2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 218,530	\$ 181,477	\$ 179,588	\$ (1,889)
470,841	401,714	304,841	(96,873)
689,371	583,191	484,429	(98,762)
754,371	637,191	537,762	99,429
(65,000)	(54,000)	(53,333)	667
65,000	54,000	53,333	(667)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**North Salem Central School District, New York**

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2019  
(With Comparative Totals for 2018)

	School Lunch	Special Purpose	Permanent	Debt Service
<b>ASSETS</b>				
Cash and equivalents	\$ 83,917	\$ -	\$ -	\$ -
Investments	-	77,785	84,843	174,604
Receivables				
Accounts	1,209	-	-	-
State and Federal aid	6,878	-	-	-
	8,087	-	-	-
Inventories	1,662	-	-	-
Total Assets	<u>\$ 93,666</u>	<u>\$ 77,785</u>	<u>\$ 84,843</u>	<u>\$ 174,604</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 23,294	\$ -	\$ -	\$ -
Due to other governments	77	-	-	-
Total Liabilities	<u>23,371</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	1,662	-	43,888	-
Restricted	-	77,785	40,955	174,604
Assigned	68,633	-	-	-
Total Fund Balances	<u>70,295</u>	<u>77,785</u>	<u>84,843</u>	<u>174,604</u>
Total Liabilities and Fund Balances	<u>\$ 93,666</u>	<u>\$ 77,785</u>	<u>\$ 84,843</u>	<u>\$ 174,604</u>

See independent auditors' report.

Total Non-Major Governmental Funds	
2019	2018
\$ 83,917	\$ 177,664
337,232	341,125
1,209	602
6,878	5,531
8,087	6,133
1,662	3,462
<u>\$ 430,898</u>	<u>\$ 528,384</u>
\$ 23,294	\$ 47,707
77	84
23,371	47,791
45,550	47,350
293,344	297,237
68,633	136,006
407,527	480,593
<u>\$ 430,898</u>	<u>\$ 528,384</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, 2019  
(With Comparative Totals for 2018)

	School Lunch	Special Purpose	Permanent	Debt Service
<b>REVENUES</b>				
Use of money and property	\$ 230	\$ 1,724	\$ 1,805	\$ 26,287
Sale of property and compensation for loss	522	-	-	-
State aid	4,890	-	-	-
Federal aid	94,854	-	-	-
Food sales	330,188	-	-	-
Miscellaneous	1,069	2,982	-	-
Total Revenues	<u>431,753</u>	<u>4,706</u>	<u>1,805</u>	<u>26,287</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	-	1,000	-
Community services	-	12,146	-	-
Cost of food sales	500,926	-	-	-
Debt service				
Principal	-	-	-	1,415,000
Interest	-	-	-	248,723
Total Expenditures	<u>500,926</u>	<u>12,146</u>	<u>1,000</u>	<u>1,663,723</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(69,173)</u>	<u>(7,440)</u>	<u>805</u>	<u>(1,637,436)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	1,665,178
Transfers out	-	-	-	(25,000)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,640,178</u>
Net Change in Fund Balances	(69,173)	(7,440)	805	2,742
<b>FUND BALANCES</b>				
Beginning of Year	<u>139,468</u>	<u>85,225</u>	<u>84,038</u>	<u>171,862</u>
End of Year	<u>\$ 70,295</u>	<u>\$ 77,785</u>	<u>\$ 84,843</u>	<u>\$ 174,604</u>

See independent auditors' report.

Total Non-Major Governmental Funds	
2019	2018
\$ 30,046	\$ 55,384
522	669
4,890	4,639
94,854	94,115
330,188	364,354
4,051	9,129
464,551	528,290
1,000	1,000
12,146	3,937
500,926	465,232
1,415,000	1,559,403
248,723	116,051
2,177,795	2,145,623
(1,713,244)	(1,617,333)
1,665,178	1,675,454
(25,000)	(25,000)
1,640,178	1,650,454
(73,066)	33,121
480,593	447,472
\$ 407,527	\$ 480,593

**North Salem Central School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 83,917</u>	<u>\$ 177,664</u>
Receivables		
Accounts	1,209	602
State and Federal aid	<u>6,878</u>	<u>5,531</u>
	<u>8,087</u>	<u>6,133</u>
Inventories	<u>1,662</u>	<u>3,462</u>
Total Assets	<u><u>\$ 93,666</u></u>	<u><u>\$ 187,259</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 23,294	\$ 47,707
Due to other governments	<u>77</u>	<u>84</u>
Total Liabilities	<u>23,371</u>	<u>47,791</u>
Fund balance		
Nonspendable	1,662	3,462
Assigned	<u>68,633</u>	<u>136,006</u>
Total Fund Balance	<u>70,295</u>	<u>139,468</u>
Total Liabilities and Fund Balance	<u><u>\$ 93,666</u></u>	<u><u>\$ 187,259</u></u>

**North Salem Central School District, New York**

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

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	2019	2018
<b>REVENUES</b>		
Use of money and property	\$ 230	\$ 782
Sale of property and compensation for loss	522	669
State aid	4,890	4,639
Federal aid	94,854	94,115
Food sales	330,188	364,354
Miscellaneous	1,069	6,453
Total Revenues	431,753	471,012
<b>EXPENDITURES</b>		
Current		
Cost of food sales	500,926	465,232
Excess (Deficiency) of Revenues Over Expenditures	(69,173)	5,780
<b>FUND BALANCE</b>		
Beginning of Year	139,468	133,688
End of Year	\$ 70,295	\$ 139,468

**North Salem Central School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Investments	<u>\$ 77,785</u>	<u>\$ 85,225</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 77,785</u>	<u>\$ 85,225</u>



**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>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 1,724	\$ 1,029
Miscellaneous	<u>2,982</u>	<u>2,676</u>
Total Revenues	4,706	3,705
<b>EXPENDITURES</b>		
Current		
Community services	<u>12,146</u>	<u>3,937</u>
Deficiency of Revenues Over Expenditures	(7,440)	(232)
<b>FUND BALANCE</b>		
Beginning of Year	<u>85,225</u>	<u>85,457</u>
End of Year	<u>\$ 77,785</u>	<u>\$ 85,225</u>

**North Salem Central School District, New York**

Permanent Fund  
Balance Sheet  
June 30,

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Investments	<u>\$ 84,843</u>	<u>\$ 84,038</u>
<b>FUND BALANCE</b>		
Nonspendable	\$ 43,888	\$ 43,888
Restricted	<u>40,955</u>	<u>40,150</u>
Total Fund Balance	<u>\$ 84,843</u>	<u>\$ 84,038</u>

**North Salem Central School District, New York**

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

---

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 1,805	\$ 1,015
<b>EXPENDITURES</b>		
Current		
Instruction	<u>1,000</u>	<u>1,000</u>
Excess of Revenues Over Expenditures	805	15
<b>FUND BALANCE</b>		
Beginning of Year	<u>84,038</u>	<u>84,023</u>
End of Year	<u><u>\$ 84,843</u></u>	<u><u>\$ 84,038</u></u>

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**North Salem Central School District, New York**

Debt Service Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Investments	<u>\$ 174,604</u>	<u>\$ 171,862</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 174,604</u>	<u>\$ 171,862</u>

**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,

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 26,287	\$ 26,287
<b>EXPENDITURES</b>				
Debt service				
Serial bonds				
Principal	1,260,000	1,415,000	1,415,000	-
Interest	398,217	248,785	248,723	62
Total Expenditures	1,658,217	1,663,785	1,663,723	62
Deficiency of Revenues Over Expenditures	(1,658,217)	(1,663,785)	(1,637,436)	26,349
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,658,217	1,663,785	1,665,178	1,393
Transfers out	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources	1,633,217	1,638,785	1,640,178	1,393
Net Change in Fund Balance	(25,000)	(25,000)	2,742	27,742
<b>FUND BALANCE</b>				
Beginning of Year	25,000	25,000	171,862	146,862
End of Year	\$ -	\$ -	\$ 174,604	\$ 174,604

See independent auditors' report.

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 52,558	\$ 52,558
1,559,403	1,559,403	1,559,403	-
116,057	116,057	116,051	6
1,675,460	1,675,460	1,675,454	6
(1,675,460)	(1,675,460)	(1,622,896)	52,564
1,675,460	1,675,460	1,675,454	(6)
(25,000)	(25,000)	(25,000)	-
1,650,460	1,650,460	1,650,454	(6)
(25,000)	(25,000)	27,558	52,558
25,000	25,000	144,304	119,304
\$ -	\$ -	\$ 171,862	\$ 171,862

## North Salem Central School District, New York

### General Fund

#### Analysis of Change from Adopted Budget to Final Budget Year Ended June 30, 2019

Adopted Budget	\$ 42,884,512
Additions - Encumbrances	<u>344,383</u>
Original Budget	43,228,895
Budget Amendments	<u>836,175</u>
Final Budget	<u><u>\$ 44,065,070</u></u>

### General Fund

#### Section 1318 of Real Property Tax Law Limit Calculation

2019-20 Expenditure Budget	<u><u>\$ 43,873,001</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	918,128
Unassigned fund balance	<u>1,330,075</u>
Total Unrestricted Fund Balance	<u>2,248,203</u>
Less	
Appropriated for subsequent year's budget	600,000
Encumbrances	<u>318,128</u>
Total Adjustments	<u>918,128</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,330,075</u></u>
Actual Percentage	<u><u>3.03%</u></u>



**North Salem Central School District, New York**

Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2019

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Capital Assets, net	\$ 28,799,302
Plus	
Unexpended debt proceeds	<u>1,832,056</u>
Less	
Bonds payable	10,065,000
Bond anticipation notes payable	<u>1,500,000</u>
	<u>11,565,000</u>
Net Investment in Capital Assets	<u><u>\$ 19,066,358</u></u>