

TOWN OF NORTH SALEM, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2018

TOWN OF NORTH SALEM
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INDEPENDENT AUDITORS' REPORT

To The Supervisor and Board Members of the
Town of North Salem
North Salem, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Salem, New York, as of and for the year ended December 31, 2018, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Salem, New York, as of December 31, 2018, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 9 and 47 through 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Salem, New York's financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the Town's December 31, 2017 financial statements and, in our report dated April 23, 2018, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2019 on our consideration of the Town of North Salem, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town of North Salem, New York's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Cooper Davis LLP".

Mongaup Valley, New York
May 17, 2019



MANAGEMENT DISCUSSION AND ANALYSIS

Town of North Salem

Year Ended December 31, 2018

Town of North Salem

The following is a discussion and analysis of the Town's financial performance for the fiscal year ended December 31, 2018. This section is a summary of the Town's financial activity based on currently known facts, decisions or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for 2018 are as follows:

Town – Wide Statements

The Town's main revenue sources were as follows:

	<u>Amount</u>	<u>%</u>	<u>Prior Year %</u>
Property Tax Revenues	\$ 6,663,737	64%	63%
Sales Tax Revenues	817,177	8%	8%
State and Federal Aid	837,921	8%	9%

The Town's main expenditures were as follows:

	<u>Amount</u>	<u>%</u>	<u>Prior Year %</u>
Transportation	\$ 2,369,371	28%	30%
General Government Support	1,592,533	19%	20%
Culture and Recreation	1,038,491	13%	12%
Public Safety	794,773	10%	11%
Home and Community Services	1,809,977	22%	18%

Total Net Position was \$15,272,062 at December 31, 2018, up \$2,120,359 from the prior year.

Fund Financial Statements

The highlights of the activities in the General Fund are as follows:

	<u>Amount</u>	<u>%</u>	<u>Prior Year %</u>
Property Tax Revenues	\$ 4,137,901	60%	59%
Sales Tax Revenues	817,177	12%	13%
Departmental Income	658,490	10%	10%
General Government Support	1,599,721	25%	23%
Culture and Recreation	939,111	15%	15%
Home and Community Services	898,985	14%	14%
Public Safety	701,474	11%	12%
Employee Benefits	1,019,217	16%	16%

- The General Fund's fund balance increased from \$2,069,958 at December 31, 2017 to \$2,613,050 at December 31, 2018. The Town had \$189,770 in non-spendable form and \$108,777 appropriated towards the subsequent year's budget, leaving \$2,314,503 unassigned as of December 31, 2018.
- The Highway Fund had property tax revenues of \$2,359,838, which accounted for 84% of its total revenues of \$2,816,563.
- The Capital Project expenditures were related to various projects and are detailed on pages 68 - 71 of this report.

Using this Comprehensive Annual Report

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so that the reader can understand the Town as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the Town as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the Town's finances is "Is the Town better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when the cash is received or paid.

These two statements report the Town's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the Town's financial health is improving or deteriorating.

The reader will need to consider other non-financial factors such as property tax base, current property tax laws and facility conditions in arriving at their conclusion regarding the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two distinct kinds of activities:

Governmental Activities:

This section represents programs and services that are funded fully or in part by general town revenues such as property taxes, state aid, etc.

Business Type Activities:

This section presents areas where services or goods are provided and charges are made for such goods and services to recover all expenses.

The Town has no activities that are classified as business type.

Reporting the Town's Most Significant Funds*Fund Financial Statements*

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State statute, while many other funds are established by the Town to help manage money for particular purposes and compliance with various grant provisions. The Town's two types of funds, governmental and fiduciary, use different accounting approaches.

Governmental Funds

Most of the Town's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the Town's programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds

The Town is the trustee or fiduciary for assets that belong to others such as payroll withholdings. It is the Town's responsibility to ensure that assets reported in these funds are being used for their intended purposes. The Town's fiduciary activities are reported in a separate "Statement of Fiduciary Net Position and Changes in Fiduciary Net Position" schedule, as the Town may not use these assets to finance its operations.

	<u>2018</u>	<u>2017</u>
NET POSITION		
Current Assets	\$ 17,079,026	\$ 16,982,713
Capital Assets	35,757,937	35,314,970
Less: Accumulated Depreciation	<u>(6,740,035)</u>	<u>(6,053,279)</u>
Total Assets	<u>46,096,928</u>	<u>46,244,404</u>
Deferred Outflows of Resources		
Pensions	<u>1,046,498</u>	<u>952,937</u>
Current Liabilities	14,042,939	14,701,273
Long-Term Liabilities	<u>17,138,476</u>	<u>14,961,882</u>
Total Liabilities	<u>31,181,415</u>	<u>29,663,155</u>
Deferred Inflows of Resources		
Pensions	<u>689,949</u>	<u>111,028</u>
Net Investment in Capital Assets	21,547,814	20,397,136
Unrestricted	<u>(6,275,752)</u>	<u>(2,973,978)</u>
Total Net Position	<u>\$ 15,272,062</u>	<u>\$ 17,423,158</u>
REVENUES		
Real Property Taxes	\$ 6,663,737	\$ 6,488,555
Other Tax Items	147,132	74,861
Non-Property Tax	949,281	902,687
Charges For Services	1,522,909	1,410,687
Operating Grants And Contributions	294,169	316,479
Capital Grants And Contributions	467,706	813,790
Investment Earnings	92,374	17,839
Sale Of Property And Compensation For Loss	18,737	44,585
Miscellaneous Local Sources	68,193	2,228
State Aid	<u>215,602</u>	<u>277,945</u>
Total Revenues	<u>10,439,840</u>	<u>10,349,656</u>
EXPENDITURES		
General Government Support	1,592,533	1,993,200
Public Safety	794,773	1,097,715
Health	387,608	350,924
Transportation	2,369,371	2,955,119
Economic Assistance And Opportunity	45,002	45,410
Culture And Recreation	1,038,491	1,167,682
Home And Community Service	1,809,977	1,799,916
Debt Service	<u>281,726</u>	<u>474,913</u>
Total Expenditures	<u>8,319,481</u>	<u>9,884,879</u>
CHANGE IN NET POSITION	<u>\$ 2,120,359</u>	<u>\$ 464,777</u>

Governmental Activities

The Town's Funds

Information about the Town's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$11,084,113 and expenditures of \$9,866,358, exclusive of interfund transfers of \$183,563, which resulted in an increase in fund balance of \$1,217,755.

	2018 Fund Balance	2017 Fund Balance	Increase/(Decrease)
General Fund	\$ 2,613,050	\$ 2,069,958	\$ 543,092
Highway Fund	669,101	627,403	41,698
Capital Projects Fund	(1,757,259)	(2,339,663)	582,404
Non-Major Funds	<u>1,335,179</u>	<u>1,284,618</u>	<u>50,561</u>
Total Governmental	<u>\$ 2,860,071</u>	<u>\$ 1,642,316</u>	<u>\$ 1,217,755</u>

BUDGET INFORMATION

The Town's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements and encumbrances. Budget to actual statements for all major governmental funds are required under Governmental Accounting Standards Board Statement No. 34 and are presented in the financial statements as "Required Supplementary Information" beginning on page 47. Budget to actual statements for non-major governmental funds are *not* required under Governmental Accounting Standards Board Statement No. 34 but have been presented for analytical purposes in the "Supplemental Schedules" beginning on page 53 of the financial statements.

Capital Assets

The Town had \$29,017,902 invested in capital assets, net of \$6,740,035 in accumulated depreciation, as of December 31, 2018. Depreciation for the year ended December 31, 2018 was \$825,096.

Debt

As of December 31, 2018, the Town had \$8,180,000 in outstanding bonds, \$2,428,586 in outstanding bond anticipation notes and \$26,451 in outstanding installment purchase debt. The Town paid \$280,532 in interest throughout the year.

Contacting the Town's Financial Management

It is the intent of this report to provide the Town's citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Supervisor's Office at Town of North Salem, 266 Titicus Road, North Salem, New York 10560.

TOWN OF NORTH SALEM
STATEMENT OF NET POSITION
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 7,805,384	\$ 9,211,985
Property Taxes Receivable	7,913,655	6,202,289
Water Rents Receivable	1,120	66
Accounts Receivable	176,970	181,129
State and Federal Aid Receivable	246,439	51,697
Due From Other Governments	815,943	1,293,636
Due From Fiduciary Funds	84,615	41,911
Land Deposit	<u>34,900</u>	<u>-</u>
Total Current Assets	<u>17,079,026</u>	<u>16,982,713</u>
Non-Current Assets		
Capital Assets, Net	<u>29,017,902</u>	<u>29,261,691</u>
Total Non-Current Assets	<u>29,017,902</u>	<u>29,261,691</u>
TOTAL ASSETS	<u>46,096,928</u>	<u>46,244,404</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	<u>1,046,498</u>	<u>952,937</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,046,498</u>	<u>952,937</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
STATEMENT OF NET POSITION
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
LIABILITIES		
Accounts Payable	\$ 211,156	\$ 414,983
Accrued Liabilities	56,204	61,430
BAN's Payable	2,428,586	2,996,386
Due To Fiduciary Fund	10,800	-
Due To Other Governments	10,907,506	10,849,120
Due To ERS	276,857	271,627
Unearned Revenues	54,613	-
Funds In Escrow	<u>97,217</u>	<u>107,727</u>
Total Current Liabilities	<u>14,042,939</u>	<u>14,701,273</u>
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	400,000	390,000
Installment Purchase Debt	17,653	18,134
Net OPEB Obligation	-	270,000
Total OPEB Liability	300,000	-
Due Beyond One Year:		
Serial Bonds	7,780,000	8,180,000
Installment Purchase Debt	8,798	9,431
Net OPEB Obligation	-	5,227,683
Total OPEB Liability	8,237,426	-
Compensated Absences	187,388	150,471
Net Pension Liability	<u>207,211</u>	<u>716,163</u>
Total Non-Current Liabilities	<u>17,138,476</u>	<u>14,961,882</u>
TOTAL LIABILITIES	<u>31,181,415</u>	<u>29,663,155</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>689,949</u>	<u>111,028</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>689,949</u>	<u>111,028</u>
NET POSITION		
Net Investment In Capital Assets	21,547,814	20,397,136
Unrestricted	<u>(6,275,752)</u>	<u>(2,973,978)</u>
TOTAL NET POSITION	<u>\$ 15,272,062</u>	<u>\$ 17,423,158</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PROGRAM REVENUES I

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

ASSETS	GENERAL	HIGHWAY	CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	2017 TOTAL
Cash	\$ 5,005,160	\$ 515,346	\$ 1,062,695	\$ 1,222,183	\$ 7,805,384	\$ 9,211,985
Property Tax Receivable	7,913,655	-	-	-	7,913,655	6,202,289
Water Rents Receivable	-	-	-	1,120	1,120	66
Accounts Receivable	176,970	-	-	-	176,970	181,129
Due From Other Funds	803,849	19,832	82,707	173,834	1,080,222	422,629
Slate And Federal Aid Receivable	-	238,611	7,828	-	246,439	51,697
Due From Other Governments	268,777	48,166	450,000	49,000	815,943	1,293,636
Land Deposit	-	-	34,900	-	34,900	-
TOTAL ASSETS	\$14,168,411	\$ 821,955	\$1,638,130	\$ 1,446,137	\$18,074,633	\$17,363,431
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 121,419	\$ 57,308	\$ 8,084	\$ 24,345	\$ 211,156	\$ 414,983
Accrued Liabilities	-	-	-	-	-	6,420
BAN's Payable	-	-	2,428,586	-	2,428,586	2,996,386
Due To Other Governments	10,907,506	-	-	-	10,907,506	10,849,120
Due to ERS	196,924	79,933	-	-	276,857	271,627
Due To Other Funds	75	-	958,719	47,613	1,006,407	380,718
Unearned Revenues	-	15,613	-	39,000	54,613	-
Funds In Escrow	97,217	-	-	-	97,217	107,727
TOTAL LIABILITIES	11,323,141	152,854	3,395,389	110,958	14,982,342	15,026,981

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	GENERAL	HIGHWAY	CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	2017 TOTAL
DEFERRED INFLOWS OF RESOURCES						
Deferred Tax Revenues	\$ 232,220	\$ -	\$ -	\$ -	\$ 232,220	\$ 641,134
TOTAL DEFERRED INFLOWS OF RESOURCES	232,220	-	-	-	232,220	641,134
FUND BALANCES						
Non-Spendable:						
Deposit	-	-	34,900	-	34,900	-
Non-Current Receivables	189,770	-	-	39,365	229,135	201,578
Assigned:						
Appropriated	108,777	100,000	-	-	208,777	103,604
Unappropriated	-	569,101	-	1,309,243	1,878,344	1,845,308
Unassigned	2,314,503	-	(1,792,159)	(13,429)	508,915	(455,174)
TOTAL FUND BALANCES	2,613,050	669,101	(1,757,259)	1,335,179	2,860,071	1,695,316
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,168,411	\$ 821,955	\$ 1,638,130	\$ 1,446,137	\$ 18,074,633	\$ 17,363,431

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TOWN OF NORTH SALEM
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF NET POSITION
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
Total Fund Balance – Governmental Funds	\$ 2,860,071	\$ 1,695,316
Amounts reported for governmental activities in the statement of net position are different because:		
In the governmental funds, property taxes receivable are recognized as revenues to the extent they are deemed “available”. Any portion not deemed “available” to meet current obligations are reported as deferred revenues. In the statement of net position all receivables are recognized regardless of when they will be received.	232,220	641,134
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at December 31, 2018 are \$35,757,937 and \$6,740,035, respectively.	29,017,902	29,261,691
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Serial Bonds	(8,180,000)	
Installment Purchase Debt	(26,451)	
Compensated Absences	(187,388)	
Net OPEB Obligation	<u>-</u>	(14,245,719)
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	1,046,498	
Deferred Inflows Of Resources	(689,949)	
Net Pension Liability	<u>(207,211)</u>	125,746
Long term asset and liabilities associated with OPEB are not current financial resources or obligations and are not reported in the government funds.		
Total OPEB Liability	(8,537,426)	-
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.	<u>(56,204)</u>	<u>(55,010)</u>
Net Position of Governmental Activities	<u>\$ 15,272,062</u>	<u>\$ 17,423,158</u>

SEE ACCOMPANYING NOTES AND AUDITORS’ OPINION

TOWN OF NORTH SALEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>GENERAL</u>	<u>HIGHWAY</u>	<u>CAPITAL PROJECTS</u>	<u>NON- MAJOR FUNDS</u>	<u>TOTAL</u>	<u>2017 TOTAL</u>
REVENUES						
Real Property Taxes	\$ 4,137,901	\$ 2,359,838	\$ -	\$ 574,912	\$ 7,072,651	\$ 6,384,892
Other Tax Items	147,132	-	-	-	147,132	74,861
Non-Property Taxes	949,281	-	-	-	949,281	902,687
Departmental Income	658,490	-	-	70,602	729,092	813,077
Intergovernmental Charges	-	145,825	-	10,000	155,825	114,334
Use Of Money And Property	63,190	12,502	6,669	10,013	92,374	17,839
License And Permits	369,974	-	-	-	369,974	249,102
Fines And Forfeitures	268,018	-	-	-	268,018	234,174
Sale Of Property And Compensation For Loss	2,195	21,459	-	-	23,654	51,848
Miscellaneous Local Sources	48,421	38,328	-	121,000	207,749	506,668
State Aid	231,604	238,611	359,878	-	830,093	885,996
Federal Aid	-	-	7,828	-	7,828	17,778
TOTAL REVENUES	6,876,206	2,816,563	374,375	786,527	10,853,671	10,253,256
OTHER FINANCING SOURCES						
Operating Transfers In	-	-	183,563	-	183,563	462,757
Proceeds of Long Term Debt	-	-	26,433	-	26,433	28,327
BAN's Redeemed From Appropriations	-	-	204,009	-	204,009	224,050
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>6,876,206</u>	<u>2,816,563</u>	<u>788,380</u>	<u>786,527</u>	<u>11,267,676</u>	<u>10,968,390</u>
EXPENDITURES						
General Government Support	1,599,721	2,505	-	-	1,602,226	1,328,901
Public Safety	701,474	-	-	-	701,474	715,535
Health	387,608	-	-	-	387,608	350,924
Transportation	312,854	1,894,090	-	15,559	2,222,503	2,062,097
Economic Assistance And Opportunity	43,876	-	-	-	43,876	39,374
Culture And Recreation	939,111	-	-	16,285	955,396	903,879
Home And Community Services	898,985	-	-	376,498	1,275,483	1,157,560
Employees Benefits	1,019,217	558,982	-	-	1,578,199	1,485,422
Debt Service:						
Principal	170,762	255,189	-	195,605	621,556	631,185
Interest	80,943	64,099	8,471	127,019	280,532	272,556
Capital Outlay	-	-	197,505	-	197,505	1,582,426
TOTAL EXPENDITURES	6,154,551	2,774,865	205,976	730,966	9,866,358	10,529,859
OTHER FINANCING USES						
Operating Transfers Out	<u>178,563</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>183,563</u>	<u>462,757</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>6,333,114</u>	<u>2,774,865</u>	<u>205,976</u>	<u>735,966</u>	<u>10,049,921</u>	<u>10,992,616</u>
NET CHANGE IN FUND BALANCE	543,092	41,698	582,404	50,561	1,217,755	(24,226)
FUND BALANCES – Beginning Of Year (Restated)	<u>2,069,958</u>	<u>627,403</u>	<u>(2,339,663)</u>	<u>1,284,618</u>	<u>1,642,316</u>	<u>1,719,542</u>
FUND BALANCES – End Of Year	\$ <u>2,613,050</u>	\$ <u>669,101</u>	\$ <u>(1,757,259)</u>	\$ <u>1,335,179</u>	\$ <u>2,860,071</u>	\$ <u>1,695,316</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
Total Net Change in Fund Balances – Governmental Funds	\$ 1,217,755	\$ (24,226)

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

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expenses	(825,096)			
Capital Outlay	<u>586,224</u>	(238,872)		701,845

Repayments of principal on long term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Serial Bonds	390,000			
Installment Purchase Debt	<u>27,547</u>	417,547		407,136

In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

Compensated Absences	(36,917)			
Net OPEB Obligation	<u>-</u>	(36,917)		(549,532)

In the governmental funds, property taxes are reported as revenues to the extent that they are deemed available. In the statement of activities, property taxes are accrued regardless of when they are to be received.

		(408,914)		103,663
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SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

Continued

	<u>2018</u>	<u>2017</u>
In the governmental funds, proceeds of long term debt are reported as revenues. In the statement of activities, the proceeds simply increase the liability.		
Installment Purchase Debt	\$ (26,433)	\$ (28,327)
Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.	(4,917)	(7,263)
(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Police and Fire Retirement System	(56)	
Employees' Retirement System	<u>23,648</u>	(134,432)
(Increase) decreases in the OPEB liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Total OPEB Liability	1,178,712	-
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
Current Year Accrued Interest	(56,204)	
Prior Year Accrued Interest	<u>55,010</u>	<u>(1,194)</u>
Change in Net Position of Governmental Actives	<u>\$ 2,120,359</u>	<u>\$ 464,777</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31,

	AGENCY FUND	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash And Cash Equivalents	\$ 231,904	\$ 223,489
Due From Other Funds	<u>10,800</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 242,704</u>	<u>\$ 223,489</u>
LIABILITIES		
Due To Governmental Funds	\$ 84,616	\$ 41,911
Agency Liabilities	<u>158,088</u>	<u>181,578</u>
TOTAL LIABILITIES	<u>\$ 242,704</u>	<u>\$ 223,489</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of North Salem have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

The Town of North Salem, New York, is governed by the Town Law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations, the Supervisor serves as the chief executive officer and the chief fiscal officer.

The Town provides the following basic services: general government support, public safety, health, transportation (street and highway maintenance), economic assistance and opportunity, culture and recreation, and home and community services. The Town also provides lighting and water services to separate areas of the Town through special districts. These services are provided for in two lighting districts and three water districts.

All governmental activities and functions performed by the Town of North Salem, New York, are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity, except for two fire districts that furnish fire protection to certain areas of the Town.

The furnishing of such protection is the responsibility of Fire Commissioners who constitute the governing board of each district. Fire Commissioners are elected by the qualified voters living within each district. Fire District operations, including the financing thereof through real property taxation, are carried out at the direction of the Fire Commissioners, and the Town has no managerial oversight or fiscal responsibility.

Certain collection activities of the Town Clerk and Town Justice Officers are not included in the Town's reporting entity as prescribed by the Office of the State Comptroller. These collection activities include fees, fines and bail moneys which are not recorded by the Town until remitted by the respective elected officials.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

1. Town-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the Town as a whole. These statements include the financial activities of the overall Town, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements:

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column.

The Town reports the following major Governmental Funds:

- a. *General Fund* - The General Fund is the principal operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.
- b. *Special Revenue Fund* - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Highway Fund – used to account for revenues and expenditures for highway purposes in accordance with Highway Law.
- c. *Capital Projects Fund* - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The Town reports the following non-major Governmental Funds:

- a. *Special Districts Funds* – The Special Districts Funds are used to account for taxes or other revenues which are raised or received to provide special services to areas that encompass less than the whole town.
 1. Water Districts
 2. Lighting Districts
 3. Park District
 4. Sewer District
- b. *Special Revenue Fund*
 1. Miscellaneous Special Revenues

Additionally, the Town reports the following fund type:

- a. *Fiduciary Fund* - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the Town acts as trustee or agent for resources that belong to others. These activities are not included in the Town-wide financial statements, because their resources do not belong to the Town, and are not available to be used.

C. **Basis of Accounting/Measurement Focus**

The Town-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Property Taxes

Real property taxes are levied annually no later than December 31st, and become a lien on January 1st. The Town collects county, town and special District taxes which are due April 1st and payable without penalty to April 30th. School Taxes are due on September 1st, with the first half payable without penalty until September 30th and the second half due the following January 1st and payable without penalty until January 31st. The Town guarantees the full payment of the county and school District warrants and assumes the responsibility for uncollected taxes.

E. Budgetary Procedures And Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. No later than October 30th, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds and is presented to the Town Board no later than November 10th.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. After public hearings are conducted to obtain taxpayer comments, no later than December 20th, the governing board adopts the budget.
- c. All modifications of the budget must be approved by the governing board. However, the Supervisor is authorized to transfer certain budgeted amounts within departments.
- d. Budgetary controls are established for the capital project funds through resolutions authorizing individual projects which remain in effect for the life of the project.
- e. Budget amounts included in the report for General and Special Revenue Funds have been amended and approved by the Town Board.

2. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances are reported as assigned fund balance in the General Fund.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

F. Cash and Cash Equivalents

For financial statement purposes, the Town considers all highly liquid investments as cash equivalents.

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. **Capital Assets**

The Town has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by the Town is \$5,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
Buildings	50
Site Improvements	20
Furniture & Equipment	5-20
Vehicles	8

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

I. **Unearned Revenue**

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

J. **Vested Employee Benefits**

The Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the Town-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and Town-wide presentations.

In addition to providing pension benefits, the Town provides health insurance coverage for retired employees. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

K. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

L. **Insurance**

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

M. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N. **Equity Classifications**

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

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Town.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the Town and determine which classification of net position will be charged.

In the fund basis statements there are five classifications of fund balance:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Town has \$189,770 and \$39,365 in non-spendable fund balances related to non-current receivables in the General Fund and Sewer Fund, respectively, and \$34,900 related to a deposit on a land purchase in the Capital Projects Fund as of December 31, 2018.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The Town has no restricted fund balances as of December 31, 2018.

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Town Board is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Town has no committed fund balances as of December 31, 2018.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances and appropriated fund balance. The Town Board is the decision making authority that can, by resolution, assign fund balance.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the Town and then determine the order of application of expenditures to which fund balance classification will be charged.

O. **New Accounting Standards**

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2018, the Town implemented the following new standards:

GASB 75 – *Accounting and Reporting for Post-Employment Benefits Other Than Pensions.*

GASB 85 – *Omnibus 2017*

GASB 86 – *Certain Debt Extinguishment Issues*

P. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 83 – *Certain Asset Retirement Obligations*, effective for the year ending December 31, 2019.

GASB 84 – *Fiduciary Activities*, effective for the year ending December 31, 2019.

GASB 87 – *Leases*, effective for the year ending December 31, 2020.

GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the year ending December 31, 2019.

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending December 31, 2020.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 90 – Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61, effective for the year ending December 31, 2019.

The Town will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category.

The first item is related to pensions reported in the government-wide statement of net position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Town contributions to the pension systems subsequent to the measurement date. The Town recognized \$1,046,498 in deferred outflows of resources related to pensions as of December 31, 2018.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category.

The first arises only under a modified accrual basis of accounting and is reported as unavailable revenues. The Town recognized \$232,220 in deferred inflows of resources in the governmental fund financial statements for deferred tax revenues in the General Fund as of December 31, 2018. The second item is related to pensions reported in the government-wide statement of net position. This represents the effect of the net change in the Town's proportion of the collective net pension liability and difference during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension system not included in pension expense. The Town recognized \$689,949 in deferred inflows of resources related to pensions as of December 31, 2018.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$356,549 to unrestricted net position as of December 31, 2018.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Fund Balance**

The Capital Projects Fund had a deficit unassigned fund balance of \$1,792,159 at December 31, 2018. The deficits were caused by a combination of capital outlay expenditures in excess of available funding and the accounting treatment of bond anticipation notes. The deficits will be eliminated as the required principal payments are made, the notes are converted to permanent financing or funding is received from the respective funds.

The Candlewood Park District had a deficit fund balance of \$13,429 at December 31, 2018. The deficit was caused by expenditures in excess of budgeted amounts and was financed with a loan from the General Fund. The deficit will be eliminated in the future through budgetary means.

B. **Overdrawn Appropriations**

Expenditures for the year ended December 31, 2018 materially exceeded appropriations in the funds and/or functions identified below:

<u>FUND/FUNCTION</u>	<u>APPROPRIATIONS AS MODIFIED</u>	<u>EXPENDITURES AND ENCUMBRANCES</u>	<u>UNFAVORABLE VARIANCE</u>
General/General Support	\$ 1,474,554	\$ 1,599,721	\$ (125,167)
General/Home And Community Services	804,859	898,985	(94,126)

The variance in the General Support function was caused by property owned by the Town that was put in service for Town purposes during the year, and was funded with the recognition of corresponding deferred tax revenues related to the property.

The variance in the Home and Community Services function was caused by increases in the costs of garbage removal and recycling services, and was funded with available fund balance.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

**NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND TOWN-WIDE STATEMENT**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Town-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the Town's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position.

The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheet.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

1. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences:

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND TOWN-WIDE STATEMENT (Continued)

3. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 4 – CASH AND INVESTMENTS

The Town of North Salem investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town of North Salem monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

The Town's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the
pledging financial institution, or its trust
department, but not in the Town's name.

\$ 5,426,593

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2018 were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ RECLASSIFICATIONS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 2,954,720	\$ 167,964	\$ -	\$ 3,122,684
Construction In Progress	<u>293,037</u>	<u>162,580</u>	<u>-</u>	<u>455,617</u>
Total non-depreciable historical cost	<u>3,247,757</u>	<u>330,544</u>	<u>-</u>	<u>3,578,301</u>
Capital assets that are depreciated:				
Building and Improvements	28,894,529	12,956	-	28,907,485
Machinery and Equipment	<u>3,172,684</u>	<u>242,724</u>	<u>143,257</u>	<u>3,272,151</u>
Total depreciable historical cost	<u>32,067,213</u>	<u>255,680</u>	<u>143,257</u>	<u>32,179,636</u>
Less accumulated depreciation:				
Building and Improvements	4,096,508	601,818	-	4,698,326
Machinery and Equipment	<u>1,956,771</u>	<u>223,278</u>	<u>138,340</u>	<u>2,041,709</u>
Total Accumulated Depreciation	<u>6,053,279</u>	<u>825,096</u>	<u>138,340</u>	<u>6,740,035</u>
Total historical cost, net	<u>\$ 29,261,691</u>	<u>\$ (238,872)</u>	<u>\$ 4,917</u>	<u>\$ 29,017,902</u>
Depreciation expense was charged to				
Governmental functions as follows:				
General Support		\$ 48,447		
Public Safety		41,157		
Transportation		182,877		
Culture & Recreation		36,304		
Home & Community Service		<u>516,311</u>		
		<u>\$ 825,096</u>		

NOTE 6 – INTERFUND TRANSACTIONS

Interfund balances at December 31, 2018 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND EXPENSE</u>	<u>INTERFUND REVENUE</u>
General Fund	\$ 803,849	\$ 75	\$ 178,563	\$ -
Highway Fund	19,832	-	-	-
Capital Fund	82,707	958,719	-	183,563
Water Districts	5,334	-	5,000	-
Sewer District	167,000	16,041	-	-
Park District	-	14,131	-	-
Light Districts	-	6,640	-	-
Miscellaneous Special Revenue	<u>1,500</u>	<u>10,800</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>1,080,222</u>	<u>1,006,406</u>	<u>183,563</u>	<u>183,563</u>
Agency Fund	<u>10,800</u>	<u>84,616</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>10,800</u>	<u>84,616</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 1,091,022</u>	<u>\$ 1,091,022</u>	<u>\$ 183,563</u>	<u>\$ 183,563</u>

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 – INTERFUND TRANSACTIONS (Continued)

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The Town typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 7 – PROPERTY TAXES

At December 31, 2018, property taxes receivable of \$7,913,655 were offset by a deferred tax revenue of \$232,220. The deferred tax revenue consists of Town taxes of \$135,929, which is an estimate of the amount that will not be collected within the first sixty days of the subsequent year, and school taxes of \$96,291 which is an estimate of the amount that will not be collected as of June 30th of the subsequent year.

NOTE 8 - LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. Plan Description

The Town of North Salem, New York participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multiple-employer retirement systems. The systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds.

The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

2. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. For those joining after July 27, 1976 and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 – LIABILITIES (Continued)

Employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), contribute 3% of their salary throughout their active membership. Employees who joined the Systems on or after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, based on the employees' gross salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2018	\$ 341,251	\$ 26,149
2017	335,596	27,878
2016	360,475	27,174

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	\$ 230,633
Less: Interest Accrued in the Prior Year	(40,498)
Plus: Interest Accrued in the Current Year	<u>39,556</u>
Total Expense	<u>\$ 229,691</u>

b. Changes

The changes in the Town's indebtedness during the year ended December 31, 2018 are summarized as follows:

	BALANCE <u>01/01/18</u>	ADDITIONS	DELETIONS	BALANCE <u>12/31/18</u>	AMOUNTS DUE WITHIN <u>ONE YEAR</u>
Serial Bonds	\$ 8,570,000	\$ -	\$ 390,000	\$ 8,180,000	\$ 400,000
Installment Purchase Debt	27,565	26,433	27,547	26,451	17,653
Compensated Absences	150,471	36,917	-	187,388	-
Total OPEB Liability	<u>9,716,138</u>	<u>682,440</u>	<u>1,861,152</u>	<u>8,537,426</u>	<u>300,000</u>
TOTAL	<u>\$18,464,174</u>	<u>\$ 745,790</u>	<u>\$ 2,278,699</u>	<u>\$16,931,265</u>	<u>\$ 717,653</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine those amounts separately.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 – LIABILITIES (Continued)

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>FINAL MATURITY</u>	<u>RATE</u>	<u>OUTSTANDING</u>
Public Improvements	2026	3.625%	\$ 1,705,000
Peach Lake Sewer	2042	0.263%-4.756%	4,590,000
Public Improvements	2039	3.25%-3.50%	<u>1,885,000</u>
Total Bonds			<u>8,180,000</u>
Police Vehicle	2019	6.00%	9,431
Police Vehicle	2020	7.00%	<u>17,020</u>
Total Installment Debt			<u>26,451</u>
TOTAL			<u>\$ 8,206,451</u>

The following is a summary of maturing debt service requirements.

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 417,653	\$ 313,605
2020	423,798	299,566
2021	425,000	285,238
2022	435,000	270,777
2023	450,000	255,513
2024-2028	1,960,000	1,037,077
2029-2033	1,425,000	748,480
2034-2038	1,615,000	440,924
2039-2042	<u>1,055,000</u>	<u>113,953</u>
TOTAL	<u>\$ 8,206,451</u>	<u>\$ 3,765,133</u>

2. Short Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. Principal Payments on BAN's must be made annually.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, providing that stipulated annual reductions of principal are made. The Town has the following BAN's outstanding as of December 31, 2018.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 – LIABILITIES (Continued)

<u>Purpose</u>	<u>Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Peach Lake Drainage	1.67%	\$ 800,000	\$ -	\$ 363,791	\$ 436,209
Highway Roads	1.67%	320,833	-	29,167	291,666
Highway Vehicle	1.67%	191,219	-	17,384	173,835
Bridge Reconstruction	1.67%	159,333	-	10,000	149,333
Highway Roads	1.67%	791,667	-	129,167	662,500
Highway Garage	1.67%	233,334	-	8,332	225,002
Sunset Ridge Water	1.67%	<u>500,000</u>	<u>-</u>	<u>9,959</u>	<u>490,041</u>
		<u>\$ 2,996,386</u>	<u>\$ -</u>	<u>\$ 567,800</u>	<u>\$ 2,428,586</u>

Tax anticipation notes (TAN's) are issued in anticipation of specific tax revenue receipts and are repaid as the revenue is received. The issuance of TAN's results from government's need to pay general expenditures before receiving tax revenues later in the fiscal year. The Town had no TAN activity for the year ended December 31, 2018:

<u>Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Short – Term Debt Interest

Interest expense on short-term debt consisted of the following:

Interest Paid	\$ 49,899
Less: Interest Accrued In Prior Year	(14,512)
Plus: Interest Accrued In Current Year	<u>16,648</u>
Total Expense	<u>\$ 52,035</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal And New York State Grants

The Town has received grants over the past several years, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the federal and state governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Litigation

The Town, in common with other municipalities, receives numerous notices of tort claims for money damages. Of the claims currently pending, none are expected to have a material effect on the financial position of the Town if adversely settled.

Litigation has been brought against the Town by property owners who are seeking a review of real property tax assessments. The Town intends to vigorously contest each case and the outcome cannot be reasonably estimated at this time.

C. Peach Lake Sewer District

Beginning in 2008, the Town of North Salem worked with the Town of Southeast in the construction of the Peach Lake sewer facility. Certain costs of the project were split between the two towns based on a predetermined formula. Once the final project costs are reconciled, management believes that the Town of North Salem may have to refund some of the costs to the Town of Southeast. At this time, the amount that would potentially need to be repaid cannot be reasonably estimated.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net Capital Assets	\$ 29,017,902
Less: Bonds Payable	(6,992,550)
BAN's Payable	(1,325,087)
Installment Debt Payable	(26,451)
Plus: Unspent Debt Proceeds	<u>874,000</u>
Net Investment in Capital Assets	<u>\$ 21,547,814</u>

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan, provides OPEB for all eligible full-time employees or elected officials who retire from the Town. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The Town provides healthcare benefits for eligible retirees and their dependents. The retirees shall receive the same benefits as active employees and the Town shall pay 75% of medical insurance premiums.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Employees Covered by Benefit Terms – At January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	22
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>36</u>
	<u>58</u>

Total OPEB Liability

The Town's total OPEB liability of \$8,537,426 was measured as of December 31, 2018, using an actuarial valuation date of January 1, 2018. The liability was calculated using the Alternative Measurement Method for employers with fewer than one hundred employees.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date	December 31, 2018
Discount Rate	3.71%
Rate of Compensation Increase	2.50%
Inflation Rate	2.25%
Initial Healthcare Cost Trend Rates	4.60% - 9.50%
Ultimate Healthcare Cost Trend Rates	3.784%

Actuarial Cost Method – Entry Age Normal
Amortization Method – Level Percent of Pay

The discount rate was based on Fidelity General Obligation 20-Year AA Municipal Bond Index as of December 31, 2017.

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a fully generational basis.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at January 1, 2018		\$ 9,716,138
Changes for the Year -		
Service Cost	353,909	
Interest	328,531	
Changes of Benefit Terms	-	
Differences between expected and actual experience and changes of assumptions	(1,571,858)	
Benefit Payments	<u>(289,294)</u>	
Net Changes		<u>(1,178,712)</u>
Balance at December 31, 2018		<u>\$ 8,537,426</u>

There were no changes of benefit terms for the fiscal year ended December 31, 2018.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.31% as of January 1, 2018 to 3.71% as of December 31, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.71%) or 1 – percentage point higher (4.71%) than the current discount rate:

	1% Decrease (2.71%)	Current Assumption (3.71%)	1% Increase (4.71%)
Total OPEB Liability	<u>\$ (9,874,755)</u>	<u>\$ (8,537,426)</u>	<u>\$ (7,447,296)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends Rate – The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower than lower (3.600%-2.784%) or 1 – percentage point higher (5.600% -4.784%) than the current discount rate:

	1% Decrease (3.600% - 2.784%)	Current Assumption (4.600% - 3.784%)	1% Increase (5.600% - 4.784%)
Total OPEB Liability	<u>\$ (7,352,976)</u>	<u>\$ (8,537,426)</u>	<u>\$ (10,014,957)</u>

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

For the year ended December 31, 2018, the Town recognized OPEB expense of \$(889,418). At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) are included in Note 8-A to the financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the Town reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Town's proportion of the net pension asset/(liability) was based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Town.

	<u>ERS</u>	<u>PFRS</u>
Actuarial valuation date	April 1, 2017	April 1, 2017
Net pension asset/(liability)	\$ (185,099)	\$ (22,112)
Town's portion of the Plan's total net pension asset/(liability)	0.0057352%	0.0021877%

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

For the year ended December 31, 2018, the Town recognized pension expense of \$317,603 for ERS and \$26,204 for PFRS. At December 31, 2018, the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 66,019	\$ 9,101	\$ 54,556	\$ 5,876
Changes of assumptions	122,736	16,754	-	-
Net difference between projected and actual earnings on pension plan investments	268,842	17,897	530,668	36,044
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	248,807	19,485	61,654	1,151
Town's contributions subsequent to the measurement date	<u>257,848</u>	<u>19,009</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 964,252</u>	<u>\$ 82,246</u>	<u>\$ 646,878</u>	<u>\$ 43,071</u>

Town contributions subsequent to the measurement date of \$257,848 for ERS and \$19,009 for PFRS will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>PFRS</u>
2019	\$ 133,452	\$ 9,609
2020	89,095	9,103
2021	(106,739)	(291)
2022	(56,282)	(692)
2023	-	2,437
Thereafter	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 59,526</u>	<u>\$ 20,166</u>

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Actuarial Assumptions

The total pension liability as of the measurement date was measured by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The valuations used the following significant actuarial assumptions:

	<u>ERS/PFRS</u>
Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2017
Interest rate	7.0%
Salary scale	3.8-4.5%
Decrement tables	April 1, 2010-March 31, 2015 System's Experience
Inflation rate	2.5%

For ERS and PFRS, annuitant mortality rates are based on April 1, 2010-March 31, 2015 Systems' experience with adjustments for mortality improvements based on MP-2014. The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

The long term 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 returns net of investment expense 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS/PFRS</u>
Measurement date	March 31, 2018
Asset Type:	
Domestic Equity	4.55%
International Equity	6.35
Real Estate	5.55
Alternative Investments	3.75 – 5.68
Mortgages	1.31
Short-term	1.00
Private Equities	7.50

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.00% for ERS and PFRS. 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 employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for ERS and PFRS, as well as what the Town's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00% for ERS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (1,400,512)	\$ (185,099)	\$ 843,091
<u>PFRS</u>	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (108,313)	\$ (22,112)	\$ 50,189

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	<u>ERS (in thousands)</u>	<u>PFRS (in thousands)</u>
Valuation date	April 1, 2017	April 1, 2017
Employers' total pension liability	\$ (183,400,590)	\$ (32,914,423)
Plan Net Position	<u>180,173,145</u>	<u>31,903,666</u>
Employer's net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ (1,010,757)</u>
 Ration of plan net position to the Employer's total pension asset/(liability)	 98.24%	 96.93%

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the Systems' fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2018 represent the projected employer contribution for the period of April 1, through December 31, based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2018 amounted to \$257,848 for ERS and \$19,009 for PFRS.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The Town has evaluated events and transactions that occurred between December 31, 2018 and May 17, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 14 – CHANGES IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2018, the Town of North Salem implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of the statement requires Town to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 14 – CHANGES IN ACCOUNTING PRINCIPLE (Continued)

The implementation of the Statement also requires the District to report a deferred outflow and/or inflow of resources for the effect of the differences between expected and actual experience and changes in assumptions. As a result of the implementation of the new Statements, the District's net position has been restated as follows:

Net position beginning of year, as previously stated	\$ 17,423,158
GASB Statement No. 75 implementation:	
Beginning Total OPEB Liability (GASB 75)	(9,716,138)
Eliminate Net OPEB Obligation (GASB 45)	<u>5,497,683</u>
Net position beginning of year, as restated	<u>\$ 13,204,703</u>

NOTE 15 –RESTATED BALANCES

The beginning fund balance in the Capital Project Fund has been decreased by \$167,000 to account for previous years' activity that should have been reported in the Sewer Fund.

The beginning fund balance in the Sewer Fund has been increased by \$114,000 for the following reasons:

Previous years' Sewer Fund activity incorrectly reported in the Capital Fund	\$ 167,000
Receivable from other governments not reported as of December 31, 2017	39,000
Unearned portion of revenues received from the NYC DEP as of December 31, 2017	<u>(92,000)</u>
	<u>\$ 114,000</u>

TOWN OF NORTH SALEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR DECEMBER 31, 2017)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
REVENUES					
Real Property Taxes	\$ 3,728,985	\$ 3,728,985	\$ 4,137,901	\$ 408,916	\$ 3,513,561
Other Tax Items	85,500	85,500	147,132	61,632	74,861
Non-Property Tax Items	880,000	880,000	949,281	69,281	902,687
Departmental Income	582,700	582,700	658,490	75,790	618,074
Use Of Money And Property	11,000	11,000	63,190	52,190	14,348
Licenses And Permits	269,200	269,200	369,974	100,774	249,102
Fines And Forfeitures	230,000	230,000	268,018	38,018	234,174
Sale Of Property And Compensation For Loss	2,001	2,001	2,195	194	2,870
Miscellaneous Local Sources	14,100	1,300	48,421	47,121	5,649
State Aid	211,304	224,104	231,604	7,500	297,448
Federal Aid	-	-	-	-	17,778
TOTAL REVENUES	6,014,790	6,014,790	6,876,206	861,416	5,930,552
OTHER FINANCING SOURCES					
Interfund Transfers	5,000	5,000	-	(5,000)	15,000
TOTAL REVENUES AND OTHER SOURCES	6,019,790	6,019,790	6,876,206	856,416	5,945,552
EXPENDITURES					
General Government Support	1,468,144	1,474,554	1,599,721	(125,167)	1,326,394
Public Safety	725,525	725,525	701,474	24,051	715,535
Health	386,405	386,405	387,608	(1,203)	350,924
Transportation	321,785	321,785	312,854	8,931	300,787
Economic Assistance And Opportunity	42,462	42,462	43,876	(1,414)	39,374
Culture And Recreation	967,010	967,010	939,111	27,899	897,639
Home And Community Services	804,859	804,859	898,985	(94,126)	797,114
Employee Benefits	1,031,431	1,031,431	1,019,217	12,214	963,034
Debt Service:					
Principal	173,216	537,007	170,762	366,245	245,216
Interest	98,953	98,953	80,943	18,010	91,161
TOTAL EXPENDITURES	6,019,790	6,389,991	6,154,551	235,440	5,727,178
OTHER FINANCING USES					
Interfund Transfers	-	178,563	178,563	-	122,632
TOTAL EXPENDITURES AND OTHER USES	6,019,790	6,568,554	6,333,114	235,440	5,849,810
NET CHANGE IN FUND BALANCE	-	(548,764)	543,092	1,091,856	95,742
FUND BALANCE – Beginning Of Year	-	548,764	2,069,958	1,521,194	1,974,216
FUND BALANCE – End Of Year	\$ -	\$ -	\$ 2,613,050	\$ 2,613,050	\$ 2,069,958

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR DECEMBER 31, 2017)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
REVENUES					
Real Property Taxes	\$ 2,359,836	\$ 2,359,836	\$ 2,359,838	\$ 2	\$ 2,309,249
Intergovernmental Charges	84,715	84,715	145,825	61,110	114,334
Use Of Money And Property	2,200	2,200	12,502	10,302	2,539
Sale Of Property And Compensation For Loss	22,233	22,233	21,459	(774)	48,978
Miscellaneous Local Sources	3,000	3,000	38,328	35,328	1,879
State Aid	<u>97,551</u>	<u>97,551</u>	<u>238,611</u>	<u>141,060</u>	<u>138,548</u>
TOTAL REVENUES	2,569,535	2,569,535	2,816,563	247,028	2,615,527
OTHER FINANCING SOURCES					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER SOURCES	<u>2,569,535</u>	<u>2,569,535</u>	<u>2,816,563</u>	<u>247,028</u>	<u>2,615,527</u>
EXPENDITURES					
General Government Support	-	-	2,505	(2,505)	2,507
Transportation	1,820,764	1,937,530	1,894,090	43,440	1,746,041
Employee Benefits	580,831	580,831	558,982	21,849	522,388
Debt Service:					
Principal	205,188	355,188	255,189	99,999	202,360
Interest	<u>63,356</u>	<u>63,356</u>	<u>64,099</u>	<u>(743)</u>	<u>58,153</u>
TOTAL EXPENDITURES	2,670,139	2,936,905	2,774,865	162,040	2,531,449
OTHER FINANCING USES					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,125</u>
TOTAL EXPENDITURES AND OTHER USES	<u>2,670,139</u>	<u>2,936,905</u>	<u>2,774,865</u>	<u>162,040</u>	<u>2,846,574</u>
NET CHANGE IN FUND BALANCE	(100,604)	(367,370)	41,698	409,068	(231,047)
FUND BALANCE – Beginning Of Year	<u>100,604</u>	<u>367,370</u>	<u>627,403</u>	<u>260,033</u>	<u>858,450</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,101</u>	<u>\$ 669,101</u>	<u>\$ 627,403</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>
Service Cost	\$ 353,909
Interest	328,531
Changes of Benefit Terms	-
Differences between expected and actual experience and changes of assumptions	(1,571,858)
Benefit payments and expenses	<u>(289,294)</u>
Net Changes	(1,178,712)
Beginning Total OPEB Liability	<u>9,716,138</u>
Ending Total OPEB Liability	<u>\$ 8,537,426</u>
Covered Employee Payroll	<u>\$ 2,935,434</u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	290.84%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF NORTH SALEM, NEW YORK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The discount rate was updated from 3.31% at January 1, 2018 to 3.71% at December 31, 2018. The change resulted in a decrease in liabilities.

The mortality assumption was revised to the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a fully generational basis. The change resulted in a decrease in liabilities.

The annual rate of increase in healthcare costs was revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2019_b (the Getzen model). The change resulted in a decrease in liabilities.

Trust Assets

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

TOWN OF NORTH SALEM, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED DECEMBER 31, 2018

ERS System – Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Town's proportion of the net pension liability	0.0057352%	0.0071362%	0.0060140%	0.0059438%
The Town's proportionate share of the net pension liability	\$ 185,099	\$ 670,535	\$ 965,262	\$ 200,795
The Town's covered employee payroll	2,319,683	2,210,042	2,257,814	2,270,730
The Town's proportionate share of the net pension liability as a percentage of covered employee payroll	7.98%	30.34%	42.75%	8.84%
Plan Fiduciary net position as a percentage of the total pension liability	98.24%	94.7%	90.7%	97.9%

PFRS System – Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Town's proportion of the net pension liability	0.0021877%	0.0022014%	0.0025565%	0.0024314%
The Town's proportionate share of the net pension liability	\$ 22,112	\$ 45,628	\$ 75,692	\$ 6,693
The Town's covered employee payroll	181,923	167,708	177,024	165,538
The Town's proportionate share of the net pension liability as a percentage of covered employee payroll	12.15%	27.21%	42.76%	4.04%
Plan Fiduciary net position as a percentage of the total pension liability	96.93%	93.5%	90.2%	99.0%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2018

ERS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 341,251	\$ 335,596	\$ 360,475	\$ 428,684	\$ 457,644	\$ 424,581	\$ 362,499	\$ 313,303	\$ 226,203	\$ 164,470
Contribution in relation to the contractually required contribution	<u>341,251</u>	<u>335,596</u>	<u>360,475</u>	<u>428,684</u>	<u>457,644</u>	<u>424,581</u>	<u>362,499</u>	<u>313,303</u>	<u>226,203</u>	<u>164,470</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	14.05%	14.47%	16.31%	18.99%	20.20%	N/A	N/A	N/A	N/A	N/A

PFRS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 26,149	\$ 27,878	\$ 27,174	\$ 29,866	\$ 25,216	\$ 26,858	\$ 31,250	\$ 29,508	\$ 30,728	\$ 21,604
Contribution in relation to the contractually required contribution	<u>26,149</u>	<u>27,878</u>	<u>27,174</u>	<u>29,866</u>	<u>25,216</u>	<u>26,858</u>	<u>31,250</u>	<u>29,508</u>	<u>30,728</u>	<u>21,604</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	15.79%	15.32%	16.20%	16.87%	15.49%	N/A	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	SEWER	LIGHTING	WATER	PARK	MISC. SPECIAL REVENUE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash	\$ 857,790	\$ 13,010	\$ 101,131	\$ 703	\$ 249,549	\$ 1,222,183
Water Rents Receivable	-	-	1,120	-	-	1,120
Due From Other Funds	167,000	-	5,334	-	1,500	173,834
Due From Other Governments	49,000	-	-	-	-	49,000
TOTAL ASSETS	\$ 1,073,790	\$ 13,010	\$ 107,585	\$ 703	\$ 251,049	\$ 1,446,137
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ 17,744	\$ 1,495	\$ 5,106	-	-	\$ 24,345
Due To Other Funds	16,041	6,640	-	14,132	10,800	47,613
Unearned Revenues	39,000	-	-	-	-	39,000
TOTAL LIABILITIES	72,785	8,135	5,106	14,132	10,800	110,958
FUND BALANCES						
Non-Spendable:						
Non-Current Receivables	39,365	-	-	-	-	39,365
Assigned:						
Unappropriated	961,640	4,875	102,479	-	240,249	1,309,243
Unassigned	-	-	-	(13,429)	-	(13,429)
TOTAL FUND BALANCES	1,001,005	4,875	102,479	(13,429)	240,249	1,335,179
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,073,790	\$ 13,010	\$ 107,585	\$ 703	\$ 251,049	\$ 1,446,137

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR-ENDED DECEMBER 31, 2018

	SEWER	LIGHTING	WATER	PARK	MISC SPECIAL REVENUE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES						
Real Property Taxes	\$ 400,821	\$ 17,400	\$ 150,603	\$ 6,088	\$ -	\$ 574,912
Departmental Income	-	-	57,751	-	12,851	70,602
Intergovernmental Charger	10,000	-	-	-	-	10,000
Use Of Money And Property	9,630	4	34	7	338	10,013
Miscellaneous Local Sources	120,500	-	-	-	500	121,000
TOTAL REVENUES	540,951	17,404	208,388	6,095	13,689	786,527
EXPENDITURES						
Transportation	-	15,559	-	-	-	15,559
Culture And Recreation	-	-	-	5,485	10,800	16,285
Home And Community Service	246,670	-	126,118	-	3,710	376,498
Debt Service:						
Principal	155,000	-	40,235	370	-	195,605
Interest	94,909	-	31,720	390	-	127,019
TOTAL EXPENDITURES	496,579	15,559	198,073	6,245	14,510	730,966
OTHER USES						
Interfund Transfers	-	-	5,000	-	-	5,000
TOTAL EXPENDITURES AND OTHER USES	496,579	15,559	203,073	6,245	14,510	735,966
NET CHANGE IN FUND BALANCE	44,372	1,845	5,315	(150)	(821)	50,561
FUND BALANCE - Beginning Of Year (Restated)	956,633	3,030	97,164	(13,279)	241,070	1,284,618
FUND BALANCE - End Of Year	\$ 1,001,005	\$ 4,875	\$ 102,479	\$ (13,429)	\$ 240,249	\$ 1,335,179

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 5,005,160	\$ 6,940,475
Property Tax Receivable	7,913,655	6,202,289
Accounts Receivable	176,970	180,844
Due From Other Funds	803,849	406,633
Due From Other Governments	<u>268,777</u>	<u>247,249</u>
TOTAL ASSETS	<u>\$ 14,168,411</u>	<u>\$ 13,977,490</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 121,419	\$ 115,487
Due To Other Funds	75	-
Due To Other Governments	10,907,506	10,849,120
Due to ERS	196,924	194,064
Funds In Escrow	<u>97,217</u>	<u>107,727</u>
TOTAL LIABILITIES	<u>11,323,141</u>	<u>11,266,398</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Tax Revenues	<u>232,220</u>	<u>641,134</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>232,220</u>	<u>641,134</u>
FUND BALANCE		
Non-Spendable:		
Non-Current Receivables	189,770	201,578
Assigned:		
Appropriated	108,777	-
Unassigned	<u>2,314,503</u>	<u>1,868,380</u>
TOTAL FUND BALANCE	<u>2,613,050</u>	<u>2,069,958</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 14,168,411</u>	<u>\$ 13,977,490</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
HIGHWAY FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 515,346	\$ 698,805
Due From Other Funds	19,832	9,162
Due From State And Federal	238,611	51,697
Due From Other Governments	<u>48,166</u>	<u>17,097</u>
TOTAL ASSETS	<u>\$ 821,955</u>	<u>\$ 776,761</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 57,308	\$ 65,375
Accrued Liabilities	-	6,420
Due To ERS	79,933	77,563
Unearned Revenues	<u>15,613</u>	<u>-</u>
TOTAL LIABILITIES	<u>152,854</u>	<u>149,358</u>
FUND BALANCE		
Assigned:		
Appropriated	100,000	100,604
Unappropriated	<u>569,101</u>	<u>526,799</u>
TOTAL FUND BALANCE	<u>669,101</u>	<u>627,403</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 821,955</u>	<u>\$ 776,761</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS - LIGHTING DISTRICTS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

			<u>TOTALS</u>	
	<u>PURDY'S</u>	<u>CROTON FALLS</u>	<u>2018</u>	<u>2017</u>
ASSETS				
Cash	\$ 4,493	\$ 8,517	\$ 13,010	\$ 11,164
TOTAL ASSETS	<u>\$ 4,493</u>	<u>\$ 8,517</u>	<u>\$ 13,010</u>	<u>\$ 11,164</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 567	\$ 928	\$ 1,495	\$ 1,494
Due To Other Funds	<u>-</u>	<u>6,640</u>	<u>6,640</u>	<u>6,640</u>
TOTAL LIABILITIES	<u>567</u>	<u>7,568</u>	<u>8,135</u>	<u>8,134</u>
FUND BALANCE				
Assigned:				
Unappropriated	3,926	949	4,875	4,125
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,095)</u>
TOTAL FUND BALANCE	<u>3,926</u>	<u>949</u>	<u>4,875</u>	<u>3,030</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,493</u>	<u>\$ 8,517</u>	<u>\$ 13,010</u>	<u>\$ 11,164</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-PURDY'S LIGHTING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR 2017)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
REVENUES				
Real Property Taxes	\$ 5,550	\$ 5,550	\$ -	\$ 5,500
Use Of Money And Property	<u>-</u>	<u>1</u>	<u>1</u>	<u>2</u>
TOTAL REVENUES	<u>5,550</u>	<u>5,551</u>	<u>1</u>	<u>5,502</u>
EXPENDITURES				
Transportation	<u>5,550</u>	<u>5,750</u>	<u>(200)</u>	<u>5,625</u>
TOTAL EXPENDITURES	<u>5,550</u>	<u>5,750</u>	<u>(200)</u>	<u>5,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(199)	(199)	(123)
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>4,125</u>	<u>4,125</u>	<u>4,248</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 3,926</u>	<u>\$ 3,926</u>	<u>\$ 4,125</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-CROTON FALLS LIGHTING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR 2017)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
REVENUES				
Real Property Taxes	\$ 11,850	\$ 11,850	\$ -	\$ 9,600
Use Of Money And Property	<u>-</u>	<u>3</u>	<u>3</u>	<u>2</u>
TOTAL REVENUES	<u>11,850</u>	<u>11,853</u>	<u>3</u>	<u>9,602</u>
EXPENDITURES				
Transportation	<u>11,850</u>	<u>9,809</u>	<u>2,041</u>	<u>9,644</u>
TOTAL EXPENDITURES	<u>11,850</u>	<u>9,809</u>	<u>2,041</u>	<u>9,644</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	2,044	2,044	(42)
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>(1,095)</u>	<u>(1,095)</u>	<u>(1,053)</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 949</u>	<u>\$ 949</u>	<u>\$ (1,095)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-PEACH LAKE SEWER DISTRICT
COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 857,790	\$ 636,979
Accounts Receivable	-	285
Due From Other Funds	167,000	-
Due From Other Governments	<u>49,000</u>	<u>215,500</u>
TOTAL ASSETS	<u>\$ 1,073,790</u>	<u>\$ 852,764</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 17,744	\$ 10,131
Due To Other Funds	16,041	-
Unearned Revenues	<u>39,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>72,785</u>	<u>10,131</u>
FUND BALANCE		
Non-Spendable:		
Non Current Receivables	39,365	-
Assigned:		
Unappropriated	<u>961,640</u>	<u>842,633</u>
TOTAL FUND BALANCE	<u>1,001,005</u>	<u>842,633</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,073,790</u>	<u>\$ 852,764</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
SPECIAL DISTRICTS- PEACH LAKE SEWER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR DECEMBER 31, 2017)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017
REVENUES				
Real Property Taxes	\$ 400,821	\$ 400,821	\$ -	\$ 400,377
Departmental Income	-	-	-	148,000
Intergovernmental Charges	-	10,000	10,000	-
Use Of Money And Property	-	9,630	9,630	-
Miscellaneous Local Sources	<u>132,000</u>	<u>120,500</u>	<u>11,500</u>	<u>135,000</u>
TOTAL REVENUES	<u>532,821</u>	<u>540,951</u>	<u>8,130</u>	<u>683,377</u>
EXPENDITURES				
General Government Support	1,650	-	1,650	-
Home and Community Services	269,400	246,670	22,730	238,372
Debt Service:				
Principal	155,000	155,000	-	155,000
Interest	<u>106,771</u>	<u>94,909</u>	<u>11,862</u>	<u>96,074</u>
TOTAL EXPENDITURES	<u>532,821</u>	<u>496,579</u>	<u>36,242</u>	<u>489,446</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	44,372	44,372	193,931
FUND BALANCE – Beginning Of Year (Restated)	<u>-</u>	<u>956,633</u>	<u>956,633</u>	<u>648,702</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 1,001,005</u>	<u>\$ 1,001,005</u>	<u>\$ 842,633</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-WATER DISTRICTS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

				<u>TOTALS</u>	
	<u>CANDLEWOOD PARK</u>	<u>CROTON FALLS</u>	<u>SUNSET RIDGE</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Cash	\$ 61,889	\$ 13,491	\$ 25,751	\$ 101,131	\$ 106,437
Water Rents Receivable	440	519	161	1,120	66
Due From Other Funds	<u>498</u>	<u>-</u>	<u>4,836</u>	<u>5,334</u>	<u>5,334</u>
TOTAL ASSETS	<u>\$ 62,827</u>	<u>\$ 14,010</u>	<u>\$ 30,748</u>	<u>\$ 107,585</u>	<u>\$ 111,837</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ <u>891</u>	\$ <u>2,954</u>	\$ <u>1,261</u>	\$ <u>5,106</u>	\$ <u>14,673</u>
TOTAL LIABILITIES	<u>891</u>	<u>2,954</u>	<u>1,261</u>	<u>5,106</u>	<u>14,673</u>
FUND BALANCE					
Assigned:					
Appropriated	-	-	-	-	3,000
Unappropriated	<u>61,936</u>	<u>11,056</u>	<u>29,487</u>	<u>102,479</u>	<u>94,164</u>
TOTAL FUND BALANCE	<u>61,936</u>	<u>11,056</u>	<u>29,487</u>	<u>102,479</u>	<u>97,164</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 62,827</u>	<u>\$ 14,010</u>	<u>\$ 30,748</u>	<u>\$ 107,585</u>	<u>\$ 111,837</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-CANDLEWOOD PARK WATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR 2017)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
REVENUES				
Real Property Taxes	\$ 34,743	\$ 34,743	\$ -	\$ 34,572
Departmental Income	7,479	8,037	558	6,084
Use Of Money And Property	<u>11</u>	<u>17</u>	<u>6</u>	<u>18</u>
TOTAL REVENUES	<u>42,233</u>	<u>42,797</u>	<u>564</u>	<u>40,674</u>
EXPENDITURES				
Home And Community Services	30,867	24,426	6,441	24,792
Debt Service:				
Principal	10,086	9,716	370	9,439
Interest	<u>4,280</u>	<u>3,902</u>	<u>378</u>	<u>4,285</u>
TOTAL EXPENDITURES	<u>45,233</u>	<u>38,044</u>	<u>7,189</u>	<u>38,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,000)	4,753	7,753	2,158
FUND BALANCE – Beginning Of Year	<u>3,000</u>	<u>57,183</u>	<u>54,183</u>	<u>55,025</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 61,936</u>	<u>\$ 61,936</u>	<u>\$ 57,183</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-CROTON FALLS WATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR 2017)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
REVENUES				
Real Property Taxes	\$ 56,061	\$ 56,061	\$ -	\$ 56,061
Departmental Income	22,454	20,474	(1,980)	18,152
Use Of Money And Property	<u>10</u>	<u>9</u>	<u>(1)</u>	<u>16</u>
TOTAL REVENUES	<u>78,525</u>	<u>76,544</u>	<u>(1,981)</u>	<u>74,229</u>
EXPENDITURES				
Home And Community Services	43,102	53,027	(9,925)	45,624
Debt Service:				
Principal	14,750	14,750	-	13,520
Interest	<u>15,193</u>	<u>15,673</u>	<u>(480)</u>	<u>16,132</u>
TOTAL EXPENDITURES	<u>73,045</u>	<u>83,450</u>	<u>(10,405)</u>	<u>75,276</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,480	(6,906)	(12,386)	(1,047)
OTHER FINANCING USES				
Operating Tranfers Out	<u>(5,480)</u>	<u>(5,000)</u>	<u>480</u>	<u>(10,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	-	(11,906)	(11,906)	(11,047)
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>22,962</u>	<u>22,962</u>	<u>34,009</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 11,056</u>	<u>\$ 11,056</u>	<u>\$ 22,962</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-SUNSET RIDGE WATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR 2017)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
REVENUES				
Real Property Taxes	\$ 59,799	\$ 59,799	\$ -	\$ 49,832
Departmental Income	28,059	29,240	1,181	16,167
Use Of Money And Property	<u>5</u>	<u>8</u>	<u>3</u>	<u>8</u>
TOTAL REVENUES	<u>87,863</u>	<u>89,047</u>	<u>1,184</u>	<u>66,007</u>
EXPENDITURES				
Home And Community Services	57,365	48,665	8,700	50,808
Debt Service:				
Principal	15,769	15,769	-	5,320
Interest	<u>14,729</u>	<u>12,145</u>	<u>2,584</u>	<u>6,349</u>
TOTAL EXPENDITURES	<u>87,863</u>	<u>76,579</u>	<u>11,284</u>	<u>62,477</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	12,468	12,468	3,530
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>17,019</u>	<u>17,019</u>	<u>13,489</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 29,487</u>	<u>\$ 29,487</u>	<u>\$ 17,019</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-CANDLEWOOD PARK DISTRICT
COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ <u>703</u>	\$ <u>852</u>
TOTAL ASSETS	<u>\$ 703</u>	<u>\$ 852</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due To Other Funds	\$ <u>14,132</u>	\$ <u>14,131</u>
TOTAL LIABILITIES	<u>14,132</u>	<u>14,131</u>
FUND BALANCE		
Unassigned	<u>(13,429)</u>	<u>(13,279)</u>
TOTAL FUND BALANCE	<u>(13,429)</u>	<u>(13,279)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 703</u>	<u>\$ 852</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
SPECIAL DISTRICTS- CANDLEWOOD PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE ACTUALS FOR DECEMBER 31, 2017)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017
REVENUES				
Real Property Taxes	\$ 6,088	\$ 6,088	\$ -	\$ 6,140
Use Of Money And Property	<u>13</u>	<u>7</u>	<u>(6)</u>	<u>10</u>
TOTAL REVENUES	<u>6,101</u>	<u>6,095</u>	<u>(6)</u>	<u>6,150</u>
EXPENDITURES				
Culture And Recreation	3,900	5,485	(1,585)	6,240
Debt Service:				
Principal	330	370	(40)	330
Interest	<u>401</u>	<u>390</u>	<u>11</u>	<u>402</u>
TOTAL EXPENDITURES	<u>4,631</u>	<u>6,245</u>	<u>(1,614)</u>	<u>6,972</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,470	(150)	(1,620)	(822)
OTHER FINANCING USES				
Other Budgetary Purposes	<u>(1,470)</u>	<u>-</u>	<u>1,470</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	-	(150)	(150)	(822)
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>(13,279)</u>	<u>(13,279)</u>	<u>(12,457)</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ (13,429)</u>	<u>\$ (13,429)</u>	<u>\$ (13,279)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	HIGHWAY REPAIRS	HIGHWAY EQUIPMENT	CROTON FALLS PIPELINE	PEACH LAKE SEWER	POLICE VEHICLE	BUILDING DEPARTMENT ANNEX	COURT BUILDING JUNE ROAD	PEACH LAKE DRAINAGE
ASSETS								
Cash	\$ 158,753	\$ 14,572	\$ -	\$ 127,635	\$ -	\$ -	\$ 24,479	\$ 354,238
Due From Other Funds	-	-	-	-	-	-	2,156	16,041
Due From State And Federal	-	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	450,000
Land Deposit	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 158,753	\$ 14,572	\$ -	\$ 127,635	\$ -	\$ -	\$ 26,635	\$ 820,279
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds	162,002	-	181,137	167,000	-	-	-	384,070
BAN's Payable	954,166	173,835	-	-	-	-	225,002	436,209
TOTAL LIABILITIES	1,116,168	173,835	181,137	167,000	-	-	225,002	820,279
FUND BALANCE								
Non-Spendable:								
Deposit	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	(957,415)	(159,263)	(181,137)	(39,365)	-	-	(198,367)	-
TOTAL FUND BALANCE	(957,415)	(159,263)	(181,137)	(39,365)	-	-	(198,367)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 158,753	\$ 14,572	\$ -	\$ 127,635	\$ -	\$ -	\$ 26,635	\$ 820,279

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

(Continued)

	SUNSET RIDGE WATER RADIOLOGICAL	VALERIA CIRCLE BRIDGE	TOWNWIDE REVAL	PURDY'S TRAIN STATION	CROTON FALLS HAMLET IMPROVEMENTS	CROTON FALLS DRAINAGE	2018	2017
ASSETS								
Cash	\$ 377,365	\$ 5,653	\$ -	\$ -	\$ -	\$ -	\$ 1,062,695	\$ 557,703
Due From Other Funds	64,510	-	-	-	-	-	82,707	172,036
Due From State And Federal	-	-	-	7,828	-	-	7,828	-
Due From Other Governments	-	-	-	-	-	-	450,000	813,790
Land Deposit	-	-	-	-	34,900	-	34,900	-
TOTAL ASSETS	\$ 441,875	\$ 5,653	\$ -	\$ 7,828	\$ 34,900	\$ -	\$ 1,638,130	\$ 1,563,529
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable	\$ 4,084	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ 8,084	\$ 207,823
Due To Other Funds	-	-	-	9,784	54,520	206	958,719	531,983
BAN's Payable	490,041	149,333	-	-	-	-	2,428,386	2,996,386
TOTAL LIABILITIES	494,125	149,333	-	9,784	58,520	206	3,395,389	3,736,192
FUND BALANCE								
Non-Spendable:								
Deposit	-	-	-	-	34,900	-	34,900	-
Assigned	-	-	-	-	-	-	-	136,517
Unassigned	(52,250)	(143,680)	-	(1,956)	(58,520)	(206)	(1,792,159)	(2,309,180)
TOTAL FUND BALANCE	(52,250)	(143,680)	-	(1,956)	(23,620)	(206)	(1,757,259)	(2,172,663)
TOTAL LIABILITIES AND FUND BALANCE	\$ 441,875	\$ 5,653	\$ -	\$ 7,828	\$ 34,900	\$ -	\$ 1,638,130	\$ 1,563,529

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	HIGHWAY REPAIRS	HIGHWAY EQUIPMENT	CROTON FALLS PIPELINE	PEACH LAKE SEWER	POLICE VEHICLE	BUILDING DEPARTMENT ANNEX	COURT BUILDING JUNE ROAD	PEACH LAKE DRAINAGE
REVENUES								
Use Of Money And Property	\$ -	\$ -	\$ -	\$ 317	\$ -	\$ -	\$ -	\$ -
Miscellaneous Local Sources	-	-	-	-	-	-	-	-
State Aid	-	-	-	-	-	-	-	-
Federal Aid	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	317	-	-	-	-
EXPENDITURES								
Debt Service:								
Interest	-	-	-	-	-	-	-	8,471
Capital Outlay	1,511	275	-	-	26,433	-	-	728
TOTAL EXPENDITURES	1,511	275	-	-	26,433	-	-	9,199
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,511)	(275)	-	317	(26,433)	-	-	(9,199)
OTHER FINANCING SOURCES (USES)								
Proceeds of Long Term Debt	-	-	-	-	26,433	-	-	-
BAN's Redeemed From Appropriations	158,334	17,384	-	-	-	-	8,332	-
Operating Transfers In	-	-	5,000	-	-	50,319	-	-
TOTAL OTHER FINANCING SOURCES (USES)	158,334	17,384	5,000	-	26,433	50,319	8,332	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	156,823	17,109	5,000	317	-	50,319	8,332	(9,199)
FUND BALANCE - Beginning Of Year (Restated)	(1,114,238)	(176,372)	(186,137)	(39,682)	-	(50,319)	(206,699)	9,199
FUND BALANCE - End Of Year	\$ (957,415)	\$ (159,263)	\$ (181,137)	\$ (39,365)	\$ -	\$ -	\$ (198,367)	\$ -

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

(Continued)

	SUNSET RIDGE WATER RADIOLOGICAL	VALERIA CIRCLE BRIDGE	TOWNWIDE REVAL	PURDY'S TRAIN STATION	CROTON FALLS HAMLET IMPROVEMENTS	CROTON FALLS DRAINAGE	2018	2017
REVENUES								
Use Of Money And Property	\$ 6,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,669	\$ 578
Miscellaneous Local Sources	-	-	-	-	-	-	-	363,790
State Aid	359,878	-	-	-	-	-	359,878	450,000
Federal Aid	-	-	-	7,828	-	-	7,828	-
TOTAL REVENUES	<u>366,230</u>	<u>-</u>	<u>-</u>	<u>7,828</u>	<u>-</u>	<u>-</u>	<u>374,375</u>	<u>814,368</u>
EXPENDITURES								
Debt Service:								
Interest	-	-	-	-	-	-	8,471	-
Capital Outlay	135,402	236	-	9,094	23,620	206	197,505	1,582,426
TOTAL EXPENDITURES	<u>135,402</u>	<u>236</u>	<u>-</u>	<u>9,094</u>	<u>23,620</u>	<u>206</u>	<u>205,976</u>	<u>1,582,426</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>230,828</u>	<u>(236)</u>	<u>-</u>	<u>(1,266)</u>	<u>(23,620)</u>	<u>(206)</u>	<u>168,399</u>	<u>(768,058)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds of Long Term Debt	-	-	-	-	-	-	26,433	28,327
BAN's Redeemed From Appropriations	9,959	10,000	-	-	-	-	204,009	224,050
Operating Transfers In	-	-	128,244	-	-	-	183,563	443,757
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,959</u>	<u>10,000</u>	<u>128,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,005</u>	<u>696,134</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	<u>240,787</u>	<u>9,764</u>	<u>128,244</u>	<u>(1,266)</u>	<u>(23,620)</u>	<u>(206)</u>	<u>582,404</u>	<u>(71,924)</u>
FUND BALANCE - Beginning Of Year (Restated)	(293,037)	(153,444)	(128,244)	(690)	-	-	(2,339,663)	(2,100,739)
FUND BALANCE - End Of Year	<u>\$ (52,250)</u>	<u>\$ (143,680)</u>	<u>\$ -</u>	<u>\$ (1,956)</u>	<u>\$ (23,620)</u>	<u>\$ (206)</u>	<u>\$ (1,757,259)</u>	<u>\$ (2,172,663)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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 Auditor's Report

To The Supervisor and Town Board
Of The Town of North Salem, New York
North Salem, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Salem, New York as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of North Salem, New York's basic financial statements and have issued our report thereon dated May 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of North Salem, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of North Salem, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of North Salem, New York'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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, as defined above. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control that we consider to be a significant deficiency. We consider the deficiency described below to be a significant deficiency in internal control:

Management does not possess the necessary training required to prepare the Town's financial statements in accordance with accounting principles generally accepted in the United States of America.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mongaup Valley, New York
May 17, 2019