

TOWN OF NORTH SALEM, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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, 2020, 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, 2020, 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

Required Supplementary Information

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, 2019 financial statements and, in our report dated June 16, 2020, 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 June 15, 2021 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.

Cooper Arias, LLP

Mongaup Valley, New York
June 15, 2021



MANAGEMENT DISCUSSION AND ANALYSIS

Town of North Salem

Year Ended December 31, 2020

Town of North Salem

The following is a discussion and analysis of the Town's financial performance for the fiscal year ended December 31, 2020. 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 2020 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	\$ 6,873,080	67%	67%
Sales Tax Revenues	1,058,006	10%	9%
State and Federal Aid	763,003	7%	4%

The Town's main expenditures were as follows:

	<u>Amount</u>	<u>%</u>	<u>Prior Year %</u>
Transportation	\$ 2,402,400	28%	31%
General Government Support	1,861,017	21%	20%
Culture and Recreation	716,630	8%	12%
Public Safety	1,016,495	12%	12%
Home and Community Services	1,932,261	22%	19%

Total Net Position was \$15,359,800 at December 31, 2020, up \$1,568,644 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	\$ 3,809,724	62%	60%
Sales Tax Revenues	1,058,006	17%	14%
Departmental Income	176,844	3%	9%
State Aid	378,794	6%	3%
General Government Support	1,471,411	26%	23%
Culture and Recreation	606,862	11%	16%
Home and Community Services	913,405	16%	17%
Public Safety	814,365	14%	12%
Employee Benefits	919,012	16%	16%

- The General Fund's fund balance increased from \$3,034,241 at December 31, 2019 to \$3,458,803 at December 31, 2020. The Town had \$205,501 in non-spendable form and \$80,000 appropriated towards the subsequent year's budget, leaving \$3,173,302 unassigned as of December 31, 2020.
- The Highway Fund had property tax revenues of \$2,608,742, which accounted for 84% of its total revenues of \$3,087,891.
- The Capital Project expenditures were related to various projects and are detailed on pages 71 – 76 of this report.
- The Debt Service Fund reports the activity related to the Town's refunding bond issue. More detailed disclosures regarding the debt issue are included in Note 8 to the financial statement.

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. 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>2020</u>	<u>2019</u>
NET POSITION		
Current Assets	\$ 19,934,288	\$ 16,986,227
Capital Assets, net	<u>29,324,531</u>	<u>29,033,150</u>
Total Assets	<u>49,258,819</u>	<u>46,019,377</u>
Deferred Outflows of Resources		
Pensions	<u>1,481,427</u>	<u>742,814</u>
Current Liabilities	13,411,856	14,097,107
Long-Term Liabilities	<u>21,893,665</u>	<u>18,782,433</u>
Total Liabilities	<u>35,305,521</u>	<u>32,879,540</u>
Deferred Inflows of Resources		
Pensions	<u>74,925</u>	<u>195,937</u>
Net Investment in Capital Assets	21,589,855	21,600,485
Restricted	5,436	-
Unrestricted	<u>(6,235,491)</u>	<u>(7,913,771)</u>
Total Net Position	<u>\$ 15,359,800</u>	<u>\$ 13,686,714</u>
REVENUES		
Real Property Taxes	\$ 6,873,080	\$ 6,766,856
Other Tax Items	74,715	94,090
Non-Property Tax	1,172,949	1,053,282
Charges For Services	1,074,039	1,545,988
Operating Grants And Contributions	365,865	259,356
Capital Grants And Contributions	143,386	56,972
Investment Earnings	55,026	143,168
Sale Of Property And Compensation For Loss	40,950	20,222
Miscellaneous Local Sources	56,666	32,854
State Aid	<u>377,794</u>	<u>171,621</u>
Total Revenues	<u>10,234,470</u>	<u>10,144,409</u>
EXPENDITURES		
General Government Support	1,861,017	2,315,875
Public Safety	1,016,495	1,386,378
Health	422,997	400,588
Transportation	2,402,400	3,680,369
Economic Assistance And Opportunity	49,735	64,621
Culture And Recreation	716,630	1,398,436
Home And Community Service	1,932,261	2,223,581
Debt Service	<u>264,291</u>	<u>259,909</u>
Total Expenditures	<u>8,665,826</u>	<u>11,729,757</u>
CHANGE IN NET POSITION	<u>\$ 1,568,644</u>	<u>\$ (1,585,348)</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 \$15,080,099 and expenditures of \$11,554,866, which resulted in an increase in fund balance of \$3,525,233.

	2020 Fund Balance	2019 Fund Balance	Increase/(Decrease)
General Fund	\$ 3,458,803	\$ 3,034,241	\$ 424,562
Highway Fund	1,548,988	789,894	759,094
Debt Service Fund	-	-	-
Capital Projects Fund	238,028	(2,314,483)	2,552,511
Non-Major Funds	<u>1,097,981</u>	<u>1,308,915</u>	<u>(210,934)</u>
Total Governmental	<u>\$ 6,343,800</u>	<u>\$ 2,818,567</u>	<u>\$ 3,525,233</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 \$29,324,531 invested in capital assets, net of \$7,500,467 in accumulated depreciation, as of December 31, 2020. Depreciation for the year ended December 31, 2020 was \$829,639.

Debt

As of December 31, 2020, the Town had \$9,985,000 in outstanding bonds, \$0 in outstanding bond anticipation notes and \$47,092 in outstanding installment purchase debt. The Town paid \$270,736 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, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 10,163,624	\$ 8,014,785
Cash - Restricted	543,552	-
Taxes Receivable	8,041,090	8,204,402
Accounts Receivable	151,124	188,480
Rents Receivable	146	173
Due From Other Funds	-	96,235
Due From State and Federal	391,926	87,931
Due From Other Governments	642,593	394,221
Prepaid Expenditures	<u>233</u>	<u>-</u>
Total Current Assets	<u>19,934,288</u>	<u>16,986,227</u>
Non-Current Assets:		
Capital Assets, net	<u>29,324,531</u>	<u>29,033,150</u>
Total Non-Current Assets	<u>29,324,531</u>	<u>29,033,150</u>
TOTAL ASSETS	<u>49,258,819</u>	<u>46,019,377</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	<u>1,481,427</u>	<u>742,814</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,481,427</u>	<u>742,814</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	583,018	406,115
Accrued Liabilities	61,010	32,561
BAN Payable	-	2,191,196
Due To Other Funds	-	10,800
Due To Other Governments	12,246,017	11,084,254
Due To ERS	273,857	273,857
Funds in Escrow	<u>247,954</u>	<u>98,324</u>
Total Current Liabilities	<u>13,411,856</u>	<u>14,097,107</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31,

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	\$ 490,000	\$ 415,000
Unamortized Bond Premium	45,205	-
Installment Purchase Debt	22,896	8,798
Total OPEB Liability	280,000	320,000
Due Beyond One Year:		
Serial Bonds	9,495,000	7,365,000
Unamortized Bond Premium	453,982	-
Installment Purchase Debt	24,196	-
Total OPEB Liability	9,301,530	10,062,080
Compensated Absences	176,031	157,939
Net Pension Liability	<u>1,604,825</u>	<u>453,616</u>
Total Non-Current Liabilities	<u>21,893,665</u>	<u>18,782,433</u>
TOTAL LIABILITIES	<u>35,305,521</u>	<u>32,879,540</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>74,925</u>	<u>195,937</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>74,925</u>	<u>195,937</u>
NET POSITION		
Net Investment in Capital Assets	21,589,855	21,600,485
Restricted	5,436	-
Unrestricted	<u>(6,235,491)</u>	<u>(7,913,771)</u>
TOTAL NET POSITION	<u>\$ 15,359,800</u>	<u>\$ 13,686,714</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

			<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</u>	
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>2020</u>	<u>2019</u>
FUNCTIONS/PROGRAMS						
General Government Support	\$ 1,861,017	\$ 146,267	\$ 11,550	\$ -	\$ (1,703,200)	\$ (2,071,848)
Public Safety	1,016,495	320,736	-	-	(695,759)	(1,014,989)
Health	422,997	8,710	-	-	(414,287)	(394,188)
Transportation	2,402,400	296,931	131,712	143,386	(1,830,371)	(3,195,123)
Economic Assistance and Opportunity	49,735	-	-	-	(49,735)	(64,621)
Culture and Recreation	716,630	40,520	-	-	(676,110)	(971,378)
Home and Community Services	1,932,261	260,875	222,603	-	(1,448,783)	(1,895,385)
Debt Service	<u>264,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(264,291)</u>	<u>(259,909)</u>
TOTAL FUNCTIONS/PROGRAMS	<u>8,665,826</u>	<u>1,074,039</u>	<u>365,865</u>	<u>143,386</u>	<u>(7,082,536)</u>	<u>(9,867,441)</u>
GENERAL REVENUES						
Real Property Tax					6,873,080	6,766,856
Other Tax Items					74,715	94,090
Non-Property Tax Items					1,172,949	1,053,282
Use of Money and Property					55,026	143,168
Sale Of Property and Compensation For Loss					40,950	20,222
Miscellaneous Local Sources					56,666	32,854
State Aid					<u>377,794</u>	<u>171,621</u>
TOTAL GENERAL REVENUES					<u>8,651,180</u>	<u>8,282,093</u>
CHANGE IN NET POSITION					1,568,644	(1,585,348)
TOTAL NET POSITION- Beginning Of Year (Restated)					<u>13,791,156</u>	<u>15,272,062</u>
TOTAL NET POSITION- End Of Year					<u>\$ 15,359,800</u>	<u>\$ 13,686,714</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

	<u>GENERAL</u>	<u>HIGHWAY</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2019 TOTALS</u>
ASSETS							
Cash	\$ 7,753,157	\$ 1,481,103	\$ -	\$ -	\$ 929,364	\$ 10,163,624	\$ 8,014,785
Cash - Restricted				543,552		543,552	-
Property Tax Receivable	8,041,090	-	-	-	-	8,041,090	8,204,402
Water Rents Receivable	-	-	-	-	146	146	173
Accounts Receivable	138,420	12,704	-	-	-	151,124	188,480
Due From Other Funds	213,147	64,443	-	374,953	12,873	665,416	1,448,708
State and Federal Aid Recievable	15,726	232,814	-	143,386	-	391,926	87,931
Due From Other Governments	395,356	20,220	-	-	227,017	642,593	394,221
Prepaid Expenses	<u>233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 16,557,129</u>	<u>\$ 1,811,284</u>	<u>\$ -</u>	<u>\$ 1,061,891</u>	<u>\$ 1,169,400</u>	<u>\$ 20,599,704</u>	<u>\$ 18,338,700</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 170,789	\$ 182,363	\$ -	\$ 193,078	\$ 36,788	\$ 583,018	\$ 406,115
Payroll Liabilities	19,826	-	-	-	-	19,826	-
BAN's Payable	-	-	-	-	-	-	2,191,196
Due To ERS	193,924	79,933	-	-	-	273,857	273,857
Due To Other Funds	-	-	-	630,785	34,631	665,416	1,363,273
Due To Other Governments	12,246,017	-	-	-	-	12,246,017	11,084,254
Funds In Escrow	<u>247,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,954</u>	<u>98,324</u>
TOTAL LIABILITIES	<u>12,878,510</u>	<u>262,296</u>	<u>-</u>	<u>823,863</u>	<u>71,419</u>	<u>14,036,088</u>	<u>15,417,019</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

	<u>GENERAL</u>	<u>HIGHWAY</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2019 TOTALS</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Tax Revenues	\$ 219,816	\$ -	\$ -	\$ -	\$ -	\$ 219,816	\$ 207,556
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>219,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,816</u>	<u>207,556</u>
FUND BALANCES							
Non-spendable:							
Non-Current Receivables	205,501	-	-	-	-	205,501	229,315
Restricted	-	-	-	798,278		798,278	-
Assigned:							
Appropriated	80,000	42,325	-	-	15,000	137,325	100,000
Unappropriated	-	1,506,663	-	-	1,105,560	2,612,223	1,883,184
Unassigned	<u>3,173,302</u>	<u>-</u>	<u>-</u>	<u>(560,250)</u>	<u>(22,579)</u>	<u>2,590,473</u>	<u>501,626</u>
TOTAL FUND BALANCES	<u>3,458,803</u>	<u>1,548,988</u>	<u>-</u>	<u>238,028</u>	<u>1,097,981</u>	<u>6,343,800</u>	<u>2,714,125</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 16,557,129</u>	<u>\$ 1,811,284</u>	<u>\$ -</u>	<u>\$ 1,061,891</u>	<u>\$ 1,169,400</u>	<u>\$ 20,599,704</u>	<u>\$ 18,338,700</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF NET POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

	<u>2020</u>	<u>2019</u>
Total Fund Balance – Governmental Funds	\$ 6,343,800	\$ 2,714,125
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.		
	219,816	207,556
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, 2020 are \$36,824,998 and \$7,500,467, respectively.		
	29,324,531	29,033,150
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Serial Bonds	(9,985,000)	
Unamortized Bond Premium	(499,187)	
Installment Purchase Debt	(47,092)	
Compensated Absences	<u>(176,031)</u>	
	(10,707,310)	(7,946,737)
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	1,481,427	
Deferred Inflows Of Resources	(74,925)	
Net Pension Liability	<u>(1,604,825)</u>	
	(198,323)	93,261
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	(9,581,530)	(10,382,080)
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>(41,184)</u>	<u>(32,561)</u>
Net Position of Governmental Activities	<u>\$ 15,359,800</u>	<u>\$ 13,686,714</u>

SEE ACCOMPANYING NOTES AND AUDITORS’ OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>GENERAL</u>	<u>HIGHWAY</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2019 TOTALS</u>
REVENUES							
Real Property Taxes	\$ 3,809,724	\$ 2,608,742	\$ -	\$ -	\$ 442,354	\$ 6,860,820	\$ 6,791,520
Other Tax Items	74,715	-	-	-	-	74,715	94,090
Non-Property Tax Items	1,172,949	-	-	-	-	1,172,949	1,053,282
Departmental Income	176,844	-	-	-	237,606	414,450	820,699
Intergovernmental Charges	-	200,056	-	-	-	200,056	126,353
Use of Money and Property	50,067	1,898	-	2,848	2,213	57,026	145,368
Licenses and Permits	319,136	-	-	-	-	319,136	370,519
Fines and Forfeitures	138,397	-	-	-	-	138,397	226,217
Sale of Property and Compensation For Loss	9,000	26,951	-	-	4,999	40,950	20,222
Miscellaneous Local Sources	32,864	25,527	-	633	121,684	180,708	153,554
State Aid	378,794	131,712	-	-	-	510,506	310,277
Federal Aid	16,106	93,005	-	143,386	-	252,497	56,972
TOTAL REVENUES	6,178,596	3,087,891	-	146,867	808,856	10,222,210	10,169,073
OTHER FINANCING SOURCES							
Operating Transfers In	-	-	-	229,773	-	229,773	-
BANs Redeemed from Appropriations	-	-	-	91,196	-	91,196	151,181
Proceeds from Long-Term Debt	-	-	1,205,000	2,745,000	-	3,950,000	-
Proceeds from Installment Debt	-	-	-	72,665	-	72,665	-
Premiums on Obligations	-	-	187,234	327,021	-	514,255	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,178,596	3,087,891	1,392,234	3,612,522	808,856	15,080,099	10,320,254
EXPENDITURES							
General Government Support	1,471,411	2,421	45,899	-	-	1,519,731	1,452,358
Public Safety	814,365	-	-	-	-	814,365	727,689
Health	422,997	-	-	-	-	422,997	400,588
Transportation	297,990	1,589,930	-	-	8,715	1,896,635	2,115,742
Economic Assistance and Opportunity	46,844	-	-	-	-	46,844	54,569
Culture and Recreation	606,862	-	-	-	13,413	620,275	993,744
Home and Community Services	913,405	-	-	-	441,513	1,354,918	1,547,540
Employee Benefits	919,012	529,002	-	-	-	1,448,014	1,540,875
Debt Service:							
Principal	187,416	152,691	1,330,000	-	200,460	1,870,567	568,834
Interest	73,732	54,753	16,335	-	125,916	270,736	283,552
Capital Outlay	-	-	-	1,060,011	-	1,060,011	780,709
TOTAL EXPENDITURES	5,754,034	2,328,797	1,392,234	1,060,011	790,017	11,325,093	10,466,200
OTHER FINANCING USES							
Operating Transfers Out	-	-	-	-	229,773	229,773	-
TOTAL EXPENDITURES AND OTHER USES	5,754,034	2,328,797	1,392,234	1,060,011	1,019,790	11,554,866	10,466,200
NET CHANGE IN FUND BALANCE	424,562	759,094	-	2,552,511	(210,934)	3,525,233	(145,946)
FUND BALANCE - Beginning of Year (Restated)	3,034,241	789,894	-	(2,314,483)	1,308,915	2,818,567	2,860,071
FUND BALANCE - End of Year	\$ 3,458,803	\$ 1,548,988	\$ -	\$ 238,028	\$ 1,097,981	\$ 6,343,800	\$ 2,714,125

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>2020</u>	<u>2019</u>
Total Net Change in Fund Balances – Governmental Funds	\$ 3,525,233	\$ (145,946)
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	(829,639)	
Capital Outlay	<u>1,121,020</u>	291,381
		15,248
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	1,745,000	
Installment Purchase Debt	<u>34,371</u>	1,779,371
		417,653
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	(18,092)	29,449
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.		
	12,260	(24,664)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

Continued

		<u>2020</u>	<u>2019</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.			
Serial Bonds	\$ (3,950,000)		
Installment Purchase Debt	<u>(72,665)</u>	(4,022,665)	-
Bond premiums are reported in the governmental funds as revenues in the year received. However, in the statement of activities, the premium is added to the outstanding debt and amortized as a reduction of interest expense over the life of the bond.			
Amortization Expense	15,068		
Bond Premium	<u>(514,255)</u>	(499,187)	-
(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	(14,796)		
Employees' Retirement System	<u>(276,788)</u>	(291,584)	(56,077)
(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		800,550	(1,844,654)
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	(41,184)		
Prior Year Accrued Interest	<u>32,561</u>	<u>(8,623)</u>	<u>23,643</u>
Change in Net Position of Governmental Activities		<u>\$ 1,568,644</u>	<u>\$ (1,585,348)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	CUSTODIAL <u>FUND</u>
ASSETS	
Cash	\$ <u>-</u>
TOTAL ASSETS	\$ <u><u>-</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Agency Liabilities	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
TOTAL NET POSITION	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>-</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	CUSTODIAL <u>FUND</u>
ADDITIONS	
Fines Collected For Other Governments	\$ 74,092
Taxes Collected For Other Governments	<u>31,867,537</u>
TOTAL ADDITIONS	<u>31,941,629</u>
DEDUCTIONS	
Fines Paid To Other Governments	74,092
Taxes Paid To Other Governments	<u>31,867,537</u>
TOTAL DEDUCTIONS	<u>31,941,629</u>
CHANGE IN NET POSITION	-
NET POSITION - Beginning Of Year (Restated)	<u>-</u>
NET POSITION - End Of Year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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:

General Fund - 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.

Special Revenue Fund - 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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Highway Fund – used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York.

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund – used to account for the activity related to a current refunding bond issue.

The Town reports the following non-major Governmental Funds:

Special Districts Funds – 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

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

1. Miscellaneous Special Revenues

Additionally, the Town reports the following fund type:

Fiduciary Fund – used to account for assets held by the government in a trustee or custodial capacity:

Custodial Fund – used to account for fiduciary activities that are not required to be reported in a private-purpose trust fund.

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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 assigned fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 \$205,501 in non-spendable fund balances related to non-current receivables in the General Fund, as of December 31, 2020.

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. The Town has \$798,278 in restricted fund balances related to various projects in the Capital Project Fund, as of December 31, 2020.

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, 2020.

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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, the Town implemented the following new standards:

GASB 84 – *Fiduciary Activities*

P. Future Accounting Standards

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

GASB 87 – *Leases*, effective for the year ending December 31, 2022.

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending December 31, 2021.

GASB 91 – *Conduit Debt Obligations*, effective for the year ending December 31, 2022.

GASB 92 – *Omnibus 2020*, effective for the year ending December 31, 2022.

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.

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.

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$1,481,427 in deferred outflows of resources related to pensions as of December 31, 2020.

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 \$219,816 in deferred inflows of resources in the governmental fund financial statements for deferred tax revenues in the General Fund as of December 31, 2020. 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 \$74,925 in deferred inflows of resources related to pensions as of December 31, 2020.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$1,406,502 to unrestricted net position as of December 31, 2020.

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Fund Balance**

The Candlewood Park District had a deficit fund balance of \$22,579 at December 31, 2020. 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.

The Croton Falls Water District had a deficit fund balance of \$6,203 at December 31, 2020. The deficit was caused by expenditures related to a major water leak 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, 2020 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>
Candlewood Park Water/Home And Community Services	\$ 30,793	\$ 49,095	\$ (18,302)
Peach Lake Sewer/Home And Community Services	271,275	294,655	(23,380)

Overspent appropriations in the Candlewood Park Water District were due to unbudgeted expenses related to major repairs and were funded with available fund balance.

Overspent appropriations in the Sewer Fund were due to expenses in excess of budgeted amounts and were funded with available fund balance.

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

**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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.	<u>\$ 9,229,732</u>
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TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2020 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	\$ 3,503,275	\$ 580,362	\$ -	\$ 4,083,637
Construction In Progress	<u>410,347</u>	<u>349,462</u>	<u>444,819</u>	<u>314,990</u>
Total non-depreciable historical cost	<u>3,913,622</u>	<u>929,824</u>	<u>444,819</u>	<u>4,398,627</u>
Capital assets that are depreciated:				
Building and Improvements	29,350,236	467,616	-	29,817,852
Machinery and Equipment	<u>2,999,894</u>	<u>168,399</u>	<u>559,774</u>	<u>2,608,519</u>
Total depreciable historical cost	<u>32,350,130</u>	<u>636,015</u>	<u>559,774</u>	<u>32,426,371</u>
Less accumulated depreciation:				
Building and Improvements	5,305,003	615,389	-	5,920,392
Machinery and Equipment	<u>1,925,599</u>	<u>214,250</u>	<u>559,774</u>	<u>1,580,075</u>
Total Accumulated Depreciation	<u>7,230,602</u>	<u>829,639</u>	<u>559,774</u>	<u>7,500,467</u>
Total historical cost, net	<u>\$ 29,033,150</u>	<u>\$ 736,200</u>	<u>\$ 444,819</u>	<u>\$ 29,324,531</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 41,246		
Public Safety		38,566		
Transportation		177,587		
Culture & Recreation		46,071		
Home & Community Service		<u>526,169</u>		
		<u>\$ 829,639</u>		

NOTE 6 – INTERFUND TRANSACTIONS

Interfund balances at December 31, 2020 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND EXPENSE</u>	<u>INTERFUND REVENUE</u>
General Fund	\$ 213,147	\$ -	\$ -	\$ -
Highway Fund	64,443	-	-	-
Capital Fund	374,953	630,785	-	229,773
Water Districts	11,278	10,500	-	-
Sewer District	-	-	38,893	-
Park District	-	24,131	-	-
Light Districts	95	-	-	-
Miscellaneous Special Revenue	<u>1,500</u>	<u>-</u>	<u>190,880</u>	<u>-</u>
Total Governmental Activities	<u>665,416</u>	<u>665,416</u>	<u>229,773</u>	<u>229,773</u>
Custodial Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 665,416</u>	<u>\$ 665,416</u>	<u>\$ 229,773</u>	<u>\$ 229,773</u>

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, property taxes receivable of \$8,041,090 were offset by a deferred tax revenue of \$219,816. The deferred tax revenue consists of Town taxes of \$163,249, 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 \$65,714 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, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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>
2020	\$ 343,430	\$ 22,802
2019	343,617	22,153
2018	341,251	26,149

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

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

Interest Paid	\$ 235,786
Less: Interest Accrued in the Prior Year	(22,910)
Unamortized Bond Premium	(15,068)
Plus: Interest Accrued in the Current Year	<u>41,184</u>
Total Expense	<u>\$ 238,992</u>

b. Changes

The changes in the Town's indebtedness during the year ended December 31, 2020 are summarized as follows:

	<u>BALANCE</u> <u>01/01/20</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/20</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Serial Bonds –					
General Obligation	\$ 3,345,000	\$ 3,950,000	\$ 1,585,000	\$ 5,710,000	\$ 330,000
Unamortized Bond Premium	-	514,255	15,068	499,187	45,205
Serial Bonds –					
Direct Placement	4,435,000	-	160,000	4,275,000	160,000
Installment Purchase Debt –					
Direct Borrowings	8,798	72,665	34,371	47,092	22,896
Compensated Absences	157,939	18,092	-	176,031	-
Total OPEB Liability	<u>10,382,080</u>	<u>509,296</u>	<u>1,309,846</u>	<u>9,581,530</u>	<u>280,000</u>
TOTAL	<u>\$ 18,328,817</u>	<u>\$ 5,064,308</u>	<u>\$ 3,104,285</u>	<u>\$ 20,288,840</u>	<u>\$ 838,101</u>

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – LIABILITIES (Continued)

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

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>FINAL MATURITY</u>	<u>RATE</u>	<u>OUTSTANDING</u>
Peach Lake Sewer	2042	0.263%-4.756%	\$ 4,275,000
Public Improvements	2039	3.25%-3.50%	1,760,000
Refunding Bond	2028	4.00%	1,205,000
Public Improvements	2035	2.00%-4.00%	<u>2,745,000</u>
Total Bonds			<u>9,985,000</u>
Police Vehicle	2022	6.90%	21,861
Police Vehicle	2022	4.64%	<u>25,231</u>
Total Installment Debt			<u>47,092</u>
TOTAL			<u>\$ 10,032,092</u>

The following is a summary of maturing debt service requirements.

<u>YEAR</u>	<u>GENERAL OBLIGATIONS</u>		<u>DIRECT BORROWINGS AND DIRECT PLACEMENTS</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2021	\$ 330,000	\$ 187,631	\$ 182,896	\$ 92,520
2022	345,000	174,619	184,916	89,016
2023	360,000	161,025	165,000	85,221
2024	385,000	146,668	165,000	82,568
2025	395,000	131,631	170,000	79,683
2026-2030	1,855,000	429,506	890,000	349,780
2031-2035	1,565,000	187,018	990,000	253,145
2036-2040	475,000	33,864	1,100,000	135,188
2041-2042	<u>-</u>	<u>-</u>	<u>475,000</u>	<u>17,003</u>
TOTAL	<u>\$ 5,710,000</u>	<u>\$ 1,451,962</u>	<u>\$ 4,322,092</u>	<u>\$ 1,184,124</u>

Refunding Bond Issue

On August 21, 2020, \$1,205,000 in serial bonds with interest rates of 4.00% were issued to current refund \$1,330,000 of outstanding bonds with interest rates ranging from 3.875% to 3.950%. The net proceeds of \$1,346,335, after receipt of \$187,233 in original issue premium and payment of \$45,898 in bond issuance costs, were deposited in an irrevocable trust with an escrow agent for all future debt service payments on the bonds. The funds were invested in direct obligations of the United States of America with maturities sufficient to pay principal and interest on the outstanding bonds.

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – LIABILITIES (Continued)

As a result, the bonds are considered defeased and the liability for those bonds has been removed from the financial statements. The defeased bonds were paid in full by the trust on September 21, 2020. The refunding resulted in a present value debt service savings of \$101,290.

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, 2020.

<u>Purpose</u>	<u>Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Highway Roads	1.51%	\$ 262,500	\$ -	\$ 262,500	\$ -
Highway Vehicle	1.51%	156,450	-	156,450	-
Bridge Reconstruction	1.51%	140,421	-	140,421	-
Highway Roads	1.51%	587,917	-	587,917	-
Highway Garage	1.51%	216,667	-	216,667	-
Sunset Ridge Water	1.51%	477,241	-	477,241	-
Land	1.51%	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
		<u>\$ 2,191,196</u>	<u>\$ -</u>	<u>\$ 2,191,196</u>	<u>\$ -</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 TAN activity for the year ended December 31, 2020 as follows:

<u>Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
0.80%	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

Short – Term Debt Interest

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

Interest Paid	\$ 34,950
Less: Interest Accrued In Prior Year	(9,651)
Plus: Interest Accrued In Current Year	<u>-</u>
Total Expense	<u>\$ 25,299</u>

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

B. Litigation

The Town, in common with other municipalities, receives numerous notices of tort claims for money damages, as well as litigation by property owners who are seeking a review of real property tax assessments. There are no current claims that are expected to have a material effect on the financial position of the Town if adversely settled.

C. COVID - 19

During the current fiscal year, the COVID – 19 pandemic spread quickly around the world, causing significant shutdowns of economic activity. Since the Town’s activities are funded mainly by property taxes, the shutdowns have not had a significant effect. However, a severe recession may affect the ability of the Town to access State and Federal funding at the same levels as before. The long term effects, if any, on future funding is unknown.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net Capital Assets	\$ 29,324,531
Less: Bonds Payable	(8,116,850)
Unamortized Bond Premium	(363,576)
Installment Debt Payable	(47,092)
Plus: Unspent Debt Proceeds	<u>792,842</u>
Net Investment in Capital Assets	<u>\$ 21,589,855</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.

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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.

Employees Covered by Benefit Terms – At January 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>32</u>
	<u><u>56</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$9,581,530 was measured as of December 31, 2020, using an actuarial valuation date of January 1, 2020. 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, 2020 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, 2020
Discount Rate	2.00%
Rate of Compensation Increase	2.50%
Inflation Rate	2.25%
Initial Healthcare Cost Trend Rates	4.50% - 7.00%
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, 2020.

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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-2020 mortality improvement scale on a fully generational basis.

Changes in the Total OPEB Liability

Balance at January 1, 2020		\$ 10,382,080
Changes for the Year -		
Service Cost	257,513	
Interest	236,709	
Changes of Benefit Terms	15,074	
Differences between expected and actual experience and changes of assumptions	(1,036,217)	
Benefit Payments	<u>(273,629)</u>	
Net Changes		<u>(800,550)</u>
Balance at December 31, 2020		<u>\$ 9,581,530</u>

There were no changes of benefit terms for the fiscal year ended December 31, 2020.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

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 (1.00%) or 1 – percentage point higher (3.00%) than the current discount rate:

	1% Decrease <u>(1.00%)</u>	Current Assumption <u>(2.00%)</u>	1% Increase <u>(3.00%)</u>
Total OPEB Liability	<u>\$ 11,186,524</u>	<u>\$ 9,581,530</u>	<u>\$ 8,275,761</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 or 1 percentage point higher than the current healthcare cost trend rates:

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 8,215,612</u>	<u>\$ 9,581,530</u>	<u>\$ 11,322,570</u>

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

For the year ended December 31, 2020, the Town recognized OPEB expense of \$(526,921). At December 31, 2020, 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, 2020, 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, 2020 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.

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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, 2019	April 1, 2019
Net pension asset/(liability)	\$ (1,517,552)	\$ (87,273)
Town's portion of the Plan's total net pension asset/(liability)	0.0057308%	0.0016328%

For the year ended December 31, 2020, the Town recognized pension expense of \$620,399 for ERS and \$37,790 for PFRS. At December 31, 2020, the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 89,314	\$ 5,811	\$ -	\$ 1,462
Changes of assumptions	30,556	7,460	26,385	-
Net difference between projected and actual earnings on pension plan investments	777,971	39,302	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	234,434	21,135	42,218	4,860
Town's contributions subsequent to the measurement date	<u>257,722</u>	<u>17,722</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,389,997</u>	<u>\$ 91,430</u>	<u>\$ 68,603</u>	<u>\$ 6,322</u>

Town contributions subsequent to the measurement date of \$257,722 for ERS and \$17,722 for PFRS will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. 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>
2021	\$ 219,814	\$ 17,058
2022	270,218	16,288
2023	326,451	18,377
2024	247,190	14,350
2025	-	1,313
Thereafter	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 1,063,673</u>	<u>\$ 67,386</u>

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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</u>	<u>PFRS</u>
Measurement date	March 31, 2020	March 31, 2020
Actuarial valuation date	April 1, 2019	April 1, 2019
Interest rate	6.8%	6.8%
Salary scale	4.2%	5.0%
Decrement tables	April 1, 2010-March 31, 2015 System's Experience	April 1, 2010-March 31, 2015 System's Experience
Inflation rate	2.5%	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, 2019 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, 2020
Asset Type:	
Domestic Equity	4.05%
International Equity	6.15
Real Estate	4.95
Alternative Investments	2.0 – 3.0
Bonds And Mortgages	0.75
Private Equities	6.75
Inflation Indexed Bonds	0.50

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and PFRS. The projection of cash flows used to determine the discount rate assumes that contributions

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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 6.8% 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 (5.8%) or 1-percentage point higher (7.8% for ERS) than the current rate:

<u>ERS</u>	1% Decrease <u>(5.8%)</u>	Current Assumption <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (2,785,137)	\$ (1,517,552)	\$ (350,101)
<u>PFRS</u>	1% Decrease <u>(5.8%)</u>	Current Assumption <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (156,047)	\$ (87,273)	\$ (25,685)

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> April 1, 2019	<u>PFRS (in thousands)</u> April 1, 2019
Valuation date		
Employers' total pension liability	\$ (194,596,261)	\$ (35,309,017)
Plan Net Position	<u>168,115,682</u>	<u>29,964,080</u>
Employer's net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ (5,344,937)</u>
Ration of plan net position to the Employer's total pension asset/(liability)	86.39%	84.86%

TOWN OF NORTH SALEM, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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 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, 2020 amounted to \$257,722 for ERS and \$17,722 for PFRS.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The Town has evaluated events and transactions that occurred between December 31, 2020 and June 15, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2020, the Town of North Salem implemented GASB Statement No. 84, *Fiduciary Activities* (GASB 84). The implementation of GASB 84 requires the Town to report certain liabilities previously reported in the Trust and Agency Fund as liabilities of the governmental funds. Additionally, the Fiduciary Fund now reports a statement of changes in fiduciary net position within the Custodial Fund that details the activity in the Fund. As a result of the implementation of GASB 84, the beginning fund balance of the Miscellaneous Special Revenue Fund has been increased by \$5,834 to account for items previously classified as fiduciary activities.

NOTE 15 – RESTATED BALANCES

The beginning fund balance for the year ended December 31, 2019 has been increased by \$42,000 in the Highway Fund to account for additional receivables related to an increase in the snow and ice contract, and \$56,608 in the Sewer Fund related to additional receivables owed from the NYC Department of Environmental Protection.

TOWN OF NORTH SALEM, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES					
Real Property Taxes	\$ 3,821,978	\$ 3,821,978	\$ 3,809,724	\$ (12,254)	\$ 3,955,456
Other Tax Items	80,000	80,000	74,715	(5,285)	94,090
Non-Property Tax Items	1,194,000	1,194,000	1,172,949	(21,051)	1,053,282
Departmental Income	590,000	590,000	176,844	(413,156)	616,464
Use of Money and Property	71,850	71,850	50,067	(21,783)	101,755
Licenses and Permits	274,800	274,800	319,136	44,336	370,519
Fines and Forfeitures	241,000	241,000	138,397	(102,603)	226,217
Sale of Property and Compensation For Loss	2,001	2,001	9,000	6,999	3,170
Miscellaneous Local Sources	11,889	11,889	32,864	20,975	26,968
State Aid	171,306	171,306	378,794	207,488	171,621
Federal Aid	-	-	16,106	16,106	-
TOTAL REVENUES	<u>6,458,824</u>	<u>6,458,824</u>	<u>6,178,596</u>	<u>(280,228)</u>	<u>6,619,542</u>
EXPENDITURES					
General Government Support	1,599,438	1,591,009	1,471,411	119,598	1,449,765
Public Safety	807,529	815,958	814,365	1,593	727,689
Health	414,905	414,905	422,997	(8,092)	400,588
Transportation	325,708	325,708	297,990	27,718	322,673
Economic Assistance and Opportunity	49,515	49,515	46,844	2,671	54,569
Culture and Recreation	992,507	992,507	606,862	385,645	986,909
Home and Community Services	941,502	941,502	913,405	28,097	1,035,132
Employee Benefits	1,049,908	1,049,908	919,012	130,896	966,464
Debt Service:					
Principal	201,366	201,366	187,416	13,950	167,241
Interest	76,446	76,446	73,732	2,714	87,321
TOTAL EXPENDITURES	<u>6,458,824</u>	<u>6,458,824</u>	<u>5,754,034</u>	<u>704,790</u>	<u>6,198,351</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	424,562	424,562	421,191
FUND BALANCE - Beginning of Year	<u>-</u>	<u>-</u>	<u>3,034,241</u>	<u>3,034,241</u>	<u>2,613,050</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,458,803</u>	<u>\$ 3,458,803</u>	<u>\$ 3,034,241</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
HIGHWAY FUND
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES					
Real Property Taxes	\$ 2,608,742	\$ 2,608,742	\$ 2,608,742	\$ -	\$ 2,390,062
Intergovernmental Charges	118,303	118,303	200,056	81,753	126,353
Use of Money and Property	8,000	8,000	1,898	(6,102)	19,127
Sale of Property and Compensation For Loss	17,985	17,985	26,951	8,966	17,052
Miscellaneous Local Sources	-	-	25,527	25,527	12,486
State Aid	97,612	97,612	131,712	34,100	138,656
Federal Aid	-	-	93,005	93,005	-
TOTAL REVENUES	<u>2,850,642</u>	<u>2,850,642</u>	<u>3,087,891</u>	<u>237,249</u>	<u>2,703,736</u>
EXPENDITURES					
General Government Support	2,550	2,550	2,421	129	2,593
Transportation	2,069,244	2,069,244	1,589,930	479,314	1,779,392
Employee Benefits	623,924	623,924	529,002	94,922	574,411
Debt Service:					
Principal	205,450	205,450	152,691	52,759	202,591
Interest	49,474	49,474	54,753	(5,279)	65,956
TOTAL EXPENDITURES	<u>2,950,642</u>	<u>2,950,642</u>	<u>2,328,797</u>	<u>621,845</u>	<u>2,624,943</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,000)	(100,000)	759,094	859,094	78,793
FUND BALANCE - Beginning of Year (Restated)	<u>100,000</u>	<u>100,000</u>	<u>789,894</u>	<u>689,894</u>	<u>669,101</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,548,988</u>	<u>\$ 1,548,988</u>	<u>\$ 747,894</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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 257,513	\$ 279,916	\$ 353,909
Interest	236,709	321,278	328,531
Changes of Benefit Terms	15,074	-	-
Differences between expected and actual experience and changes of assumptions	(1,036,217)	1,558,579	(1,571,858)
Benefit payments and expenses	<u>(273,629)</u>	<u>(315,119)</u>	<u>(289,294)</u>
Net Changes	(800,550)	1,844,654	(1,178,712)
Beginning Total OPEB Liability	<u>10,382,080</u>	<u>8,537,426</u>	<u>9,716,138</u>
Ending Total OPEB Liability	<u>\$ 9,581,530</u>	<u>\$ 10,382,080</u>	<u>\$ 8,537,426</u>
Covered Employee Payroll	<u>\$ 2,859,846</u>	<u>\$ 3,038,145</u>	<u>\$ 2,935,434</u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	335.04%	341.72%	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, 2020

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The discount rate was updated from 2.75% at December 31, 2019 to 2.00% at December 31, 2020.

The mortality assumption was revised to the sex-distinct and job category – specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees, healthy retirees, and contingent survivors adjusted for mortality improvements with scale MP-2020 mortality improvement scale on a generational basis.

Turnover rates are derived from the central rates of decrement disclosed in the April 1, 2015 to March 31, 2020 experience study released by the Retirement Systems Actuary in August 2020. Previously, the turnover rates were based on April 1, 2010 to March 31, 2015 experience study.

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, 2020

ERS System – Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Town's proportion of the net pension liability	0.0057308%	0.0059603%	0.0057352%	0.0071362%	0.0060140%	0.0059438%
The Town's proportionate share of the net pension liability	\$ 1,517,552	\$ 422,308	\$ 185,099	\$ 670,535	\$ 965,262	\$ 200,795
The Town's covered employee payroll	2,511,094	2,428,303	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	60.43%	17.39%	7.98%	30.34%	42.75%	8.84%
Plan Fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

PFRS System – Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Town's proportion of the net pension liability	0.0016328%	0.0018669%	0.0021877%	0.0022014%	0.0025565%	0.0024314%
The Town's proportionate share of the net pension liability	\$ 87,273	\$ 31,308	\$ 22,112	\$ 45,628	\$ 75,692	\$ 6,693
The Town's covered employee payroll	135,184	165,653	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	64.56%	18.90%	12.15%	27.21%	42.76%	4.04%
Plan Fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	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, 2020

ERS System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 343,430	\$ 343,617	\$ 341,251	\$ 335,596	\$ 360,475	\$ 428,684	\$ 457,644	\$ 424,581	\$ 362,499	\$ 313,303
Contribution in relation to the contractually required contribution	<u>343,430</u>	<u>343,617</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	13.75%	13.68%	14.05%	14.47%	16.31%	18.99%	20.20%	N/A	N/A	N/A

PFRS System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 22,802	\$ 22,153	\$ 26,149	\$ 27,878	\$ 27,174	\$ 29,866	\$ 25,216	\$ 26,858	\$ 31,250	\$ 29,508
Contribution in relation to the contractually required contribution	<u>22,802</u>	<u>22,153</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	15.92%	16.39%	15.79%	15.32%	16.20%	16.87%	15.49%	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
YEAR ENDED DECEMBER 31, 2020

	<u>SEWER</u>	<u>LIGHTING</u>	<u>WATER</u>	<u>PARK</u>	<u>MISC. SPECIAL REVENUE</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
ASSETS						
Cash	\$ 721,551	\$ 13,192	\$ 111,349	\$ 1,552	\$ 81,720	\$ 929,364
Rents Receivable	-	-	146	-	-	146
Due From Other Funds	-	95	11,278	-	1,500	12,873
Due From Other Governments	<u>227,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,017</u>
TOTAL ASSETS	<u>\$ 948,568</u>	<u>\$ 13,287</u>	<u>\$ 122,773</u>	<u>\$ 1,552</u>	<u>\$ 83,220</u>	<u>\$ 1,169,400</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 14,960	\$ 1,495	\$ 20,333	\$ -	\$ -	\$ 36,788
Due To Other Funds	<u>-</u>	<u>-</u>	<u>10,500</u>	<u>24,131</u>	<u>-</u>	<u>34,631</u>
TOTAL LIABILITIES	<u>14,960</u>	<u>1,495</u>	<u>30,833</u>	<u>24,131</u>	<u>-</u>	<u>71,419</u>
FUND BALANCES						
Assigned:						
Appropriated	8,000	-	7,000	-	-	15,000
Unappropriated	925,608	11,792	84,940	-	83,220	1,105,560
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,579)</u>	<u>-</u>	<u>(22,579)</u>
TOTAL FUND BALANCES	<u>933,608</u>	<u>11,792</u>	<u>91,940</u>	<u>(22,579)</u>	<u>83,220</u>	<u>1,097,981</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 948,568</u>	<u>\$ 13,287</u>	<u>\$ 122,773</u>	<u>\$ 1,552</u>	<u>\$ 83,220</u>	<u>\$ 1,169,400</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2020

	<u>SEWER</u>	<u>LIGHTING</u>	<u>WATER</u>	<u>PARK</u>	<u>MISC SPECIAL REVENUE</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
REVENUES						
Real Property Taxes	\$ 264,900	\$ 12,000	\$ 159,054	\$ 6,400	\$ -	\$ 442,354
Departmental Income	134,901	-	78,176	-	24,529	237,606
Use of Money and Property	1,850	4	40	2	317	2,213
Sale of Property and Compensation For Loss	4,999	-	-	-	-	4,999
Miscellaneous Local Sources	<u>121,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>	<u>121,684</u>
TOTAL REVENUES	<u>528,059</u>	<u>12,004</u>	<u>237,270</u>	<u>6,402</u>	<u>25,121</u>	<u>808,856</u>
EXPENDITURES						
Transportation	-	8,715	-	-	-	8,715
Culture and Recreation	-	-	-	13,413	-	13,413
Home and Community Services	294,655	-	146,858	-	-	441,513
Debt Service:						
Principal	160,000	-	40,060	400	-	200,460
Interest	<u>91,804</u>	<u>-</u>	<u>33,747</u>	<u>365</u>	<u>-</u>	<u>125,916</u>
TOTAL EXPENDITURES	<u>546,459</u>	<u>8,715</u>	<u>220,665</u>	<u>14,178</u>	<u>-</u>	<u>790,017</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,400)	3,289	16,605	(7,776)	25,121	18,839
OTHER USES						
Operating Transfers Out	<u>(38,893)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,880)</u>	<u>(229,773)</u>
NET CHANGE IN FUND BALANCE	(57,293)	3,289	16,605	(7,776)	(165,759)	(210,934)
FUND BALANCE - Beginning of Year (Restated)	<u>990,901</u>	<u>8,503</u>	<u>75,335</u>	<u>(14,803)</u>	<u>248,979</u>	<u>1,308,915</u>
FUND BALANCE - End of Year	<u>\$ 933,608</u>	<u>\$ 11,792</u>	<u>\$ 91,940</u>	<u>\$ (22,579)</u>	<u>\$ 83,220</u>	<u>\$ 1,097,981</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 7,753,157	\$ 5,192,573
Property Tax Recievable	8,041,090	8,204,402
Accounts Receivable	138,420	172,202
Due From State and Federal Aid Receivables	15,726	-
Due From Other Funds	213,147	877,320
Due From Other Governments	395,356	325,001
Prepaid Expenditures	<u>233</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 16,557,129</u></u>	<u><u>\$ 14,771,498</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 170,789	\$ 153,199
Accrued Liabilities	19,826	-
Due To Other Governments	12,246,017	11,084,254
Due To ERS	193,924	193,924
Fund In Escrow	<u>247,954</u>	<u>98,324</u>
TOTAL LIABILITIES	<u>12,878,510</u>	<u>11,529,701</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Tax Revenues	<u>219,816</u>	<u>207,556</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>219,816</u>	<u>207,556</u>
FUND BALANCE		
Non-Spendable:		
Non-Current Receivables	205,501	190,270
Assigned:		
Appropriated	80,000	-
Unassigned	<u>3,173,302</u>	<u>2,843,971</u>
TOTAL FUND BALANCE	<u>3,458,803</u>	<u>3,034,241</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 16,557,129</u></u>	<u><u>\$ 14,771,498</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,481,103	\$ 847,430
Accounts Receivable	12,704	16,278
Due From Other Funds	64,443	37,044
Due From State and Federal	232,814	23,131
Due From Other Governments	<u>20,220</u>	<u>20,220</u>
 TOTAL ASSETS	 <u><u>\$ 1,811,284</u></u>	 <u><u>\$ 944,103</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 182,363	\$ 116,276
Due To ERS	<u>79,933</u>	<u>79,933</u>
 TOTAL LIABILITIES	 <u>262,296</u>	 <u>196,209</u>
 FUND BALANCE		
Assigned:		
Appropriated	42,325	100,000
Unappropriated	<u>1,506,663</u>	<u>647,894</u>
 TOTAL FUND BALANCE	 <u>1,548,988</u>	 <u>747,894</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 1,811,284</u></u>	 <u><u>\$ 944,103</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS FUND - LIGHTING DISTRICTS
COMBINING BALANCE SHEET
DECEMBER 31,
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>PURDY'S</u>	<u>CROTON FALLS</u>	<u>2020</u>	<u>2019</u>
ASSETS				
Cash	\$ 6,027	\$ 7,165	\$ 13,192	\$ 9,903
Due From Other Funds	<u>-</u>	<u>95</u>	<u>95</u>	<u>95</u>
TOTAL ASSETS	<u>\$ 6,027</u>	<u>\$ 7,260</u>	<u>\$ 13,287</u>	<u>\$ 9,998</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	<u>\$ 567</u>	<u>\$ 928</u>	<u>\$ 1,495</u>	<u>\$ 1,495</u>
TOTAL LIABILITIES	<u>567</u>	<u>928</u>	<u>1,495</u>	<u>1,495</u>
FUND BALANCE				
Assigned:				
Unappropriated	<u>5,460</u>	<u>6,332</u>	<u>11,792</u>	<u>8,503</u>
TOTAL FUND BALANCE	<u>5,460</u>	<u>6,332</u>	<u>11,792</u>	<u>8,503</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,027</u>	<u>\$ 7,260</u>	<u>\$ 13,287</u>	<u>\$ 9,998</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL DISTRICTS - PURDY'S LIGHTING
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES				
Real Property Taxes	\$ 4,000	\$ 4,000	\$ -	\$ 5,800
Use of Money and Property	<u>-</u>	<u>2</u>	<u>2</u>	<u>2</u>
TOTAL REVENUES	<u>4,000</u>	<u>4,002</u>	<u>2</u>	<u>5,802</u>
EXPENDITURES				
Transportation	<u>4,000</u>	<u>3,132</u>	<u>868</u>	<u>5,138</u>
TOTAL EXPENDITURES	<u>4,000</u>	<u>3,132</u>	<u>868</u>	<u>5,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	870	870	664
FUND BALANCE - Beginning of Year	<u>-</u>	<u>4,590</u>	<u>4,590</u>	<u>3,926</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 5,460</u>	<u>\$ 5,460</u>	<u>\$ 4,590</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO
SPECIAL DISTRICTS - CROTON FALLS LIGHTING
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES				
Real Property Taxes	\$ 8,000	\$ 8,000	\$ -	\$ 11,500
Use of Money and Property	<u>-</u>	<u>2</u>	<u>2</u>	<u>3</u>
TOTAL REVENUES	<u>8,000</u>	<u>8,002</u>	<u>2</u>	<u>11,503</u>
EXPENDITURES				
Transportation	<u>7,000</u>	<u>5,583</u>	<u>1,417</u>	<u>8,539</u>
TOTAL EXPENDITURES	<u>7,000</u>	<u>5,583</u>	<u>1,417</u>	<u>8,539</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,000	2,419	1,419	2,964
OTHER FINANCING USES				
Other Budgetary Purposes	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	2,419	2,419	2,964
FUND BALANCE - Beginning of Year	<u>-</u>	<u>3,913</u>	<u>3,913</u>	<u>949</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 6,332</u>	<u>\$ 6,332</u>	<u>\$ 3,913</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 721,551	\$ 737,961
Due From Other Funds	-	167,000
Due From Other Governments	<u>227,017</u>	<u>49,000</u>
 TOTAL ASSETS	 <u>\$ 948,568</u>	 <u>\$ 953,961</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	<u>\$ 14,960</u>	<u>\$ 19,668</u>
 TOTAL LIABILITIES	 <u>14,960</u>	 <u>19,668</u>
 FUND BALANCE		
Non-Spendable:		
Non Current Receivable	-	39,045
Assigned:		
Appropriated	8,000	-
Unappropriated	<u>925,608</u>	<u>895,248</u>
 TOTAL FUND BALANCE	 <u>933,608</u>	 <u>934,293</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 948,568</u>	 <u>\$ 953,961</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL DISTRICTS - PEACH LAKE SEWER DISTRICT
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES				
Real Property Taxes	\$ 265,350	\$ 264,900	\$ (450)	\$ 265,348
Departmental Income	135,522	134,901	(621)	135,522
Use of Money and Property	-	1,850	1,850	-
Sale of Property and Compensation For Loss	-	4,999	4,999	12,908
Miscellaneous Local Sources	<u>132,000</u>	<u>121,409</u>	<u>(10,591)</u>	<u>109,900</u>
TOTAL REVENUES	<u>532,872</u>	<u>528,059</u>	<u>(4,813)</u>	<u>523,678</u>
EXPENDITURES				
General Government Support	1,650	-	1,650	-
Home and Community Services	271,275	294,655	(23,380)	341,917
Debt Service:				
Principal	160,000	160,000	-	155,000
Interest	<u>99,947</u>	<u>91,804</u>	<u>8,143</u>	<u>93,473</u>
TOTAL EXPENDITURES	<u>532,872</u>	<u>546,459</u>	<u>(13,587)</u>	<u>590,390</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(18,400)	(18,400)	(66,712)
OTHER FINANCING USES				
Operating Transfers Out	<u>(38,893)</u>	<u>(38,893)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(38,893)	(57,293)	(18,400)	(66,712)
FUND BALANCE - Beginning of Year (Restated)	<u>38,893</u>	<u>990,901</u>	<u>952,008</u>	<u>1,001,005</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 933,608</u>	<u>\$ 933,608</u>	<u>\$ 934,293</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS FUND - WATER DISTRICTS
COMBINING BALANCE SHEET
DECEMBER 31,
(WITH COMPARATIVE TOTALS FOR 2019)

	CANDLEWOOD <u>PARK</u>	CROTON <u>FALLS</u>	SUNSET <u>RIDGE</u>	SALEM <u>ACRES</u>	<u>2020</u>	<u>2019</u>
ASSETS						
Cash	\$ 55,283	\$ 12,204	\$ 43,857	\$ -	\$ 111,344	\$ 100,222
Water Rents Receivable	-	125	26	-	151	173
Due From Other Funds	<u>498</u>	<u>-</u>	<u>10,780</u>	<u>-</u>	<u>11,278</u>	<u>5,334</u>
TOTAL ASSETS	<u>\$ 55,781</u>	<u>\$ 12,329</u>	<u>\$ 54,663</u>	<u>\$ -</u>	<u>\$ 122,773</u>	<u>\$ 105,729</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ 7,142	\$ 8,032	\$ 5,106	\$ 53	\$ 20,333	\$ 30,394
Due To Other Funds	<u>-</u>	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>10,500</u>	<u>-</u>
TOTAL LIABILITIES	<u>7,142</u>	<u>18,532</u>	<u>5,106</u>	<u>53</u>	<u>30,833</u>	<u>30,394</u>
FUND BALANCE						
Assigned:						
Unappropriated	48,639	-	49,557	-	98,196	88,394
Unassigned	<u>-</u>	<u>(6,203)</u>	<u>-</u>	<u>(53)</u>	<u>(6,256)</u>	<u>(13,059)</u>
TOTAL FUND BALANCE	<u>48,639</u>	<u>(6,203)</u>	<u>49,557</u>	<u>(53)</u>	<u>91,940</u>	<u>75,335</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,781</u>	<u>\$ 12,329</u>	<u>\$ 54,663</u>	<u>\$ -</u>	<u>\$ 122,773</u>	<u>\$ 105,729</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL DISTRICTS - CANDLEWOOD PARK WATER
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES				
Real Property Taxes	\$ 36,000	\$ 36,000	\$ -	\$ 35,500
Departmental Income	9,321	11,812	2,491	9,518
Use of Money and Property	<u>11</u>	<u>21</u>	<u>10</u>	<u>20</u>
TOTAL REVENUES	<u>45,332</u>	<u>47,833</u>	<u>2,501</u>	<u>45,038</u>
EXPENDITURES				
Home and Community Services	30,793	49,095	(18,302)	30,358
Debt Service:				
Principal	10,672	10,549	123	10,272
Interest	<u>3,867</u>	<u>2,392</u>	<u>1,475</u>	<u>3,502</u>
TOTAL EXPENDITURES	<u>45,332</u>	<u>62,036</u>	<u>(16,704)</u>	<u>44,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(14,203)	(14,203)	906
FUND BALANCE - Beginning of Year	<u>-</u>	<u>62,842</u>	<u>62,842</u>	<u>61,936</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 48,639</u>	<u>\$ 48,639</u>	<u>\$ 62,842</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO
SPECIAL DISTRICTS - CROTON FALLS WATER
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES				
Real Property Taxes	57,000	57,000	\$ -	\$ 56,224
Departmental Income	23,965	31,647	7,682	26,726
Use of Money and Property	<u>10</u>	<u>6</u>	<u>(4)</u>	<u>5</u>
TOTAL REVENUES	<u>80,975</u>	<u>88,653</u>	<u>7,678</u>	<u>82,955</u>
EXPENDITURES				
Home and Community Services	45,848	51,123	(5,275)	77,127
Debt Service:				
Principal	15,980	15,980	-	14,750
Interest	<u>14,147</u>	<u>14,694</u>	<u>(547)</u>	<u>15,193</u>
TOTAL EXPENDITURES	<u>75,975</u>	<u>81,797</u>	<u>(5,822)</u>	<u>107,070</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,000	6,856	1,856	(24,115)
OTHER FINANCING USES				
Operating Transfers Out	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	6,856	6,856	(24,115)
FUND BALANCE - Beginning of Year	<u>-</u>	<u>(13,059)</u>	<u>(13,059)</u>	<u>11,056</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ (6,203)</u>	<u>\$ (6,203)</u>	<u>\$ (13,059)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL DISTRICTS - SUNSET RIDGE WATER
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES				
Real Property Taxes	\$ 66,054	\$ 66,054	\$ -	\$ 65,427
Departmental Income	31,025	34,717	3,692	29,969
Use of Money and Property	<u>5</u>	<u>13</u>	<u>8</u>	<u>14</u>
TOTAL REVENUES	<u>97,084</u>	<u>100,784</u>	<u>3,700</u>	<u>95,410</u>
EXPENDITURES				
Home and Community Services	64,712	46,587	18,125	63,006
Debt Service:				
Principal	19,090	13,531	5,559	18,610
Interest	<u>13,282</u>	<u>16,661</u>	<u>(3,379)</u>	<u>17,729</u>
TOTAL EXPENDITURES	<u>97,084</u>	<u>76,779</u>	<u>20,305</u>	<u>99,345</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	24,005	24,005	(3,935)
FUND BALANCE - Beginning of Year	<u>-</u>	<u>25,552</u>	<u>25,552</u>	<u>29,487</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 49,557</u>	<u>\$ 49,557</u>	<u>\$ 25,552</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL DISTRICTS - SALEM ACRES WATER
YEAR ENDED DECEMBER 31, 2020

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Real Property Taxes	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Home and Community Services	-	53	(53)
TOTAL EXPENDITURES	<u>-</u>	<u>53</u>	<u>(53)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(53)	(53)
FUND BALANCE - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ (53)</u>	<u>\$ (53)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ <u>1,552</u>	\$ <u>-</u>
TOTAL ASSETS	<u>\$ 1,552</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ -	\$ 172
Due To Other Funds	<u>24,131</u>	<u>14,631</u>
TOTAL LIABILITIES	<u>24,131</u>	<u>14,803</u>
FUND BALANCE		
Unassigned	<u>(22,579)</u>	<u>(14,803)</u>
TOTAL FUND BALANCE	<u>(22,579)</u>	<u>(14,803)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,552</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO
SPECIAL DISTRICTS - CANDLEWOOD PARK DISTRICT
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
REVENUES				
Real Property Taxes	\$ 6,203	\$ 6,400	\$ 197	\$ 6,203
Use of Money and Property	<u>15</u>	<u>2</u>	<u>(13)</u>	<u>6</u>
TOTAL REVENUES	<u>6,218</u>	<u>6,402</u>	<u>184</u>	<u>6,209</u>
EXPENDITURES				
Culture And Recreation	4,000	13,413	(9,413)	6,835
Debt Service:				
Principal	378	400	(22)	370
Interest	<u>370</u>	<u>365</u>	<u>5</u>	<u>378</u>
TOTAL EXPENDITURES	<u>4,748</u>	<u>14,178</u>	<u>(9,430)</u>	<u>7,583</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,470	(7,776)	(9,246)	(1,374)
OTHER FINANCING USES				
Other Budgetary Purposes	<u>(1,470)</u>	<u>-</u>	<u>1,470</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(7,776)	7,776	(1,374)
FUND BALANCE - Beginning of Year	<u>-</u>	<u>(14,803)</u>	<u>(14,803)</u>	<u>(13,429)</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ (22,579)</u>	<u>\$ (22,579)</u>	<u>\$ (14,803)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
DEBT SERVICE FUND
BALANCE SHEET
DECEMBER 31, 2020

ASSETS	
Cash	\$ <u> -</u>
 TOTAL ASSETS	 \$ <u> -</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ <u> -</u>
Due To Other Funds	<u> -</u>
 TOTAL LIABILITIES	 <u> -</u>
 FUND BALANCE	
Unassigned	<u> -</u>
 TOTAL FUND BALANCE	 <u> -</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u> -</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2020

EXPENDITURES	
General Government Support	\$ 45,899
Debt Service:	
Principal	1,330,000
Interest	<u>16,335</u>
TOTAL EXPENDITURES	<u>1,392,234</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,392,234)</u>
OTHER FINANCING SOURCES	
Proceeds of Long-Term Debt	1,205,000
Premium on Obligations	<u>187,234</u>
TOTAL OTHER FINANCING SOURCES	<u>1,392,234</u>
NET CHANGE IN FUND BALANCE	-
FUND BALANCE - Beginning of Year	<u>-</u>
FUND BALANCE - End of Year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

	HIGHWAY REPAIRS	HIGHWAY EQUIPMENT	CROTON FALLS PIPELINE	PEACH LAKE SEWER	JB PARK IMPROVEMENTS	COURT BUILDING JUNE ROAD
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - Restricted	44,809	20,264	-	-	-	37,353
Due From Other Funds	-	-	-	-	-	-
Due From State and Federal	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 44,809</u>	<u>\$ 20,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,353</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 221	\$ -
BAN Payable	-	-	-	-	-	-
Due To Other Funds	<u>48,748</u>	<u>5,935</u>	<u>181,137</u>	<u>-</u>	<u>253,718</u>	<u>11,177</u>
TOTAL LIABILITIES	<u>48,748</u>	<u>5,935</u>	<u>181,137</u>	<u>-</u>	<u>253,939</u>	<u>11,177</u>
FUND BALANCES						
Restricted		14,329		-		26,176
Assigned	-	-	-	-	-	-
Unassigned	<u>(3,939)</u>	<u>-</u>	<u>(181,137)</u>	<u>-</u>	<u>(253,939)</u>	<u>-</u>
TOTAL FUND BALANCES	<u>(3,939)</u>	<u>14,329</u>	<u>(181,137)</u>	<u>-</u>	<u>(253,939)</u>	<u>26,176</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 44,809</u>	<u>\$ 20,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,353</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

	SUNSET RIDGE WATER RADIOLOGICAL	VALERIA CIRCLE BRIDGE	LAND PURCHASE E CROSS ST. PARKING	LAND PURCHASE 580- 588 ROUTE 22	LAND PURCHASE FRONT STREET	PURDY'S TRAIN STATION	CROTON FALLS HAMLET IMPROVEMENT
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - Restricted	50,515	8,327	-	-	121,312	166,838	-
Due From Other Funds	374,953	-	-	-	-	-	-
Due From State and Federal	-	-	-	-	-	143,386	-
Due From Other Governments	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 425,468</u>	<u>\$ 8,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,312</u>	<u>\$ 310,224</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 195	\$ -	\$ -	\$ -	\$ -	\$ 189,874	\$ -
BAN Payable	-	-	-	-	-	-	-
Due To Other Funds	<u>5,944</u>	<u>2,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,995</u>
TOTAL LIABILITIES	<u>6,139</u>	<u>2,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,874</u>	<u>102,995</u>
FUND BALANCES							
Restricted	419,329	5,436	-	-	121,312	120,350	-
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,995)</u>
TOTAL FUND BALANCES	<u>419,329</u>	<u>5,436</u>	<u>-</u>	<u>-</u>	<u>121,312</u>	<u>120,350</u>	<u>(102,995)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 425,468</u>	<u>\$ 8,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,312</u>	<u>\$ 310,224</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

	CROTON FALLS <u>DRAINAGE</u>	SALEM ACRES WATER <u>DISTRICT</u>	POLICE <u>GARAGE</u>	POLICE <u>VEHICLE</u>	<u>2020 TOTALS</u>	<u>2019 TOTALS</u>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 874,251
Cash - Restricted	-	-	94,134	-	543,552	-
Due From Other Funds	-	-	-	-	374,953	360,415
Due From State and Federal	-	-	-	-	143,386	64,800
Due From Other Governments	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,134</u>	<u>\$ -</u>	<u>\$ 1,061,891</u>	<u>\$ 1,299,466</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 2,788	\$ -	\$ 193,078	\$ 84,911
BAN Payable	-	-	-	-	-	2,191,196
Due To Other Funds	206	18,034	-	-	630,785	1,337,842
TOTAL LIABILITIES	<u>206</u>	<u>18,034</u>	<u>2,788</u>	<u>-</u>	<u>823,863</u>	<u>3,613,949</u>
FUND BALANCES						
Restricted	-	-	91,346	-	798,278	-
Assigned	-	-	-	-	-	-
Unassigned	(206)	(18,034)	-	-	(560,250)	(2,314,483)
TOTAL FUND BALANCES	<u>(206)</u>	<u>(18,034)</u>	<u>91,346</u>	<u>-</u>	<u>238,028</u>	<u>(2,314,483)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,134</u>	<u>\$ -</u>	<u>\$ 1,061,891</u>	<u>\$ 1,299,466</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	HIGHWAY REPAIRS	HIGHWAY EQUIPMENT	CROTON FALLS PIPELINE	PEACH LAKE SEWER	JB PARK IMPROVEMENTS	COURT BUILDING JUNE ROAD
REVENUES						
Use of Money and Property	\$ -	\$ -	\$ -	\$ 152	\$ -	\$ -
Miscellaneous Local Sources	633	-	-	-	-	-
State Aid	-	-	-	-	-	-
TOTAL REVENUES	633	-	-	152	-	-
EXPENDITURES						
Capital Outlay	13,373	2,453	-	-	127,496	3,553
TOTAL EXPENDITURES	13,373	2,453	-	-	127,496	3,553
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES	(12,740)	(2,453)	-	152	(127,496)	(3,553)
OTHER FINANCIAL SOURCES (USES)						
Operating Transfers In	-	-	-	38,893	190,880	-
BANs Redeemed From Appropriations	59,817	11,450	-	-	-	6,667
Premium on Obligations	85,716	15,698	-	-	-	22,718
Proceeds of Long Term Debt	718,500	131,800	-	-	-	190,900
Proceeds of Installment Debt	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	851,293	156,495	-	39,045	63,384	216,732
FUND BALANCE - Beginning of Year	(855,232)	(142,166)	(181,137)	(39,045)	(317,323)	(190,556)
FUND BALANCE - End of Year	\$ (3,939)	\$ 14,329	\$ (181,137)	\$ -	\$ (253,939)	\$ 26,176

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	SUNSET RIDGE WATER <u>RADIOLOGICAL</u>	VALERIA CIRCLE BRIDGE <u>CIRCLE BRIDGE</u>	LAND PURCHASE E CROSS ST. <u>PARKING</u>	LAND PURCHASE 580- 588 ROUTE 22 <u>588 ROUTE 22</u>	LAND PURCHASE FRONT STREET <u>FRONT STREET</u>	PURDY'S TRAIN STATION <u>STATION</u>	CROTON FALLS HAMLET IMPROVEMENT <u>IMPROVEMENT</u>
REVENUES							
Use of Money and Property	\$ 2,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Local Sources	-	-	-	-	-	-	-
Federal Aid	-	-	-	-	-	143,386	-
TOTAL REVENUES	<u>2,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,386</u>	<u>-</u>
EXPENDITURES							
Capital Outlay	<u>25,754</u>	<u>2,274</u>	<u>-</u>	<u>500,000</u>	<u>756</u>	<u>197,567</u>	<u>85,709</u>
TOTAL EXPENDITURES	<u>25,754</u>	<u>2,274</u>	<u>-</u>	<u>500,000</u>	<u>756</u>	<u>197,567</u>	<u>85,709</u>
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES	(23,058)	(2,274)	-	(500,000)	(756)	(54,181)	(85,709)
OTHER FINANCIAL SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	-
BANs Redeemed From Appropriations	7,241	6,021	-	-	-	-	-
Premium on Obligations	50,896	14,516	31,900	45,500	12,968	21,645	14,641
Proceeds of Long Term Debt	427,200	122,200	318,100	454,500	109,100	181,800	-
Proceeds of Installment Debt	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	462,279	140,463	350,000	-	121,312	149,264	(71,068)
FUND BALANCE - Beginning of Year	<u>(42,950)</u>	<u>(135,027)</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>(28,914)</u>	<u>(31,927)</u>
FUND BALANCE - End of Year	<u>\$ 419,329</u>	<u>\$ 5,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,312</u>	<u>\$ 120,350</u>	<u>\$ (102,995)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	CROTON FALLS <u>DRAINAGE</u>	SALEM ACRES WATER <u>DISTRICT</u>	POLICE <u>GARAGE</u>	POLICE <u>VEHICLE</u>	<u>2020 TOTALS</u>	<u>2019 TOTALS</u>
REVENUES						
Use of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ 2,848	\$ 11,132
Miscellaneous Local Sources	-	-	-	-	633	4,200
Federal Aid	-	-	-	-	143,386	56,972
TOTAL REVENUES	-	-	-	-	146,867	72,304
EXPENDITURES						
Capital Outlay	-	18,034	10,377	72,665	1,060,011	780,709
TOTAL EXPENDITURES	-	18,034	10,377	72,665	1,060,011	780,709
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES	-	(18,034)	(10,377)	(72,665)	(913,144)	(708,405)
OTHER FINANCIAL SOURCES (USES)						
Operating Transfers In	-	-	-	-	229,773	-
BANs Redeemed From Appropriations	-	-	-	-	91,196	151,181
Premium on Obligations	-	-	10,823	-	327,021	-
Proceeds of Long Term Debt	-	-	90,900	-	2,745,000	-
Proceeds of Installment Debt	-	-	-	72,665	72,665	-
NET CHANGE IN FUND BALANCE	-	(18,034)	91,346	-	2,552,511	(557,224)
FUND BALANCE - Beginning of Year	(206)	-	-	-	(2,314,483)	(1,757,259)
FUND BALANCE - End of Year	<u>\$ (206)</u>	<u>\$ (18,034)</u>	<u>\$ 91,346</u>	<u>\$ -</u>	<u>\$ 238,028</u>	<u>\$ (2,314,483)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

INDEPENDENT AUDITORS' 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*

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, 2020, 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 June 15, 2021.

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.

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.

Cooper Arias, LLP

Mongaup Valley, New York
June 15, 2021