

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

Financial Statements and  
Supplementary Information

Year Ended June 30, 2025

# 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 Audit of the Financial Statements**

### ***Opinions***

We have audited 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, 2025, 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.

In our opinion, the accompanying 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, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Change in Accounting Policy***

We draw attention to Note 2E in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences*". Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

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## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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

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

### ***Supplementary Information***

Our audit 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 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*  
**PKF O'Connor Davies, LLP**  
Harrison, New York  
September 12, 2025

# North Salem Central School District, New York

Management's Discussion and Analysis ("MD&A")  
June 30, 2025

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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, 2025. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

## Financial Highlights

Key financial highlights for fiscal year 2024-2025 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 \$2,095,069 or 4.00%, and therefore within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental funds financial statements report a combined fund balance of \$ 11,504,950 an increase of \$2,210,514 from the prior year. Of this amount, the unassigned fund balance in the General Fund is \$2,095,069.
- On the district-wide financial statements, the assets and deferred outflows of resources of the School District exceeded the liabilities and deferred inflows of resources at the close of its most recent fiscal year by \$15,843,870. This represented a decrease of \$5,881,125 (net of the cumulative effect of change in accounting principle) for the year ended June 30, 2025.
- During the current fiscal year, the School District retired \$1,120,000 of general obligation bonds issued in previous years for various capital projects. In May 2021, the School District received voter authorization to move forward with the Athletic Field Improvement project in an amount not to exceed \$6,997,132. The School District issued bonds totaling \$6,072,658 to date for this project. In May 2023, the School District received voter authorization for District Wide Safety & Security Upgrades and Additions in the amount not to exceed \$3,950,000. The School District issued bonds totaling \$2,950,000 to date for this project. In May 2025, the voters approved a capital project for the amount not to exceed \$24,516,628, including \$105,018 capital reserve funds closing this reserve account. Work for this project will begin in the summer 2026. The remaining bonds are expected to be issued as the projects progress.
- For the year ended June 30, 2025, the School District's OPEB liability of \$ 8,969,546 is reflected 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 Governmental Accounting Standards Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", is presented in Note 3F in the notes to the financial statements.
- The district-wide financial statements for the year ended June 30, 2025 are also significantly impacted by the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*." 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 this standard, 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. At June 30, 2025, the School District reported in its Statement of Net Position a liability for its proportionate share of the ERS net pension liability of \$ 2,519,039 and (\$3,144,637) for its proportionate share of the TRS net pension asset. 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 3E in the notes to financial statements.

## Overview of the Financial Statements

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

### *District-Wide Financial Statements*

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

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

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

### *Fund Financial Statements*

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains seven individual governmental funds; General Fund, Capital Projects Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund, and Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Special Aid funds, which are considered to be major funds. Data for the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with budget.
- The *Fiduciary Funds* are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, the School District had no such activity to report in this fund category.

#### *Notes to Financial Statements*

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

#### *Other Information*

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

### **District-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the North Salem Central School District, New York, at the close of the current fiscal year, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$15,843,870.

## Net Position

	June 30,	
	2025	2024
Current Assets	\$ 18,467,017	\$ 14,674,274
Capital Assets, net	40,259,160	37,081,488
Total Assets	58,726,177	51,755,762
Deferred Outflows of Resources	12,141,367	12,886,806
Current Liabilities	3,859,228	5,399,740
Long-term Liabilities	37,958,313	23,555,704
Total Liabilities	41,817,541	28,955,444
Deferred Inflows of Resources	13,206,133	13,962,129
Net Position		
Net Investment in Capital Assets	24,191,512	23,819,179
Restricted		
Capital Projects	521,349	285,031
Future Capital Projects	-	50,003
Tax Certiorari	756,293	947,261
Unemployment Benefits	183,513	177,409
ERS Retirement Contributions	2,023,341	1,459,339
TRS Retirement Contributions	1,584,118	1,346,563
Property Loss Reserve and Liability Claims	149,858	143,512
Debt Service	751,291	613,062
Special Purposes	134,249	125,941
Permanent	91,935	88,841
Unrestricted	(14,543,589)	(7,331,146)
Total Net Position	\$ 15,843,870	\$ 21,724,995

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 (\$14,543,589), primarily results from the recognition of the School District's total OPEB liability of \$ 8,969,546 and Compensated Absences liability of \$9,861,678 required under GASB Statement No. 75 and 101, respectively. Overall, net position decreased by \$5,881,125.

## Changes in Net Position

	June 30,	
	2025	2024
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 2,089,961	\$ 1,911,994
Operating Grants and Contributions	1,714,697	1,578,964
Capital Grants and Contributions	192,752	80,158
Total Program Revenues	3,997,410	3,571,116
General Revenues		
Real Property Taxes	41,904,657	40,655,271
Other Tax Items	1,373,388	1,468,921
Non-Property Taxes	613,478	607,044
Unrestricted Use of Money and Property	422,175	528,823
Sale of Property and Compensation for Loss	31,031	86,623
Unrestricted State Aid	3,577,853	3,860,075
Miscellaneous	197,565	237,428
Total General Revenues	48,120,147	47,444,185
Total Revenues	52,117,557	51,015,301
<b>PROGRAM EXPENSES</b>		
General Support	7,491,826	7,337,541
Instruction	38,511,065	36,486,760
Pupil Transportation	3,001,654	2,880,847
Community Services	82,210	80,989
Cost of Food Sales	510,179	505,545
Interest	604,426	590,936
Total Expenses	50,201,360	47,882,618
Change in Net Position	1,916,197	3,132,683
<b>NET POSITION</b>		
Beginning, as reported	21,724,995	18,592,312
Cumulative Effect of change in Accounting Principle	(7,797,322)	-
Beginning, as restated	13,927,673	18,592,312
Ending	\$ 15,843,870	\$ 21,724,995

*The following are the major changes in Net Position:*

Revenues:

- Real property taxes increased by \$1,249,386. The current property tax increase is attributed to projected increased expenses related to instruction, employee benefits and transportation. It is also a result of the continuing decrease in STAR (see below). The School District relies upon real property taxes as its primary source of revenue.
- Other tax items include revenues received for the School Tax Relief Reimbursement Program ("STAR"). The STAR Program provides tax relief to homeowners by decreasing the assessments taxable to the homeowner or by providing a refund of a portion of school taxes paid. As a result, in changes to the New York State law, this revenue decreased by \$95,533 shifting this burden from the state to the taxpayers.
- State aid, which is formula driven, decreased by \$282,222.

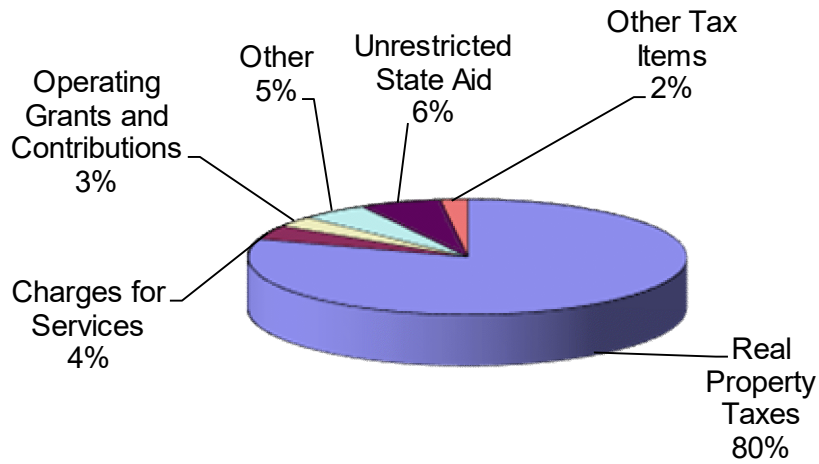
Expenses:

- General support expenses increased by \$154,285 and Instructional expenses increased by \$2,024,305. The increase was due to changes to inflows and outflows related to OPEB and future liabilities to ERS.
- Pupil transportation increased by \$ 120,807. Transportation needs increased due to the student's school activities increasing since the pandemic.
- Interest increased by \$13,490 due to the addition of installment debt, leases and SBITA's payable.

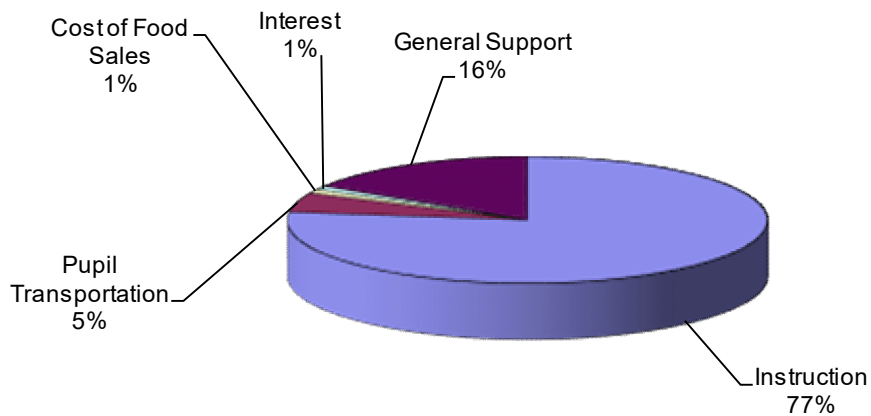
The following graphs depict where the School District revenues were derived and how monies were spent. As you can see, the School District relies upon real property taxes for 80% of its revenue, while the School District's largest expense, instructional costs, accounts for 77% of total expenses.

### Financial Analysis of the School District's Funds

#### Sources of Revenue for Fiscal Year 2025 Governmental Activities



#### Expenses for Fiscal Year 2025 Governmental Activities



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

*Governmental Funds*

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

		<u>Fund Balance</u>
Nonspendable Fund Balance	Reserve for Trust (Permanent Fund)	\$ 43,888
	Prepaid expenditures	846,985
	Reserve for Inventories	<u>4,261</u>
		<u>895,134</u>
Restricted Fund Balance	Reserve for Tax Certiorari	756,293
	Reserve for Unemployment Benefits	183,513
	Reserve for Employee Benefit Accrued Liability	549,858
	Reserve for ERS Retirement Contributions	1,623,341
	Reserve for ERS Retirement Contributions - for subsequent year's expenditures	400,000
	Reserve for TRS Retirement Contributions	1,269,118
	Reserve for TRS Retirement Contributions - for subsequent year's expenditures	315,000
	Reserve for Property Loss and Liability Claims	149,858
	Reserve for Capital Projects	915,595
	Reserve for Debt Service	626,291
	Reserve for Debt Service subsequent year's expenditures	125,000
	Reserve for Special Purposes	134,249
	Permanent Fund Unreserved Fund Balance	<u>48,047</u>
		<u>7,096,163</u>
Assigned Fund Balance	Reserve for Encumbrances:	
	General Government Support	61,703
	Instruction	364,537
	Transportation	10,913
	School Lunch Fund Unreserved Fund Balance	81,431
	Designated for Subsequent Year's Expenditures - Unassigned Fund Balance	<u>900,000</u>
		<u>1,418,584</u>
Unassigned Fund Balance	Unreserved and Undesignated	<u>2,095,069</u>
Total Fund Balance (as of June 30, 2025)		<u><u>\$ 11,504,950</u></u>

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances as noted above of \$11,504,950, an increase of \$2,210,514 from the prior year. Of this amount, \$895,134 is in non-spendable form while \$7,096,163 is restricted for various purposes. Another \$3,513,653 of the total fund balance is assigned. These funds are to fund purchases on order of \$2,095,069, \$81,431 to be used for School Lunch Fund purposes and \$900,000 to be used to balance the General Fund's subsequent year's budget.

The General Fund is the primary operating fund of the School District. Revenues and other financing sources were favorable compared to the final budget by \$1,024,554. The key factor contributing to this variance was an increase in charges for services of non-resident tuition from other districts and earnings on investments given the higher interest rate environment. Expenditures and other financing uses were \$1,658,592 or 3%, less than the final budget. Expenditures savings occurred in all functional expenditure categories particularly in instructional expenses due to savings in private school tuition as well as BOCES services.

### General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2024-2025 is \$50,536,389 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, 2025 was \$51,652,857.

### Capital Assets

At June 30, 2025, the School District had \$40,259,160 net of accumulated depreciation invested in a broad range of capital assets, including land, construction-in-progress, buildings and improvements and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2025	2024
Land	\$ 110,000	\$ 110,000
Construction-in-Progress	10,197,766	7,111,320
Buildings and Improvements	27,801,970	27,871,004
Machinery and Equipment	2,029,299	1,828,990
Right-to-Use Lease Equipment	118,343	154,503
Right-to-Use Subscription Assets	1,782	5,671
Total Capital Assets, net of accumulated depreciation/amortization	\$ 40,259,160	\$ 37,081,488

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,	
	2025	2024
General Obligation Bonds Payable	\$ 16,208,016	\$ 11,895,000
Unamortized Premium on Bonds	161,545	
Installment Purchase Debt	115,212	170,438
Lease Payable	123,277	158,969
Subscription Liability	-	4,384
Compensated Absences	9,861,678 *	654,742
Net Pension Liability (ERS and TRS)	2,519,039	3,538,021
Other Post Employment Benefit Obligations	8,969,546	7,134,150
Total	\$ 37,958,313	\$ 23,555,704

\* Implemented GASB Statement No. 101 "Compensated Absences" for the Year ended June 30, 2025.

- The School District, during the 2024-2025 fiscal year, issued \$5,433,016 in general obligation bonds and paid \$1,120,000 in principal on general obligation bonds.
- The School District also has \$800,000 in short-term bond anticipation notes outstanding Note 3D.

More detailed information about the School District's long-term liabilities is presented in Note 3E 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: Mrs. Lindsay Eidel  
 Assistant Superintendent of Business & Operations  
 230 June Road  
 North Salem, New York 10560-1204

**North Salem Central School District**

Statement of Net Position  
June 30, 2025

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 6,309,783
Investments	6,157,080
Receivables	
Accounts	484,547
State and Federal aid	1,396,224
Due from other governments	123,500
Inventory	4,261
Net pension asset - TRS	3,144,637
Prepaid expenses	846,985
Capital assets	
Not being depreciated	10,307,766
Being depreciated/amortized, net	<u>29,951,394</u>
Total Assets	<u>58,726,177</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	9,042,072
OPEB related	<u>3,099,295</u>
Total Deferred Outflows of Resources	<u>12,141,367</u>
<b>LIABILITIES</b>	
Accounts payable	383,927
Accrued liabilities	84,569
Bond anticipation notes payable	800,000
Due to other governments	62
Due to retirement systems	2,505,997
Unearned revenues	42,875
Accrued interest payable	41,798
Non-current liabilities	
Due within one year	3,064,781
Due in more than one year	<u>34,893,532</u>
Total Liabilities	<u>41,817,541</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	4,036,607
OPEB related	<u>9,169,526</u>
Total Deferred Inflows of Resources	<u>13,206,133</u>
<b>NET POSITION</b>	
Net investment in capital assets	24,191,512
Restricted	
Capital projects	521,349
Tax certiorari	756,293
Unemployment benefits	183,513
ERS retirement contributions	2,023,341
TRS retirement contributions	1,584,118
Property loss reserve and liability claims	149,858
Debt service	751,291
Special purposes	
Extraclassroom activity	74,378
Other	59,871
Permanent	
Nonspendable	43,888
Spendable	48,047
Unrestricted	<u>(14,543,589)</u>
Total Net Position	<u>\$ 15,843,870</u>

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

**North Salem Central School District**

Statement of Activities  
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General support	\$ 7,491,826	\$ -	\$ 165,175	\$ -	\$ (7,326,651)
Instruction	38,511,065	1,731,018	1,262,712	100,000	(35,417,335)
Pupil transportation	3,001,654	-	-	-	(3,001,654)
Community services	82,210	-	90,518	-	8,308
Cost of food sales	510,179	358,943	196,292	-	45,056
Interest	604,426	-	-	92,752	(511,674)
<b>Total Governmental Activities</b>	<b>\$ 50,201,360</b>	<b>\$ 2,089,961</b>	<b>\$ 1,714,697</b>	<b>\$ 192,752</b>	<b>(46,203,950)</b>
General revenues					
Real property taxes					41,904,657
Other tax items					
School tax relief reimbursement					1,368,145
Interest and penalties on real property taxes					5,243
Non-property taxes					
Non-property tax distribution from County					613,478
Unrestricted use of money and property					422,175
Sale of property and compensation for loss					31,031
Unrestricted State aid					3,577,853
Miscellaneous					197,565
<b>Total General Revenues</b>					<b>48,120,147</b>
<b>Change in Net Position</b>					<b>1,916,197</b>
Net Position - Beginning, as reported					21,724,995
Cumulative Effect of Change in Accounting Principle					(7,797,322)
Net Position - Beginning, as restated					13,927,673
Net Position - Ending					<b>\$ 15,843,870</b>

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

**North Salem Central School District**

Balance Sheet  
 Governmental Funds  
 June 30, 2025

	General	Capital Projects	Special Aid
<b>ASSETS</b>			
Cash and equivalents	\$ 5,056,972	\$ 1,001,793	\$ 22,293
Investments	4,532,924	735,057	-
Receivables			
Accounts	481,362	-	3,185
State and Federal aid	698,614	-	686,295
Due from other governments	123,500	-	-
Due from other funds	698,676	-	-
Inventories	-	-	-
Prepaid expenditures	846,985	-	-
Total Assets	<u>\$ 12,439,033</u>	<u>\$ 1,736,850</u>	<u>\$ 711,773</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 320,439	\$ 15,389	\$ 11,068
Accrued liabilities	82,540	-	2,029
Bond anticipation notes payable	-	800,000	-
Due to other funds	-	5,866	698,676
Due to other governments	-	-	-
Due to retirement systems	2,505,997	-	-
Unearned revenues	3,869	-	-
Total Liabilities	<u>2,912,845</u>	<u>821,255</u>	<u>711,773</u>
Fund balances			
Nonspendable	846,985	-	-
Restricted	5,246,981	915,595	-
Assigned	1,337,153	-	-
Unassigned	2,095,069	-	-
Total Fund Balances	<u>9,526,188</u>	<u>915,595</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 12,439,033</u>	<u>\$ 1,736,850</u>	<u>\$ 711,773</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 228,725	\$ 6,309,783
889,099	6,157,080
-	484,547
11,315	1,396,224
-	123,500
5,866	704,542
4,261	4,261
-	846,985
<u>\$ 1,139,266</u>	<u>\$ 16,026,922</u>
\$ 37,031	\$ 383,927
-	84,569
-	800,000
-	704,542
62	62
-	2,505,997
39,006	42,875
<u>76,099</u>	<u>4,521,972</u>
48,149	895,134
933,587	7,096,163
81,431	1,418,584
-	2,095,069
<u>1,063,167</u>	<u>11,504,950</u>
<u>\$ 1,139,266</u>	<u>\$ 16,026,922</u>

**North Salem Central School District**

Reconciliation of Governmental Funds Balance Sheet to  
the District-Wide Statement of Net Position  
June 30, 2025

---

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

Fund Balances - Total Governmental Funds	<u>\$ 11,504,950</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	10,307,766
Capital assets - depreciable/amortizable	50,116,688
Accumulated depreciation/amortization	<u>(20,165,294)</u>
	<u>40,259,160</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	9,042,072
Deferred outflows - OPEB related	3,099,295
Deferred inflows - pension related	(4,036,607)
Deferred inflows - OPEB related	<u>(9,169,526)</u>
	<u>(1,064,766)</u>
Other long-term assets that are not available to pay for the current-period expenditures and, therefore, are either deferred or not reported in the funds	
Net pension asset - TRS	<u>3,144,637</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(41,798)
Leases payable	(123,277)
General obligation bonds payable	(16,208,016)
Installment purchase debt payable	(115,212)
Compensated absences	(9,861,678)
Net pension liability - ERS	(2,519,039)
Total OPEB liability	<u>(8,969,546)</u>
	<u>(37,838,566)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Premium on general obligation bonds	<u>(161,545)</u>
Net Position of Governmental Activities	<u><u>\$ 15,843,870</u></u>

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

**North Salem Central School District**

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2025

	General	Capital Projects	Special Aid
<b>REVENUES</b>			
Real property taxes	\$ 41,904,657	\$ -	\$ -
Other tax items	1,373,388	-	-
Non-property taxes	613,478	-	-
Charges for services	1,731,018	-	-
Use of money and property	587,350	-	-
Sale of property and compensation for loss	31,031	-	-
State aid	3,707,456	100,000	558,626
Federal aid	-	-	460,048
Food sales	-	-	-
Miscellaneous	203,173	-	104,733
<b>Total Revenues</b>	<b>50,151,551</b>	<b>100,000</b>	<b>1,123,407</b>
<b>EXPENDITURES</b>			
Current			
General support	6,291,547	-	-
Instruction	26,657,764	-	1,265,179
Pupil transportation	2,099,739	-	-
Community services	-	-	-
Employee benefits	12,239,642	-	-
Cost of food sales	-	-	-
Other	-	-	-
Capital outlay	-	4,556,512	-
Debt service			
Principal	-	-	-
Interest	167,040	-	-
<b>Total Expenditures</b>	<b>47,455,732</b>	<b>4,556,512</b>	<b>1,265,179</b>
Excess (Deficiency) of Revenues Over Expenditures	2,695,819	(4,456,512)	(141,772)
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation bonds issued	-	5,433,016	-
Leases issued	-	4,913	-
Issuance premium	-	-	-
Transfers in	179,576	743,708	141,772
Transfers out	(2,537,441)	(54,576)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,357,865)</b>	<b>6,127,061</b>	<b>141,772</b>
<b>Net Change in Fund Balances</b>	<b>337,954</b>	<b>1,670,549</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	9,188,234	(754,954)	-
End of Year	\$ 9,526,188	\$ 915,595	\$ -

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 41,904,657
-	1,373,388
-	613,478
-	1,731,018
100,898	688,248
-	31,031
5,625	4,371,707
188,927	648,975
358,908	358,908
88,241	396,147
<u>742,599</u>	<u>52,117,557</u>
-	6,291,547
1,000	27,923,943
-	2,099,739
16,221	16,221
-	12,239,642
510,179	510,179
65,989	65,989
-	4,556,512
1,220,215	1,220,215
424,422	591,462
<u>2,238,026</u>	<u>55,515,449</u>
<u>(1,495,427)</u>	<u>(3,397,892)</u>
-	5,433,016
-	4,913
170,477	170,477
1,651,961	2,717,017
(125,000)	(2,717,017)
<u>1,697,438</u>	<u>5,608,406</u>
202,011	2,210,514
<u>861,156</u>	<u>9,294,436</u>
<u>\$ 1,063,167</u>	<u>\$ 11,504,950</u>

## North Salem Central School District

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2025

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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	<u>\$ 2,210,514</u>
<p>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/amortization expense.</p>	
Capital outlay expenditures	4,536,124
Depreciation/amortization expense	<u>(1,358,452)</u>
	<u>3,177,672</u>
<p>Bond and other debt 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.</p>	
General obligation bonds issued	(5,433,016)
Principal paid on general obligation bonds	1,120,000
Issuance premium	(170,477)
Principal paid on installment purchase debt	55,226
Leases issued	(4,913)
Principal paid on leases	40,605
Principal paid on subscription-based information technology arrangements	<u>4,384</u>
	<u>(4,388,191)</u>
<p>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.</p>	
Accrued interest	(21,896)
Compensated absences	(1,409,614)
Changes in pension assets, liabilities and related deferred outflows and inflows of resources	484,377
Changes in OPEB liabilities and related deferred outflows and inflows of resources	1,854,403
Amortization of premium on general obligation bonds	<u>8,932</u>
	<u>916,202</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,916,197</u></u>

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

## North Salem Central School District

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 41,970,041	\$ 41,970,041	\$ 41,904,657	\$ (65,384)
Other tax items	1,370,963	1,370,963	1,373,388	2,425
Non-property taxes	575,000	575,000	613,478	38,478
Charges for services	1,255,000	1,255,000	1,731,018	476,018
Use of money and property	105,000	105,000	587,350	482,350
Sale of property and compensation for loss	-	-	31,031	31,031
State aid	3,726,228	3,726,228	3,707,456	(18,772)
Miscellaneous	119,157	124,765	203,173	78,408
<b>Total Revenues</b>	<b>49,121,389</b>	<b>49,126,997</b>	<b>50,151,551</b>	<b>1,024,554</b>
<b>EXPENDITURES</b>				
Current				
General support	6,112,399	6,557,280	6,291,547	265,733
Instruction	28,155,477	27,856,575	26,657,764	1,198,811
Pupil transportation	2,422,895	2,276,674	2,099,739	176,935
Employee benefits	11,924,729	12,256,755	12,239,642	17,113
Debt service				
Interest	367,017	167,040	167,040	-
<b>Total Expenditures</b>	<b>48,982,517</b>	<b>49,114,324</b>	<b>47,455,732</b>	<b>1,658,592</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>138,872</b>	<b>12,673</b>	<b>2,695,819</b>	<b>2,683,146</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	125,000	125,000	179,576	54,576
Transfers out	(2,050,701)	(2,544,141)	(2,537,441)	6,700
<b>Total Other Financing Uses</b>	<b>(1,925,701)</b>	<b>(2,419,141)</b>	<b>(2,357,865)</b>	<b>61,276</b>
<b>Net Change in Fund Balance</b>	<b>(1,786,829)</b>	<b>(2,406,468)</b>	<b>337,954</b>	<b>2,744,422</b>
<b>FUND BALANCE</b>				
Beginning of Year	1,786,829	2,406,468	9,188,234	6,781,766
End of Year	\$ -	\$ -	\$ 9,526,188	\$ 9,526,188

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

**A. Financial Reporting Entity**

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

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

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

**B. District-Wide Financial Statements**

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

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

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

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for

**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:

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

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

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

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

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

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

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

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

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

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

**Cash and Equivalents, Investments and Risk Disclosure**

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

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

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

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

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted

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

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. The balance at June 30, 2025 was \$6,157,080. 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.

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.

CLASS is rated AAAM by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. CLASS invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

**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

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

covered by depository insurance were not exposed to custodial credit risk at June 30, 2025.

**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 assume responsibility for the uncollected taxes. For taxes collected from residents of Putnam County, the towns transfer collection responsibility to the County on November 1st. On or about April 1st, Putnam County remits to the School District the balance of all uncollected taxes thus making the School District whole.

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

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2025, 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.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year., but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even through they are component of current assets.

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

**Capital Assets** - Capital assets are tangible and intangible assets, which include property, plant and equipment, and 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 (except intangible right-to-use assets, which are discussed in note 3B) 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. Intangible assets follow the same capitalization policies as tangible assets and are reported with tangible assets in the appropriate capital asset class.

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

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant and equipment, right-to-use subscription assets, and right-to-use leased assets of the School District are depreciated/amortized 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
Right-to-use Leased Equipment	3-5
Right-to-use Subscription Assets	3-5

The costs associated with the acquisition or construction of tangible and intangible 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 \$3,869 in the General Fund for retirees' health insurance payments received in advance, and \$39,006 in the School Lunch Fund for student lunch card money and State and Federal aid received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net

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

assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

**Leases** - The School District is a lessee for noncancellable leases of equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise. The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use leased assets are reported with other capital assets and right-to-use lease liabilities are reported with long-term liabilities on the Statement of Net Position.

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

**Subscription-Based Information Technology Arrangements** - The School District has entered into subscription-based information technology arrangements (“SBITA’s”) with various vendors. SBITA’s are defined as arrangements in which a government entity contracts with a vendor to access and use software applications and related data posted by the vendor on the vendors’ servers. The School District recognizes right-to-use subscription assets associated with its SBITA agreements and discloses the total amount of subscription assets and the related accumulated amortization, disclosed separately from other capital assets. The School District also discloses any payments not included in the measurement of subscription assets.

**Compensated Absences** - The liability for compensated absences represents the sick time (“leave”/“leave days”) and salary related payments which have been earned for services previously rendered by employees in accordance with the School District’s various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employees’ rate of pay and the number of unused leave days accumulated as of year-end, management’s assumption that the likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary related payments are directly and incrementally associated with payments for the leave. The School District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability for compensated absences is reflected in the district-wide financial statements as current and long-term liabilities. In the fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 101, “*Compensated Absences*”.

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

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

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

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

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

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

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

Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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

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

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

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

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

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

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

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

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

The School District has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 12, 2025.

**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 lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Debt Service funds.
- g) Budgets for General and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch, Special Purpose or Permanent funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- i) Appropriations in the General and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Limitation on Fund Balance**

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

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a 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.

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

**D. Capital Projects Fund Project Deficits**

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

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**E. Cumulative Effect of Change in Accounting Principle**

The School District implemented the provisions of GASB Statement No. 101, “*Compensated Absences*”, for the year ended June 30, 2025. In addition to the value of unused leave time owed to employees upon separation from employment, the School District now also recognizes as part of the compensated absences liability an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. As a result, the School District has reported a cumulative effect of change in accounting principle to the July 1, 2024 net position of governmental activities of \$(7,797,322).

**F. New Accounting Pronouncement**

GASB Statement No. 102, “*Certain Risk Disclosures*”, provides guidance on disclosure for risks related to a government’s vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB Statement No. 102 are effective for the School District’s fiscal year ended June 30, 2025. Management has determined that no events have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

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

**A. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2025 were as follows:

Fund	Due From	Due To
General	\$ 698,676	\$ -
Capital Projects	-	5,866
Special Aid	-	698,676
Non-Major Governmental	5,866	-
	<u>\$ 704,542</u>	<u>\$ 704,542</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.

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

Notes to Financial Statements (Continued)  
June 30, 2025

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

**B. Capital Assets**

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

Class	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets, not being depreciated:				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction-in-progress	7,111,320	4,031,871	945,425	10,197,766
Total Capital Assets, not being depreciated	<u>\$ 7,221,320</u>	<u>\$ 4,031,871</u>	<u>\$ 945,425</u>	<u>\$ 10,307,766</u>
Capital Assets, being depreciated/amortized:				
Buildings and Improvements	\$ 44,744,196	\$ 945,425	\$ -	\$ 45,689,621
Machinery and Equipment	4,013,808	499,340	301,009	4,212,139
Right-to-use Leased Equipment	198,348	4,913	-	203,261
Right-to-use Subscription Assets	11,667	-	-	11,667
Total Capital Assets, being depreciated/amortized	<u>48,968,019</u>	<u>1,449,678</u>	<u>301,009</u>	<u>50,116,688</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	\$ 16,873,192	\$ 1,014,459	\$ -	\$ 17,887,651
Machinery and Equipment	2,184,818	299,031	301,009	2,182,840
Right-to-use Leased Equipment	43,845	41,073	-	84,918
Right-to-use Subscription Assets	5,996	3,889	-	9,885
Total Accumulated Depreciation/Amortization	<u>19,107,851</u>	<u>1,358,452</u>	<u>301,009</u>	<u>20,165,294</u>
Total Capital Assets, being depreciated/amortized, net	<u>\$ 29,860,168</u>	<u>\$ 91,226</u>	<u>\$ -</u>	<u>\$ 29,951,394</u>
Capital Assets, net	<u>\$ 37,081,488</u>	<u>\$ 4,123,097</u>	<u>\$ 945,425</u>	<u>\$ 40,259,160</u>

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

General Support	\$ 37,520
Instruction	1,067,613
Pupil Transportation	253,319
Total Depreciation/Amortization Expense	<u>\$ 1,358,452</u>

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2025 were as follows:

	General Fund	Special Aid Fund	Total
Payroll and Employee Benefits	<u>\$ 82,540</u>	<u>\$ 2,029</u>	<u>\$ 84,569</u>

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

Notes to Financial Statements (Continued)  
June 30, 2025

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

**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, 2024	New Issues	Redemptions	Balance June 30, 2025
Reconstruction of Various School Buildings	6/18/2025	6/18/2026	4.00 %	\$ 2,330,000	\$ 200,000	\$ 1,730,000	\$ 800,000
Improvements of Various School Buildings and Water System	12/19/2024	6/20/2025	-	-	3,665,000	3,665,000	-
				<u>\$ 2,330,000</u>	<u>\$ 3,865,000</u>	<u>\$ 5,395,000</u>	<u>\$ 800,000</u>

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

Interest expenditures of \$167,040 were recorded in the fund financial statements in the General Fund. Interest expense of \$161,857 was recorded in the district-wide financial statements.

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2025:

	Balance as Reported July 1, 2024	Cumulative Effect of Change in Accounting Principle*	Balance as Restated July 1, 2024	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2025	Due Within One-Year
General Obligation Bonds Payable Plus - Unamortized Premium on Bonds	\$ 11,895,000	\$ -	\$ 11,895,000	\$ 5,433,016	\$ 1,120,000	\$ 16,208,016	\$ 1,518,016
	-	-	-	170,477	8,932	161,545	-
	<u>11,895,000</u>	<u>-</u>	<u>11,895,000</u>	<u>5,603,493</u>	<u>1,128,932</u>	<u>16,369,561</u>	<u>1,518,016</u>
Installment Purchase Debt Payable	170,438	-	170,438	-	55,226	115,212	56,798
Leases Payable	158,969	-	158,969	4,913	40,605	123,277	40,667
Subscription Based Information Technology Arrangements Payable	4,384	-	4,384	-	4,384	-	-
Other Non-current Liabilities:							
Compensated Absences**	654,742	7,797,322	8,452,064	1,409,614 **	-	9,861,678	986,000
Net Pension Liability - ERS	2,321,365	-	2,321,365	197,674	-	2,519,039	-
Net Pension Liability - TRS	1,216,656	-	1,216,656	-	1,216,656	-	-
Other Post Employment Benefit Liability	7,134,150	-	7,134,150	2,298,696	463,300	8,969,546	463,300
Total Non-current Liabilities	<u>11,326,913</u>	<u>7,797,322</u>	<u>19,124,235</u>	<u>3,905,984</u>	<u>1,679,956</u>	<u>21,350,263</u>	<u>1,449,300</u>
Total Long-Term Liabilities	<u>\$ 23,555,704</u>	<u>\$ 7,797,322</u>	<u>\$ 31,353,026</u>	<u>\$ 9,514,390</u>	<u>\$ 2,909,103</u>	<u>\$ 37,958,313</u>	<u>\$ 3,064,781</u>

\*See Note 2E.

\*\*The change in the compensated absences liability is presented as a net change.

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

Notes to Financial Statements (Continued)  
 June 30, 2025

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

Each governmental fund's liability for compensated absences, net pension liabilities and other postemployment benefit liabilities is liquidated by the General Fund. The School District's indebtedness for general obligation bonds, installment purchase debt, leases and SBITA's 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, 2025 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2025
District-Wide Improvements	2012	\$ 1,300,000	June, 2027	2.500-3.125 %	\$ 190,000
HS/MS Boiler Plant	2014	730,000	June, 2030	2.250-3.375	255,000
District-Wide Improvements	2018	2,700,000	June, 2033	2.125-3.000	730,000
District-Wide Improvements	2019	6,500,000	June, 2033	3.000-3.250	3,440,000
District-Wide Improvements	2022	1,300,000	June, 2033	3.000	985,000
District-Wide Improvements	2023	6,045,000	June, 2039	4.000	5,175,000
Capital Projects	2025	4,920,000	June, 2040	4.000	4,920,000
Buses	2025	513,016	June, 2029	4.000-4.250	513,016
					\$ 16,208,016

Interest expenditures of \$415,513 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$433,659 was recorded in the district-wide financial statements.

**Installment Purchase Debt Payable**

In 2024, the School District entered into a lease agreement for the acquisition of certain computer equipment. The terms of the agreement provide for the repayment of principal amount of \$224,135 in yearly installments, including interest of 2.85%. The balance due at June 30, 2025 is \$115,212.

Interest expenditures/expense of \$4,851 were recorded in the fund financial statements in the Debt Service Fund and in the district-wide financial statements.

**Leases Payable**

Leases payable at June 30, 2024 are comprised of the following individual agreements:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2025
Equipment	2022	\$ 99,572	June, 2026	1.0590 - 2.7360 %	\$ 1,024
Equipment	2024	189,307	June, 2028	1.0590 - 2.7360	118,519
Equipment	2025	4,913	June, 2028	1.0590 - 2.7360	3,734
					\$ 123,277

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

Notes to Financial Statements (Continued)  
 June 30, 2025

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

Interest expenditures/expense of \$3,942 were recorded in the fund financial statements in the Debt Service Fund and in the district-wide financial statements.

**Subscriptions Based Information Technology Arrangements Payable (SBITA's)**

The liability for SBITA's was satisfied in 2025.

Interest expenditures/expense of \$116 were recorded in the fund financial statements in the Debt Service Fund and in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded debt, lease and installment purchase debt as of June 30, 2025 including interest payments of \$4,012,784 is as follows:

Year Ending June 30,	General Obligation Bonds		Leases	
	Principal	Interest	Principal	Interest
2026	\$ 1,518,016	\$ 611,755	\$ 40,667	\$ 2,853
2027	1,595,000	542,038	40,740	1,751
2028	1,580,000	485,350	41,870	624
2029	1,445,000	428,338	-	-
2030	1,345,000	376,869	-	-
2031-2035	5,445,000	1,187,863	-	-
2036-2040	3,280,000	370,400	-	-
	<u>\$ 16,208,016</u>	<u>\$ 4,002,613</u>	<u>\$ 123,277</u>	<u>\$ 5,228</u>

Year Ending June 30,	Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest
2026	\$ 56,798	\$ 3,280	\$ 1,615,481	\$ 617,888
2027	58,414	1,663	1,694,154	545,452
2028	-	-	1,621,870	485,974
2029	-	-	1,445,000	428,338
2030	-	-	1,345,000	376,869
2031-2035	-	-	5,445,000	1,187,863
2036-2040	-	-	3,280,000	370,400
	<u>\$ 115,212</u>	<u>\$ 4,943</u>	<u>\$ 16,446,505</u>	<u>\$ 4,012,784</u>

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

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

**Legal Debt Margin**

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent full valuation of taxable real property.

**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 will either pay for the retiree's portion of health insurance based on the number of accrued sick days at year-end or allow the employee to contribute their unused sick days to the retirement system. The value of the compensated absences has been reflected in the district-wide financial statements.

**Pension Plans**

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

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](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.

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

Notes to Financial Statements (Continued)  
June 30, 2025

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

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 ERS plan year ended March 31, 2025 and TRS Plan year ended June 30, 2025:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75I	21.60 %
	4 A15	17.90
	4 A15	17.70
	5 A15	15.40
	6 A15	11.40
TRS	1-6	10.11 %

At June 30, 2025, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension liability (asset)	\$ 2,519,039	\$ (3,144,637)
School Districts' proportion of the net pension liability (asset)	0.0146919 %	0.105397 %
Change in proportion since the prior measurement date	(0.0010739) %	(0.000993) %

The net pension liability was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2025, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$2,438,451 (\$666,160 for ERS and \$1,772,291 for TRS). Pension expenditures for ERS of \$892,718 and TRS of \$2,030,110 were reported in the fund financial statements and were charged to the General Fund.

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

Notes to Financial Statements (Continued)  
 June 30, 2025

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

At June 30, 2025, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 625,242	\$ 29,493	\$ 3,386,197	\$ -
Changes of assumptions	105,643	-	1,881,130	316,424
Net difference between projected and actual earnings on pension plan investments	197,637	-	-	3,493,960
Changes in proportion and differences between School District contributions and proportionate share of contributions	332,760	113,551	200,211	83,179
School District contributions subsequent to the measurement date	257,315	-	2,055,937	-
	<b>\$ 1,518,597</b>	<b>\$ 143,044</b>	<b>\$ 7,523,475</b>	<b>\$ 3,893,563</b>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 4,011,439	\$ 29,493		
Changes of assumptions	1,986,773	316,424		
Net difference between projected and actual earnings on pension plan investments	197,637	3,493,960		
Changes in proportion and differences between School District contributions and proportionate share of contributions	532,971	196,730		
School District contributions subsequent to the measurement date	2,313,252	-		
	<b>\$ 9,042,072</b>	<b>\$ 4,036,607</b>		

\$257,315 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 decrease of the net pension liability in the plan's year ended March 31, 2025. The \$2,055,937 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2025. 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
	2025	\$ -
2026	535,212	3,876,718
2027	723,376	(609,702)
2028	(174,624)	(678,148)
2029	34,274	420,481
Thereafter	-	162,377
	<b>\$ 1,118,238</b>	<b>\$ 1,573,975</b>

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

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

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return	5.9% *	6.95% *
Salary scale	4.3%	1.95-5.18%
Inflation rate	2.9%	2.4%
Cost of living adjustments	1.5%	1.3%

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

For ERS, annuitant mortality rates are based on the ERS’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021, 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 completed April 1, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

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

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

Notes to Financial Statements (Continued)  
June 30, 2025

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

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

Asset Type	ERS March 31, 2025		TRS June 30, 2024	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25 %	3.54 %	33 %	6.6 %
International Equity	14	6.57	15	7.4
Private Equity	15	7.25	9	10.0
Real Estate	12	4.95	11	6.3
Domestic Fixed Income Securities	-	-	16	2.6
Global Bonds	-	-	2	2.5
High Yield Bonds	-	-	1	4.8
Global Equities	-	-	4	6.9
Private Debt	-	-	2	5.9
Real Estate Debt	-	-	6	3.9
Opportunistic Portfolio/ARS Portfolio	3	5.25	-	-
Credit	4	5.40	-	-
Real Assets	4	5.55	-	-
Fixed Income	22	2.00	-	-
Cash	1	0.25	1	0.5
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
School District’s proportionate share of the ERS net pension liability (asset)	<u>\$ 7,290,415</u>	<u>\$ 2,519,039</u>	<u>\$ (1,465,064)</u>

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

Notes to Financial Statements (Continued)  
June 30, 2025

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

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 14,525,261</u>	<u>\$ (3,144,637)</u>	<u>\$ (18,005,496)</u>

The components of the collective net pension liability (asset) as of the March 31, 2025 ERS measurement date and the June 30, 2024 TRS measurement date were as follows:

	<u>ERS</u>	<u>TRS</u>
Total pension liability	\$ 247,600,239,000	\$ 142,837,826,465
Fiduciary net position	<u>230,454,512,000</u>	<u>145,821,434,780</u>
Employers' net pension liability (asset)	<u>\$ 17,145,727,000</u>	<u>\$ (2,983,608,315)</u>
Fiduciary net position as a percentage of total pension liability	<u>93.08%</u>	<u>102.09%</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, 2025 represent the projected employer contribution for the period April 1, 2025 through June 30, 2025 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, 2025 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, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2025 were \$257,315 to ERS and \$2,248,682 to TRS, inclusive of \$192,744 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 Postemployment Benefit Liability ("OPEB")**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the School District and the retired

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

Notes to Financial Statements (Continued)  
 June 30, 2025

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

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, 2025, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	80
Active participants	<u>256</u>
	<u><u>336</u></u>

The School District's total OPEB liability of \$8,969,546 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	1.25%, average, including inflation
Discount rate	4.71%
Healthcare cost trend rates	7.750% for 2025, decreasing 0.25% per year to an ultimate rate of 4.037% for 2075 and later years
Retirees' share of benefit-related costs	Varies from 11% to 50%, depending on applicable retirement year and bargaining unit

The discount rate was based on the Fidelity General Obligation AA 20 Year Municipal Bond Index as of June 30, 2025.

Mortality rates were based on the sex-distinct and job category specific headcount weighted Pub-2016 Headcount-weighted mortality tables for employees, healthy retirees and contingent survivors adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a generational basis.

The School District's change in the total OPEB liability for the year ended June 30, 2025 is as follows:

Total OPEB Liability - Beginning of Year	\$ 7,134,150
Service cost	340,501
Interest	287,547
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,670,648
Benefit payments	<u>(463,300)</u>
Total OPEB Liability - End of Year	<u><u>\$ 8,969,546</u></u>

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

Notes to Financial Statements (Continued)  
 June 30, 2025

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

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 (3.71%) or 1 percentage point higher (5.71%) than the current discount rate:

	1% Decrease (3.71%)	Current Discount Rate (4.71%)	1% Increase (5.71%)
Total OPEB Liability	\$ 9,490,167	\$ 8,969,546	\$ 8,443,571

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 (6.750% decreasing to 3.037%) or 1 percentage point higher (8.750% decreasing to 5.037%) than the current healthcare cost trend rates:

	1% Decrease (6.750% decreasing to 3.037%)	Current Healthcare Cost Trend Rates (7.750% decreasing to 4.037%)	1% Increase (8.750% decreasing to 5.037%)
Total OPEB Liability	\$ 8,086,332	\$ 8,969,546	\$ 9,957,368

For the year ended June 30, 2025, the School District recognized OPEB expense of (\$1,391,103) in the district-wide financial statements. At June 30, 2025, 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	\$ 2,359,415	\$ 3,357,010
Differences between expected and actual experience	739,880	5,812,516
	<u>\$ 3,099,295</u>	<u>\$ 9,169,526</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,	
2026	\$ (2,049,067)
2027	(1,913,692)
2028	(1,153,834)
2029	(894,856)
2030	(439,557)
Thereafter	<u>380,775</u>
	<u>\$ (6,070,231)</u>

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

Notes to Financial Statements (Continued)  
 June 30, 2025

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

**F. 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	\$ -	\$ 743,708	\$ 141,772	\$ 1,651,961	\$ 2,537,441
Capital Projects Fund	54,576	-	-	-	54,576
Non-Major Governmental Funds	125,000	-	-	-	125,000
	<u>\$ 179,576</u>	<u>\$ 743,708</u>	<u>\$ 141,772</u>	<u>\$ 1,651,961</u>	<u>\$ 2,717,017</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) to move funds related to closed capital projects to the restricted reserve in the General Fund.

**G. 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, less 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.

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

*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 has been established to set aside funds to be used for extraclassroom activities and other purposes 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, 2025

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

**H. Fund Balances**

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>				
Inventories	\$ -	\$ -	\$ 4,261	\$ 4,261
Prepaid expenditures	846,985	-	-	846,985
Permanent Fund	-	-	43,888	43,888
<b>Total Nonspendable</b>	<b>846,985</b>	<b>-</b>	<b>48,149</b>	<b>895,134</b>
<b>Restricted:</b>				
Tax certiorari	756,293	-	-	756,293
Unemployment benefits	183,513	-	-	183,513
Employee benefit accrued liability	549,858	-	-	549,858
ERS retirement contributions	1,623,341	-	-	1,623,341
ERS retirement contributions - for subsequent year's expenditures	400,000	-	-	400,000
TRS retirement contributions	1,269,118	-	-	1,269,118
TRS retirement contributions - for subsequent year's expenditures	315,000	-	-	315,000
Property loss reserve and liability claims	149,858	-	-	149,858
Capital projects	-	915,595	-	915,595
Debt service	-	-	626,291	626,291
Debt service - for subsequent year's expenditures	-	-	125,000	125,000
Special purposes - extraclassroom activities	-	-	74,378	74,378
Special purposes - other	-	-	59,871	59,871
Permanent fund	-	-	48,047	48,047
<b>Total Restricted</b>	<b>5,246,981</b>	<b>915,595</b>	<b>933,587</b>	<b>7,096,163</b>
<b>Assigned:</b>				
<b>Purchases on order:</b>				
General government support	61,703	-	-	61,703
Instruction	364,537	-	-	364,537
Pupil transportation	10,913	-	-	10,913
<b>Total Assigned</b>	<b>437,153</b>	<b>-</b>	<b>-</b>	<b>437,153</b>
For subsequent year's expenditures - General Fund	900,000	-	-	900,000
School Lunch Fund	-	-	81,431	81,431
<b>Total Assigned</b>	<b>1,337,153</b>	<b>-</b>	<b>81,431</b>	<b>1,418,584</b>
Unassigned	2,095,069	-	-	2,095,069
<b>Total Fund Balances</b>	<b>\$ 9,526,188</b>	<b>\$ 915,595</b>	<b>\$ 1,063,167</b>	<b>\$ 11,504,950</b>

**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.

Prepaid Expenditures has been established to account for health insurance payments made in advance. The amount classified as a nonspendable to indicate that funds are not "available" for appropriation or expenditure even through they are a component of current assets.

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, 2025, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

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

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

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

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

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

**B. Contingencies**

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

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

**C. Risk Management**

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

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million. The School District also maintains liability coverage for school board members up to \$1 million and an umbrella policy which provides coverage up to \$15 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.

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

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

**Note 5 - Recently Issued GASB Pronouncements**

GASB Statement No. 103, “*Financial Reporting Model Improvements*”, has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104, “*Disclosure of Certain Capital Assets*”, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Governments must separately present lease assets, right-to-use assets from public-private or public-public partnerships, subscription assets and all other intangible assets by major class. For capital assets held for sale—assets a government has decided to sell with completion of the sale probable within one year of the financial statement date—governments must disclose the historical cost, accumulated depreciation (or amortization), and the carrying amount of any pledged debt related to those assets. This Statement affects only presentation and disclosure of capital assets, not recognition or measurement requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

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**North Salem Central School District**

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

	2025	2024	2023
Total OPEB Liability:			
Service cost	\$ 340,501	\$ 329,629	\$ 413,109
Interest	287,547	270,169	333,548
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	938,187	-
Changes of assumptions or other inputs	1,670,648	(935,630)	(2,142,242)
Benefit payments	<u>(463,300)</u>	<u>(481,737)</u>	<u>(434,052)</u>
Net Change in Total OPEB Liability	1,835,396	120,618	(1,829,637)
Total OPEB Liability – Beginning of Year	<u>7,134,150</u>	<u>7,013,532</u>	<u>8,843,169</u>
Total OPEB Liability – End of Year	<u>\$ 8,969,546</u>	<u>\$ 7,134,150</u>	<u>\$ 7,013,532</u>
School District's covered-employee payroll	<u>\$ 27,128,584</u>	<u>\$ 26,109,538</u>	<u>\$ 25,463,159</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>33.06%</u>	<u>27.32%</u>	<u>27.54%</u>
Discount Rate	<u>4.71%</u>	<u>3.97%</u>	<u>3.86%</u>

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

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

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

(4) Premiums increased less than expected, along with a decrease in the total number of active employees and retirees covered by the plan. The election coverage percentage was revised from 100% to 95% as of July 1, 2021. The mortality improvement scale was revised from MP-2020 to MP-2021. The annual rate of increase in healthcare costs was revised based on the 2022 Getzen Model. Retiree contributions for health care costs were updated to reflect the latest collective bargaining agreements. These updated assumptions led to a reduction in the liability.

See independent auditors' report.

2022	2021	2020	2019	2018
\$ 499,080	\$ 759,643	\$ 1,100,348	\$ 910,125	\$ 912,502
181,764	423,581	773,925	815,147	757,010
-	-	-	-	-
(6,270,680) (4)	-	(9,861,920)	212,232	672,305
(625,623)	(2,025,879)	3,490,646	(1,449,526)	(197,421)
(359,674)	(536,832)	(464,719)	(672,425)	(1,104,537)
(6,575,133)	(1,379,487)	(4,961,720)	(184,447)	1,039,859
15,418,302	16,797,789	21,759,509	21,943,956	20,904,097 (3)
<u>\$ 8,843,169</u>	<u>\$ 15,418,302</u>	<u>\$ 16,797,789</u>	<u>\$ 21,759,509</u>	<u>\$ 21,943,956</u>
<u>\$ 25,503,392</u>	<u>\$ 24,508,702</u>	<u>\$ 23,297,702</u>	<u>\$ 23,148,617</u>	<u>\$ 22,803,312</u>
<u>34.67%</u>	<u>62.91%</u>	<u>72.10%</u>	<u>94.00%</u>	<u>96.23%</u>
<u>3.69%</u>	<u>1.92%</u>	<u>2.45%</u>	<u>3.13%</u>	<u>3.62%</u>

**North Salem Central School District**

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

	<u>2025</u>	<u>2024</u>	<u>2023 (2)</u>	<u>2022 (3)</u>
School District's proportion of the net pension liability (asset)	<u>0.105397%</u>	<u>0.106390%</u>	<u>0.107852%</u>	<u>0.110368%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (3,144,637)</u>	<u>\$ 1,216,656</u>	<u>\$ 2,069,553</u>	<u>\$ (19,125,681)</u>
School District's covered payroll	<u>\$ 20,393,509</u>	<u>\$ 19,937,887</u>	<u>\$ 19,248,536</u>	<u>\$ 18,801,445</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(15.42%)</u>	<u>6.10%</u>	<u>10.75%</u>	<u>(101.72%)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>102.09%</u>	<u>99.17%</u>	<u>98.57%</u>	<u>113.20%</u>
Discount Rate	<u>6.95%</u>	<u>6.95%</u>	<u>6.95%</u>	<u>6.95%</u>

Schedule of Contributions

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution	<u>\$ 2,055,937</u>	<u>\$ 1,990,406</u>	<u>\$ 2,037,913</u>	<u>\$ 1,875,258</u>
Contributions in relation to the contractually required contribution	<u>(2,055,937)</u>	<u>(1,990,406)</u>	<u>(2,037,913)</u>	<u>(1,875,258)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 20,697,654</u>	<u>\$ 20,393,509</u>	<u>\$ 19,937,887</u>	<u>\$ 19,248,536</u>
Contributions as a percentage of covered payroll	<u>9.93%</u>	<u>9.76%</u>	<u>10.22%</u>	<u>9.74%</u>

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

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

(3) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

<u>2021 (2)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>0.105340%</u>	<u>0.106545%</u>	<u>0.105717%</u>	<u>0.109364%</u>	<u>0.109763%</u>	<u>0.109625%</u>
<u>\$ 2,910,824</u>	<u>\$ (2,768,036)</u>	<u>\$ (1,911,648)</u>	<u>\$ (831,271)</u>	<u>\$ 1,175,612</u>	<u>\$ (11,386,513)</u>
<u>\$ 17,918,217</u>	<u>\$ 17,805,296</u>	<u>\$ 17,195,034</u>	<u>\$ 17,332,571</u>	<u>\$ 17,003,533</u>	<u>\$ 16,509,291</u>
<u>16.25%</u>	<u>(15.55)%</u>	<u>(11.12)%</u>	<u>(4.80)%</u>	<u>6.91%</u>	<u>(68.97)%</u>
<u>97.76%</u>	<u>102.20%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>
<u>7.10%</u>	<u>7.10%</u>	<u>7.25%</u>	<u>7.25%</u>	<u>7.50%</u>	<u>8.00%</u>

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>\$ 1,784,731</u>	<u>\$ 1,587,554</u>	<u>\$ 1,892,562</u>	<u>\$ 1,685,113</u>	<u>\$ 2,031,377</u>	<u>\$ 2,254,668</u>
<u>(1,784,731)</u>	<u>(1,587,554)</u>	<u>(1,892,562)</u>	<u>(1,685,113)</u>	<u>(2,031,377)</u>	<u>(2,254,668)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 18,801,445</u>	<u>\$ 17,918,217</u>	<u>\$ 17,805,296</u>	<u>\$ 17,195,034</u>	<u>\$ 17,332,571</u>	<u>\$ 17,003,533</u>
<u>9.49%</u>	<u>8.86%</u>	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>

**North Salem Central School District**

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (1)

	2025 (2)	2024 (3)	2023 (2)	2022 (3)	2021 (3)
School District's proportion of the net pension liability (asset)	0.0146919%	0.0157658%	0.0156837%	0.0139719%	0.0145171%
School District's proportionate share of the net pension liability (asset)	\$ 2,519,039	\$ 2,321,365	\$ 3,363,220	\$ (1,142,146)	\$ 14,455
School District's covered payroll	\$ 6,566,657	\$ 6,557,266	\$ 5,007,726	\$ 5,722,899	\$ 5,185,328
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.36%	35.40%	67.16%	(19.96%)	0.28%
Fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%
Discount Rate	5.90%	5.90%	5.90%	5.90%	5.90%

Schedule of Contributions

	2025	2024	2023	2022	2021
Contractually required contribution	\$ 872,678	\$ 730,689	\$ 629,766	\$ 820,359	\$ 795,511
Contributions in relation to the contractually required contribution	(872,678)	(730,689)	(629,766)	(820,359)	(795,511)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 6,568,932	\$ 6,575,947	\$ 3,164,010	\$ 5,894,246	\$ 5,311,983
Contributions as a percentage of covered payroll	13.28%	11.11%	19.90%	13.92%	14.98%

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

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

(3) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

<u>2020 (2)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>0.0152513%</u>	<u>0.0154731%</u>	<u>0.0154754%</u>	<u>0.0155721%</u>	<u>0.0153166%</u>
<u>\$ 4,038,640</u>	<u>\$ 1,096,315</u>	<u>\$ 499,460</u>	<u>\$ 1,463,193</u>	<u>\$ 2,458,354</u>
<u>\$ 5,610,710</u>	<u>\$ 5,447,185</u>	<u>\$ 5,073,119</u>	<u>\$ 5,036,810</u>	<u>\$ 4,835,160</u>
<u>71.98%</u>	<u>20.13%</u>	<u>9.85%</u>	<u>29.05%</u>	<u>50.84%</u>
<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>
<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>\$ 765,917</u>	<u>\$ 727,374</u>	<u>\$ 754,926</u>	<u>\$ 735,418</u>	<u>\$ 833,908</u>
<u>(765,917)</u>	<u>(727,374)</u>	<u>(754,926)</u>	<u>(735,418)</u>	<u>(833,908)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 5,490,427</u>	<u>\$ 5,484,743</u>	<u>\$ 5,164,255</u>	<u>\$ 5,086,719</u>	<u>\$ 4,834,113</u>
<u>13.95%</u>	<u>13.26%</u>	<u>14.62%</u>	<u>14.46%</u>	<u>17.25%</u>

**North Salem Central School District**

General Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
<b>REVENUES</b>					
Real property taxes	\$ 41,970,041	\$ 41,970,041	\$ 41,904,657	\$	\$ (65,384)
Other tax items	1,370,963	1,370,963	1,373,388		2,425
Non-property taxes	575,000	575,000	613,478		38,478
Charges for services	1,255,000	1,255,000	1,731,018		476,018
Use of money and property	105,000	105,000	587,350		482,350
Sale of property and compensation for loss	-	-	31,031		31,031
State aid	3,726,228	3,726,228	3,707,456		(18,772)
Miscellaneous	119,157	124,765	203,173		78,408
<b>Total Revenues</b>	<b>49,121,389</b>	<b>49,126,997</b>	<b>50,151,551</b>		<b>1,024,554</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	80,513	80,507	69,956	150	10,401
Central administration	365,827	640,827	627,234	595	12,998
Finance	720,157	749,302	729,514	-	19,788
Staff	370,354	370,667	332,492	-	38,175
Central services	4,072,175	4,145,282	3,966,671	55,993	122,618
Special items	503,373	570,695	565,680	4,965	50
<b>Total General Support</b>	<b>6,112,399</b>	<b>6,557,280</b>	<b>6,291,547</b>	<b>61,703</b>	<b>204,030</b>
Instruction					
Instruction, administration and improvement	1,926,881	1,959,078	1,884,715	3,581	70,782
Teaching - Regular school	12,648,685	12,480,269	12,232,786	20,937	226,546
Programs for students with disabilities	8,660,604	8,464,892	7,823,126	300,053	341,713
Programs for English language learners	388,141	377,141	343,984	-	33,157
Occupational education	208,142	208,142	208,142	-	-
Instructional media	1,524,910	1,558,311	1,521,711	11,670	24,930
Pupil services	2,798,114	2,808,742	2,643,300	28,296	137,146
<b>Total Instruction</b>	<b>28,155,477</b>	<b>27,856,575</b>	<b>26,657,764</b>	<b>364,537</b>	<b>834,274</b>
Pupil transportation	2,422,895	2,276,674	2,099,739	10,913	166,022
Employee benefits	11,924,729	12,256,755	12,239,642	-	17,113
Debt service					
Interest	367,017	167,040	167,040	-	-
<b>Total Expenditures</b>	<b>48,982,517</b>	<b>49,114,324</b>	<b>47,455,732</b>	<b>437,153</b>	<b>1,221,439</b>
Excess (Deficiency) of Revenues Over Expenditures	138,872	12,673	2,695,819	(437,153)	2,245,993
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	125,000	125,000	179,576	-	54,576
Transfers out	(2,050,701)	(2,544,141)	(2,537,441)	-	6,700
<b>Total Other Financing Uses</b>	<b>(1,925,701)</b>	<b>(2,419,141)</b>	<b>(2,357,865)</b>	<b>-</b>	<b>61,276</b>
<b>Net Change in Fund Balance</b>	<b>(1,786,829)</b>	<b>(2,406,468)</b>	<b>337,954</b>	<b>\$ (437,153)</b>	<b>\$ 2,307,269</b>
<b>FUND BALANCE</b>					
Beginning of Year	1,786,829	2,406,468	9,188,234		
End of Year	\$ -	\$ -	\$ 9,526,188		

See independent auditors' report.

**North Salem Central School District**

General Fund  
 Schedule of Revenues and Other Financing Sources Compared to Budget  
 Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REAL PROPERTY TAXES</b>	\$ 41,970,041	\$ 41,970,041	\$ 41,904,657	\$ (65,384)
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	1,370,963	1,370,963	1,368,145	(2,818)
Interest and penalties on real property taxes	-	-	5,243	5,243
	<u>1,370,963</u>	<u>1,370,963</u>	<u>1,373,388</u>	<u>2,425</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	<u>575,000</u>	<u>575,000</u>	<u>613,478</u>	<u>38,478</u>
<b>CHARGES FOR SERVICES</b>				
Other student fees and charges	55,000	55,000	98,119	43,119
Non-resident tuition from other districts	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,632,899</u>	<u>432,899</u>
	<u>1,255,000</u>	<u>1,255,000</u>	<u>1,731,018</u>	<u>476,018</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	100,000	100,000	587,350	487,350
Rental of real property - Individuals	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
	<u>105,000</u>	<u>105,000</u>	<u>587,350</u>	<u>482,350</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Sale of equipment	-	-	21,137	21,137
Insurance recoveries	<u>-</u>	<u>-</u>	<u>9,894</u>	<u>9,894</u>
	<u>-</u>	<u>-</u>	<u>31,031</u>	<u>31,031</u>
<b>STATE AID</b>				
Basic formula	3,726,228	2,850,416	2,767,366	(83,050)
Lottery aid	-	98,392	113,467	15,075
BOCES	-	697,022	697,020	(2)
Chapter Tuition	-	-	14,280	14,280
Textbook aid	-	58,542	43,467	(15,075)
Software aid	-	15,763	15,763	-
Library aid	-	6,093	6,093	-
Other State aid	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
	<u>3,726,228</u>	<u>3,726,228</u>	<u>3,707,456</u>	<u>(18,772)</u>

(Continued)

**North Salem Central School District**

General Fund  
 Schedule of Revenues and Other Financing Sources Compared to Budget  
 Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>MISCELLANEOUS</b>				
Refund of prior year's expenditures	\$ 100,000	\$ 100,000	\$ 185,909	\$ 85,909
Gifts and donations	1,000	6,608	5,608	(1,000)
Medicare Part D reimbursement	-	-	2,758	2,758
Other	18,157	18,157	8,898	(9,259)
	<u>119,157</u>	<u>124,765</u>	<u>203,173</u>	<u>78,408</u>
<b>TOTAL REVENUES</b>	49,121,389	49,126,997	50,151,551	1,024,554
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
Debt Service Fund	125,000	125,000	125,000	-
Capital Projects Fund	-	-	54,576	54,576
	<u>125,000</u>	<u>125,000</u>	<u>179,576</u>	<u>54,576</u>
<b>OTHER FINANCING SOURCES</b>	125,000	125,000	179,576	54,576
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 49,246,389</u>	<u>\$ 49,251,997</u>	<u>\$ 50,331,127</u>	<u>\$ 1,079,130</u>

See independent auditors' report.

**North Salem Central School District**

General Fund  
 Schedule of Expenditures and Other Financing Uses Compared to Budget  
 Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 40,550	\$ 39,545	\$ 35,134	\$ 150	\$ 4,261
District clerk	23,223	23,222	22,173	-	1,049
District meeting	16,740	17,740	12,649	-	5,091
Total Board of Education	<u>80,513</u>	<u>80,507</u>	<u>69,956</u>	<u>150</u>	<u>10,401</u>
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	365,827	640,827	627,234	595	12,998
<b>FINANCE</b>					
Business administration	536,028	539,505	523,239	-	16,266
Auditing	65,700	61,235	59,091	-	2,144
Treasurer	101,929	124,062	123,968	-	94
Tax collection	2,500	2,500	1,216	-	1,284
Fiscal agent fees	14,000	22,000	22,000	-	-
Total Finance	<u>720,157</u>	<u>749,302</u>	<u>729,514</u>	<u>-</u>	<u>19,788</u>
<b>STAFF</b>					
Legal	188,569	188,569	170,472	-	18,097
Personnel	91,438	91,039	74,926	-	16,113
Records Management Officer	3,850	3,963	3,963	-	-
Public information and services	86,497	87,096	83,131	-	3,965
Total Staff	<u>370,354</u>	<u>370,667</u>	<u>332,492</u>	<u>-</u>	<u>38,175</u>
<b>CENTRAL SERVICES</b>					
Operation and maintenance of plant	4,057,175	4,132,737	3,956,068	55,993	120,676
Central printing and mailing	15,000	12,545	10,603	-	1,942
Total Central Services	<u>4,072,175</u>	<u>4,145,282</u>	<u>3,966,671</u>	<u>55,993</u>	<u>122,618</u>
<b>SPECIAL ITEMS</b>					
Unallocated insurance	205,850	247,019	242,004	4,965	50
Judgements and claims	5,404	5,404	5,404	-	-
Refunds of real property taxes	-	26,153	26,153	-	-
Administrative and capital charges - BOCES	292,119	292,119	292,119	-	-
Total Special Items	<u>503,373</u>	<u>570,695</u>	<u>565,680</u>	<u>4,965</u>	<u>50</u>
Total General Support	<u>6,112,399</u>	<u>6,557,280</u>	<u>6,291,547</u>	<u>61,703</u>	<u>204,030</u>
<b>INSTRUCTION</b>					
<b>INSTRUCTION, ADMINISTRATION AND IMPROVEMENT</b>					
Curriculum development and supervision	596,315	607,431	572,931	3,581	30,919
Supervision - Regular school	1,330,566	1,351,647	1,311,784	-	39,863
Total Instruction, Administration and Improvement	<u>1,926,881</u>	<u>1,959,078</u>	<u>1,884,715</u>	<u>3,581</u>	<u>70,782</u>
TEACHING - REGULAR SCHOOL	<u>12,648,685</u>	<u>12,480,269</u>	<u>12,232,786</u>	<u>20,937</u>	<u>226,546</u>
PROGRAMS FOR STUDENTS WITH DISABILITIES	<u>8,660,604</u>	<u>8,464,892</u>	<u>7,823,126</u>	<u>300,053</u>	<u>341,713</u>

(Continued)

**North Salem Central School District**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>PROGRAMS FOR ENGLISH LANGUAGE LEARNERS</b>	\$ 388,141	\$ 377,141	\$ 343,984	\$ -	\$ 33,157
<b>OCCUPATIONAL EDUCATION</b>	208,142	208,142	208,142	-	-
<b>INSTRUCTIONAL MEDIA</b>					
School library and audiovisual	463,656	481,502	460,605	-	20,897
Computer assisted instruction	1,061,254	1,076,809	1,061,106	11,670	4,033
Total Instructional Media	1,524,910	1,558,311	1,521,711	11,670	24,930
<b>PUPIL SERVICES</b>					
Guidance - Regular school	821,955	821,136	777,568	-	43,568
Health services - Regular school	330,666	343,666	325,307	3,500	14,859
Psychological services - Regular school	578,690	579,230	570,788	2,911	5,531
Co-curricular activities - Regular school	223,603	226,461	211,041	-	15,420
Interscholastic athletics - Regular school	843,200	838,249	758,596	21,885	57,768
Total Pupil Services	2,798,114	2,808,742	2,643,300	28,296	137,146
Total Instruction	28,155,477	27,856,575	26,657,764	364,537	834,274
<b>PUPIL TRANSPORTATION</b>					
District transportation services	2,422,895	2,276,674	2,099,739	10,913	166,022
<b>EMPLOYEE BENEFITS</b>					
State retirement	964,241	894,302	892,718	-	1,584
Teachers' retirement	2,127,644	2,034,462	2,030,110	-	4,352
Social security	1,992,306	2,006,869	2,003,392	-	3,477
Unemployment benefits	20,000	13,000	12,915	-	85
Hospital, medical and dental insurance	6,232,498	6,677,176	6,674,645	-	2,531
Workers' compensation benefits	180,165	173,165	172,255	-	910
Life insurance	8,664	8,664	7,420	-	1,244
Other benefits	160,986	250,892	248,096	-	2,796
Union welfare benefits	238,225	198,225	198,091	-	134
Total Employee Benefits	11,924,729	12,256,755	12,239,642	-	17,113
<b>DEBT SERVICE</b>					
Interest					
Bond anticipation notes	367,017	167,040	167,040	-	-
<b>TOTAL EXPENDITURES</b>	48,982,517	49,114,324	47,455,732	437,153	1,221,439
<b>OTHER FINANCING USES</b>					
Transfers out					
Capital Projects Fund	280,000	748,685	743,708	-	4,977
Special Aid Fund	102,664	142,772	141,772	-	1,000
Debt Service Fund	1,668,037	1,645,334	1,644,637	-	697
School Lunch Fund	-	7,350	7,324	-	26
<b>TOTAL OTHER FINANCING USES</b>	2,050,701	2,544,141	2,537,441	-	6,700
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	\$ 51,033,218	\$ 51,658,465	\$ 49,993,173	\$ 437,153	\$ 1,228,139

See independent auditors' report.

**North Salem Central School District**

Capital Projects Fund  
 Project-Length Schedule  
 Inception of Project Through June 30, 2025

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Water Supply Project	\$ 900,000	\$ 845,424	\$ 54,576	\$ 900,000
Bus Garage and MS/HS Drainage	177,384	177,384	-	177,384
MS/HS HVAC	233,513	233,513	-	233,513
Turf Field	6,262,629	5,918,130	340,062	6,258,192
MS/HS Ventilators Replacement	447,828	445,723	-	445,723
MS/HS- Water Filter/Priming	451,601	451,601	-	451,601
Water Filtration Project PQ	1,512,530	85,216	1,178,075	1,263,291
Turf Field Press Box	97,934	97,934	-	97,934
PQ Field Renovation	322,567	4,507	6,171	10,678
Buses and Bucket Loader	1,085,000	995,360	53,814	1,049,174
STEP Room	100,000	6,467	93,533	100,000
Bus Garage Security	28,038	-	20,054	20,054
MS/HS Security	2,513,038	157,881	1,412,293	1,570,174
PQ Security	1,408,924	93,695	958,851	1,052,546
PQ Signage and Drainage	152,000	-	10,898	10,898
MS/HS Signage and Drainage	162,000	-	10,898	10,898
Buses 2024/2025	513,016	-	465,915	465,915
MS/HS Chiller and Dehumidifiers	160,000	-	-	-
District Wide Improvements	108,708	-	1,035	1,035
Leases	4,913	-	4,913	4,913
<b>Totals</b>	<b>\$ 16,641,623</b>	<b>\$ 9,512,835</b>	<b>\$ 4,611,088</b>	<b>\$ 14,123,923</b>

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balance (Deficit) at June 30, 2025	Bond Anticipation Notes Outstanding at June 30, 2025
	Proceeds of Obligations	Transfers	State Aid	Totals		
\$ -	\$ -	\$ 900,000	\$ -	\$ 900,000	\$ -	\$ -
-	177,384	-	-	177,384	-	-
-	233,513	-	-	233,513	-	-
4,437	5,933,123	324,474	-	6,257,597	(595)	5,032
2,105	100,869	344,854	-	445,723	-	-
-	351,601	100,000	-	451,601	-	-
249,239	807,075	705,455	-	1,512,530	249,239	-
-	97,934	-	-	97,934	-	-
311,889	20,283	-	-	20,283	9,605	302,284
35,826	1,085,000	-	-	1,085,000	35,826	-
-	-	-	100,000	100,000	-	-
7,984	-	-	-	-	(20,054)	30,000
942,864	1,750,000	-	-	1,750,000	179,826	-
356,378	1,200,000	-	-	1,200,000	147,454	170,000
141,102	10,658	-	-	10,658	(240)	141,342
151,102	10,658	-	-	10,658	(240)	151,342
47,101	513,016	-	-	513,016	47,101	-
160,000	-	160,000	-	160,000	160,000	-
107,673	-	108,708	-	108,708	107,673	-
-	4,913	-	-	4,913	-	-
<u>\$ 2,517,700</u>	<u>\$ 12,296,027</u>	<u>\$ 2,643,491</u>	<u>\$ 100,000</u>	<u>\$ 15,039,518</u>	<u>\$ 915,595</u>	<u>\$ 800,000</u>

**North Salem Central School District**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2025

	School Lunch	Special Purpose	Permanent	Debt Service	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and equivalents	\$ 146,215	\$ 82,510	\$ -	\$ -	\$ 228,725
Investments	-	51,739	91,935	745,425	889,099
Receivables					
State and Federal aid	11,315	-	-	-	11,315
Due from other funds	-	-	-	5,866	5,866
	11,315	-	-	5,866	17,181
Inventories	4,261	-	-	-	4,261
Total Assets	<u>\$ 161,791</u>	<u>\$ 134,249</u>	<u>\$ 91,935</u>	<u>\$ 751,291</u>	<u>\$ 1,139,266</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 37,031	\$ -	\$ -	\$ -	\$ 37,031
Due to other governments	62	-	-	-	62
Unearned revenues	39,006	-	-	-	39,006
Total Liabilities	76,099	-	-	-	76,099
Fund balances					
Nonspendable	4,261	-	43,888	-	48,149
Restricted	-	134,249	48,047	751,291	933,587
Assigned	81,431	-	-	-	81,431
Total Fund Balances	85,692	134,249	91,935	751,291	1,063,167
Total Liabilities and Fund Balances	<u>\$ 161,791</u>	<u>\$ 134,249</u>	<u>\$ 91,935</u>	<u>\$ 751,291</u>	<u>\$ 1,139,266</u>

See independent auditors' report.

**North Salem Central School District**

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 Non-Major Governmental Funds  
 Year Ended June 30, 2025

	School Lunch	Special Purpose	Permanent	Debt Service	Total Non-Major Governmental Funds
<b>REVENUES</b>					
Use of money and property	\$ 1,740	\$ 2,312	\$ 4,094	\$ 92,752	\$ 100,898
State aid	5,625	-	-	-	5,625
Federal aid	188,927	-	-	-	188,927
Food sales	358,908	-	-	-	358,908
Miscellaneous	35	88,206	-	-	88,241
	<u>555,235</u>	<u>90,518</u>	<u>4,094</u>	<u>92,752</u>	<u>742,599</u>
<b>EXPENDITURES</b>					
Current					
Instruction	-	-	1,000	-	1,000
Community services	-	16,221	-	-	16,221
Cost of food sales	510,179	-	-	-	510,179
Other	-	65,989	-	-	65,989
Debt Service					
Principal	-	-	-	1,220,215	1,220,215
Interest	-	-	-	424,422	424,422
	<u>510,179</u>	<u>82,210</u>	<u>1,000</u>	<u>1,644,637</u>	<u>2,238,026</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,056</u>	<u>8,308</u>	<u>3,094</u>	<u>(1,551,885)</u>	<u>(1,495,427)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance premium	-	-	-	170,477	170,477
Transfers in	7,324	-	-	1,644,637	1,651,961
Transfers out	-	-	-	(125,000)	(125,000)
	<u>7,324</u>	<u>-</u>	<u>-</u>	<u>1,690,114</u>	<u>1,697,438</u>
Net Change in Fund Balances	52,380	8,308	3,094	138,229	202,011
<b>FUND BALANCES</b>					
Beginning of Year	<u>33,312</u>	<u>125,941</u>	<u>88,841</u>	<u>613,062</u>	<u>861,156</u>
End of Year	<u>\$ 85,692</u>	<u>\$ 134,249</u>	<u>\$ 91,935</u>	<u>\$ 751,291</u>	<u>\$ 1,063,167</u>

See independent auditors' report.

**North Salem Central School District**

Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2025

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Capital Assets, net	<u>\$ 40,259,160</u>
Plus	
Unexpended debt proceeds	<u>1,194,246</u>
Less	
General obligation bonds payable	16,208,016
Installment purchase debt payable	115,212
Leases payable	123,277
Bond anticipation notes payable	800,000
Accounts payable	<u>15,389</u>
	<u>17,261,894</u>
Net Investment in Capital Assets	<u><u>\$ 24,191,512</u></u>

See independent auditors' report.

**North Salem Central School District**

General Fund  
Analysis of Change from Adopted Budget to Final Budget  
Year Ended June 30, 2025

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Adopted Budget		\$ 50,536,389
Additions - Encumbrances		<u>496,829</u>
Original Budget		51,033,218
Budget Amendments		<u>625,247</u>
Final Budget		<u><u>\$ 51,658,465</u></u>

General Fund  
Section 1318 of Real Property Tax Law Limit Calculation

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2025-26 Expenditure Budget		<u><u>\$ 52,377,964</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	\$ 1,337,153	
Unassigned fund balance	<u>2,095,069</u>	
Total Unrestricted Fund Balance	<u>3,432,222</u>	
Less		
Appropriated for subsequent year's budget	900,000	
Encumbrances	<u>437,153</u>	
Total Adjustments	<u>1,337,153</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,095,069</u></u>
Actual Percentage		<u><u>4.00%</u></u>

See independent auditors' report.

**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, 2025, 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 12, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District'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 12, 2025