

***TOWN OF NORTH SALEM, NEW YORK***

***FINANCIAL STATEMENTS***

***DECEMBER 31, 2021***

TOWN OF NORTH SALEM, NEW YORK  
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## INDEPENDENT AUDITORS' REPORT

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

### **Opinions**

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management 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, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 5 through 10 and 48 through 53, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Salem, New York's basic financial statements. 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.

### **Other Matters**

The prior year summarized comparative information has been derived from the Town's December 31, 2020 financial statements and, in our report dated June 15, 2021, we expressed an unmodified opinion on those financial statements.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
May 5, 2022



# **MANAGEMENT DISCUSSION AND ANALYSIS**

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Town of North Salem

Year Ended December 31, 2021

## Town of North Salem

The following is a discussion and analysis of the Town's financial performance for the fiscal year ended December 31, 2021. 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.

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### Financial Highlights

Key financial highlights for 2021 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	\$ 6,909,557	63%	67%
Sales Tax Revenues	1,238,229	11%	10%
State and Federal Aid	1,077,953	10%	7%

The Town's main expenditures were as follows:

	<u>Amount</u>	<u>%</u>	<u>Prior Year %</u>
Transportation	\$ 3,177,185	30%	28%
General Government Support	2,212,226	21%	21%
Culture and Recreation	1,131,598	11%	8%
Public Safety	1,256,294	12%	12%
Home and Community Services	2,136,444	20%	22%

Total Net Position was \$15,701,224 at December 31, 2021, up \$388,913 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	\$ 3,960,040	58%	62%
Sales Tax Revenues	1,238,229	18%	17%
Departmental Income	457,878	7%	3%
State Aid	462,064	7%	6%
General Government Support	1,619,912	25%	26%
Culture and Recreation	910,990	14%	11%
Home and Community Services	971,021	15%	16%
Public Safety	811,208	13%	14%
Employee Benefits	1,009,979	16%	16%

- The General Fund's fund balance increased from \$3,446,416 at December 31, 2020 to \$3,527,613 at December 31, 2021. The Town had \$172,201 in non-spendable form and \$119,000 appropriated towards the subsequent year's budget, leaving \$3,236,412 unassigned as of December 31, 2021.
- The Highway Fund had property tax revenues of \$2,408,087, which accounted for 88% of its total revenues of \$2,746,406.
- The Capital Project expenditures were related to various projects and are detailed on pages 70 – 75 of this report.

### **Using this Comprehensive Annual Report**

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

### **Reporting the Town as a Whole**

#### *The Statement of Net Position and Statement of Activities*

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

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

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

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

## **Governmental Activities:**

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

## **Business Type Activities:**

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

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

## **Reporting the Town's Most Significant Funds**

### *Fund Financial Statements*

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

### *Governmental Funds*

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

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

### *Fiduciary Funds*

The Town is the trustee or fiduciary for assets that belong to others. 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>2021</u>	<u>2020</u>
<b>NET POSITION</b>		
Current Assets	\$ 18,548,654	\$ 19,934,288
Capital Assets, net	<u>30,649,968</u>	<u>29,324,531</u>
<b>Total Assets</b>	<u>49,198,622</u>	<u>49,258,819</u>
<b>Deferred Outflows of Resources</b>		
Pensions	<u>1,681,416</u>	<u>1,481,427</u>
Current Liabilities	13,060,565	13,411,856
Long-Term Liabilities	<u>20,441,115</u>	<u>21,893,665</u>
<b>Total Liabilities</b>	<u>33,501,680</u>	<u>35,305,521</u>
<b>Deferred Inflows of Resources</b>		
Pensions	<u>1,677,134</u>	<u>74,925</u>
Net Investment in Capital Assets	22,063,164	21,589,855
Restricted	5,436	5,436
Unrestricted	<u>(6,367,376)</u>	<u>(6,235,491)</u>
<b>Total Net Position</b>	<u>\$ 15,701,224</u>	<u>\$ 15,359,800</u>
<b>REVENUES</b>		
Real Property Taxes	\$ 6,909,557	\$ 6,873,080
Other Tax Items	63,400	74,715
Non-Property Tax	1,351,938	1,172,949
Charges For Services	1,330,827	1,074,039
Operating Grants And Contributions	435,926	365,865
Capital Grants And Contributions	398,241	143,386
Investment Earnings	15,158	55,026
Sale Of Property And Compensation For Loss	2,583	40,950
Miscellaneous Local Sources	56,033	56,666
State Aid	<u>441,572</u>	<u>377,794</u>
<b>Total Revenues</b>	<u>11,005,235</u>	<u>10,234,470</u>
<b>EXPENDITURES</b>		
General Government Support	2,212,226	1,861,017
Public Safety	1,256,294	1,016,495
Health	437,731	422,997
Transportation	3,177,185	2,402,400
Economic Assistance And Opportunity	40,932	49,735
Culture And Recreation	1,131,598	716,630
Home And Community Service	2,136,444	1,932,261
Debt Service	<u>223,912</u>	<u>264,291</u>
<b>Total Expenditures</b>	<u>10,616,322</u>	<u>8,665,826</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 388,913</u>	<u>\$ 1,568,644</u>

## Governmental Activities

### *The Town's Funds*

Information about the Town's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$11,393,724 and expenditures of \$12,454,041, which resulted in a decrease in fund balance of \$1,060,317.

	<b>2021 Fund Balance</b>	<b>2020 Fund Balance</b>	<b>Increase/(Decrease)</b>
General Fund	\$ 3,527,613	\$ 3,446,416	\$ 81,197
Highway Fund	1,527,483	1,548,988	(21,505)
Capital Projects Fund	(888,387)	238,028	(1,126,415)
Non-Major Funds	<u>1,069,285</u>	<u>1,062,879</u>	<u>6,406</u>
<b>Total Governmental</b>	<b><u>\$ 5,235,994</u></b>	<b><u>\$ 6,296,311</u></b>	<b><u>\$ (1,060,317)</u></b>

## 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 48. 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 54 of the financial statements.

### Capital Assets

The Town had \$30,649,968 invested in capital assets, net of \$8,208,565 in accumulated depreciation, as of December 31, 2021. Depreciation for the year ended December 31, 2021 was \$870,331.

### Debt

As of December 31, 2021, the Town had \$9,495,000 in outstanding bonds, \$885,000 in outstanding bond anticipation notes and \$44,497 in outstanding installment purchase debt. The Town paid \$280,151 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>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 9,529,889	\$ 10,163,624
Cash - Restricted	118,215	543,552
Taxes Receivable	7,821,712	8,041,090
Accounts Receivable	145,148	151,124
Rents Receivable	884	146
Due From State and Federal	380,763	391,926
Due From Other Governments	551,363	642,593
Prepaid Expenditures	680	233
Total Current Assets	18,548,654	19,934,288
Non-Current Assets:		
Capital Assets, net	30,649,968	29,324,531
Total Non-Current Assets	30,649,968	29,324,531
TOTAL ASSETS	49,198,622	49,258,819
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	1,681,416	1,481,427
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,681,416	1,481,427
LIABILITIES		
Current Liabilities:		
Accounts Payable	215,360	583,018
Accrued Liabilities	52,887	61,010
Other Liabilities	262,768	-
BAN Payable	885,000	-
Due To Other Governments	11,069,451	12,246,017
Due To ERS	313,361	273,857
Funds in Escrow	261,738	247,954
Total Current Liabilities	13,060,565	13,411,856

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES</b>		
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	\$ 505,000	\$ 490,000
Unamortized Bond Premium	45,205	45,205
Installment Purchase Debt	34,017	22,896
Total OPEB Liability	285,000	280,000
Due Beyond One Year:		
Serial Bonds	8,990,000	9,495,000
Unamortized Bond Premium	408,777	453,982
Installment Purchase Debt	10,480	24,196
Total OPEB Liability	9,911,048	9,301,530
Compensated Absences	221,515	176,031
Net Pension Liability	<u>30,073</u>	<u>1,604,825</u>
 Total Non-Current Liabilities	 <u>20,441,115</u>	 <u>21,893,665</u>
 TOTAL LIABILITIES	 <u>33,501,680</u>	 <u>35,305,521</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	<u>1,677,134</u>	<u>74,925</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>1,677,134</u>	 <u>74,925</u>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	22,063,164	21,589,855
Restricted	5,436	5,436
Unrestricted	<u>(6,367,376)</u>	<u>(6,235,491)</u>
 TOTAL NET POSITION	 <u>\$ 15,701,224</u>	 <u>\$ 15,359,800</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<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>2021</u>	<u>2020</u>
<b>FUNCTIONS/PROGRAMS</b>						
General Government Support	\$ 2,212,226	\$ 205,454	\$ 55,790	\$ -	\$ (1,950,982)	\$ (1,703,200)
Public Safety	1,256,294	294,996	8,052	100,000	(853,246)	(695,759)
Health	437,731	4,480	-	-	(433,251)	(414,287)
Transportation	3,177,185	211,067	211,092	178,282	(2,576,744)	(1,830,371)
Economic Assistance and Opportunity	40,932	-	-	-	(40,932)	(49,735)
Culture and Recreation	1,131,598	335,129	-	-	(796,469)	(676,110)
Home and Community Services	2,136,444	279,701	160,992	119,959	(1,575,792)	(1,448,783)
Debt Service	<u>223,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,912)</u>	<u>(264,291)</u>
<b>TOTAL FUNCTIONS/PROGRAMS</b>	<u>10,616,322</u>	<u>1,330,827</u>	<u>435,926</u>	<u>398,241</u>	<u>(8,451,328)</u>	<u>(7,082,536)</u>
<b>GENERAL REVENUES</b>						
Real Property Tax					6,909,557	6,873,080
Other Tax Items					63,400	74,715
Non-Property Tax Items					1,351,938	1,172,949
Use of Money and Property					15,158	55,026
Sale Of Property and Compensation For Loss					2,583	40,950
Miscellaneous Local Sources					56,033	56,666
State Aid					<u>441,572</u>	<u>377,794</u>
<b>TOTAL GENERAL REVENUES</b>					<u>8,840,241</u>	<u>8,651,180</u>
<b>CHANGE IN NET POSITION</b>					388,913	1,568,644
<b>TOTAL NET POSITION- Beginning Of Year (Restated)</b>					<u>15,312,311</u>	<u>13,791,156</u>
<b>TOTAL NET POSITION- End Of Year</b>					<u>\$ 15,701,224</u>	<u>\$ 15,359,800</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	<u>GENERAL</u>	<u>HIGHWAY</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2020 TOTALS</u>
<b>ASSETS</b>						
Cash	\$ 7,127,908	\$ 1,349,110	\$ 165	\$ 1,052,706	\$ 9,529,889	\$ 10,163,624
Cash - Restricted	-	-	118,215	-	118,215	543,552
Property Tax Receivable	7,821,712	-	-	-	7,821,712	8,041,090
Water Rents Receivable	-	-	-	884	884	146
Accounts Receivable	145,148	-	-	-	145,148	151,124
Due From Other Funds	211,374	60,778	217,785	19,251	509,188	665,416
State and Federal Aid Receivable	-	260,804	119,959	-	380,763	391,926
Due From Other Governments	429,775	21,704	-	99,884	551,363	642,593
Prepaid Expenses	<u>680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680</u>	<u>233</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,736,597</u>	<u>\$ 1,692,396</u>	<u>\$ 456,124</u>	<u>\$ 1,172,725</u>	<u>\$ 19,057,842</u>	<u>\$ 20,599,704</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 99,325	\$ 62,272	\$ 832	\$ 52,931	\$ 215,360	\$ 583,018
Accrued Liabilities	11,368	11,369	-	-	22,737	19,826
Other Liabilities	262,768	-	-	-	262,768	-
BAN's Payable	-	-	885,000	-	885,000	-
Due To ERS	222,089	91,272	-	-	313,361	273,857
Due To Other Funds	-	-	458,679	50,509	509,188	665,416
Due To Other Governments	11,069,451	-	-	-	11,069,451	12,246,017
Funds In Escrow	<u>261,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,738</u>	<u>247,954</u>
<b>TOTAL LIABILITIES</b>	<u>11,926,739</u>	<u>164,913</u>	<u>1,344,511</u>	<u>103,440</u>	<u>13,539,603</u>	<u>14,036,088</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	<u>GENERAL</u>	<u>HIGHWAY</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2020 TOTALS</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Tax Revenues	\$ 282,245	\$ -	\$ -	\$ -	\$ 282,245	\$ 219,816
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>282,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,245</u>	<u>219,816</u>
FUND BALANCES						
Non-spendable:						
Non-Current Receivables	172,201	-	-	-	172,201	205,501
Restricted	-	-	338,019	-	338,019	798,278
Assigned:						
Appropriated	119,000	682,325	-	8,000	809,325	137,325
Unappropriated	-	845,158	-	1,084,736	1,929,894	2,612,223
Unassigned	<u>3,236,412</u>	<u>-</u>	<u>(1,226,406)</u>	<u>(23,451)</u>	<u>1,986,555</u>	<u>2,590,473</u>
<b>TOTAL FUND BALANCES</b>	<u>3,527,613</u>	<u>1,527,483</u>	<u>(888,387)</u>	<u>1,069,285</u>	<u>5,235,994</u>	<u>6,343,800</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 15,736,597</u>	<u>\$ 1,692,396</u>	<u>\$ 456,124</u>	<u>\$ 1,172,725</u>	<u>\$ 19,057,842</u>	<u>\$ 20,599,704</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, 2021  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
Total Fund Balance – Governmental Funds	\$ 5,235,994	\$ 6,343,800
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.	282,245	219,816
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, 2021 are \$38,858,533 and \$8,208,565, respectively.	30,649,968	29,324,531
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Serial Bonds	(9,495,000)	
Unamortized Bond Premium	(453,982)	
Installment Purchase Debt	(44,497)	
Compensated Absences	<u>(221,515)</u>	
	(10,214,994)	(10,707,310)
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	1,681,416	
Deferred Inflows Of Resources	(1,677,134)	
Net Pension Liability	<u>(30,073)</u>	
	(25,791)	(198,323)
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	(10,196,048)	(9,581,530)
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>(30,150)</u>	<u>(41,184)</u>
Net Position of Governmental Activities	<u>\$ 15,701,224</u>	<u>\$ 15,359,800</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, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	GENERAL	HIGHWAY	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	2020 TOTALS
<b>REVENUES</b>						
Real Property Taxes	\$ 3,960,040	\$ 2,408,087	\$ -	\$ 479,001	\$ 6,847,128	\$ 6,860,820
Other Tax Items	63,400	-	-	-	63,400	74,715
Non-Property Tax Items	1,351,938	-	-	-	1,351,938	1,172,949
Departmental Income	457,878	-	-	260,162	718,040	414,450
Intergovernmental Charges	-	116,365	-	-	116,365	200,056
Use of Money and Property	14,251	566	76	265	15,158	57,026
Licenses and Permits	293,191	-	-	-	293,191	319,136
Fines and Forfeitures	203,231	-	-	-	203,231	138,397
Sale of Property and Compensation For Loss	-	2,583	-	-	2,583	40,950
Miscellaneous Local Sources	69,901	7,713	-	176,205	253,819	180,708
State Aid	462,064	211,092	219,959	-	893,115	510,506
Federal Aid	-	-	178,282	6,556	184,838	252,497
<b>TOTAL REVENUES</b>	<b>6,875,894</b>	<b>2,746,406</b>	<b>398,317</b>	<b>922,189</b>	<b>10,942,806</b>	<b>10,222,210</b>
<b>OTHER FINANCING SOURCES</b>						
Operating Transfers In	870	-	407,031	11,534	419,435	229,773
BANs Redeemed from Appropriations	-	-	-	-	-	91,196
Proceeds from Long-Term Debt	-	-	-	-	-	3,950,000
Proceeds from Installment Debt	-	-	31,483	-	31,483	72,665
Premiums on Obligations	-	-	-	-	-	514,255
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>6,876,764</b>	<b>2,746,406</b>	<b>836,831</b>	<b>933,723</b>	<b>11,393,724</b>	<b>15,080,099</b>
<b>EXPENDITURES</b>						
General Government Support	1,619,912	2,223	-	-	1,622,135	1,519,731
Public Safety	811,208	-	-	-	811,208	814,365
Health	437,731	-	-	-	437,731	422,997
Transportation	291,844	2,027,954	-	9,038	2,328,836	1,896,635
Economic Assistance and Opportunity	36,144	-	-	-	36,144	46,844
Culture and Recreation	910,990	-	-	10,125	921,115	620,275
Home and Community Services	971,021	-	-	555,270	1,526,291	1,354,918
Employee Benefits	1,009,979	573,692	-	-	1,583,671	1,448,014
Debt Service:						
Principal	207,618	105,070	-	211,390	524,078	1,870,567
Interest	95,579	58,972	-	125,600	280,151	270,736
Capital Outlay	-	-	1,963,246	-	1,963,246	1,060,011
<b>TOTAL EXPENDITURES</b>	<b>6,392,026</b>	<b>2,767,911</b>	<b>1,963,246</b>	<b>911,423</b>	<b>12,034,606</b>	<b>11,325,093</b>
<b>OTHER FINANCING USES</b>						
Operating Transfers Out	403,541	-	-	15,894	419,435	229,773
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>6,795,567</b>	<b>2,767,911</b>	<b>1,963,246</b>	<b>927,317</b>	<b>12,454,041</b>	<b>11,554,866</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>81,197</b>	<b>(21,505)</b>	<b>(1,126,415)</b>	<b>6,406</b>	<b>(1,060,317)</b>	<b>3,525,233</b>
FUND BALANCE - Beginning of Year (Restated)	3,446,416	1,548,988	238,028	1,062,879	6,296,311	2,818,567
<b>FUND BALANCE - End of Year</b>	<b>\$ 3,527,613</b>	<b>\$ 1,527,483</b>	<b>\$ (888,387)</b>	<b>\$ 1,069,285</b>	<b>\$ 5,235,994</b>	<b>\$ 6,343,800</b>

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, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
Total Net Change in Fund Balances – Governmental Funds	\$ (1,060,317)	\$ 3,525,233
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Depreciation Expenses	(870,331)	
Capital Outlay	<u>2,195,768</u>	1,325,437
		291,381
<p>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.</p>		
Serial Bonds	490,000	
Installment Purchase Debt	<u>34,078</u>	524,078
		1,779,371
<p>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.</p>		
Compensated Absences		(45,484)
		(18,092)
<p>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.</p>		
		62,429
		12,260

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, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

Continued

		<u>2021</u>	<u>2020</u>
<p>In the governmental funds, proceeds of long term debt are reported as revenues. In the statement of activities, the proceeds simply increase the liability.</p>			
Serial Bonds	\$ -		
Installment Purchase Debt	<u>(31,483)</u>	(31,483)	(4,022,665)
<p>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.</p>			
Amortization Expense	45,205		
Bond Premium	<u>-</u>	45,205	(499,187)
<p>(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.</p>			
Police and Fire Retirement System	4,332		
Employees' Retirement System	<u>168,200</u>	172,532	(291,584)
<p>(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.</p>			
Total OPEB Liability		(614,518)	800,550
<p>In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>			
Current Year Accrued Interest	(30,150)		
Prior Year Accrued Interest	<u>41,184</u>	<u>11,034</u>	<u>(8,623)</u>
Change in Net Position of Governmental Activities		<u>\$ 388,913</u>	<u>\$ 1,568,644</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2021

	<u>CUSTODIAL FUND</u>
ASSETS	
Cash	\$ <u>          -</u>
 TOTAL ASSETS	 \$ <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>

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, 2021

	<u>CUSTODIAL FUND</u>
<b>ADDITIONS</b>	
Fines Collected For Other Governments	\$ 103,733
Taxes Collected For Other Governments	<u>34,841,022</u>
<b>TOTAL ADDITIONS</b>	<u>34,944,755</u>
<b>DEDUCTIONS</b>	
Fines Paid To Other Governments	103,733
Taxes Paid To Other Governments	<u>34,841,022</u>
<b>TOTAL DEDUCTIONS</b>	<u>34,944,755</u>
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - Beginning Of Year</b>	<u>-</u>
<b>NET POSITION - End Of Year</b>	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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, 2021

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, 2021

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.

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.

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.

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 31<sup>st</sup>, and become a lien on January 1<sup>st</sup>. The Town collects county, town and special District taxes which are due April 1<sup>st</sup> and payable without penalty to April 30<sup>th</sup>. School Taxes are due on September 1<sup>st</sup>, with the first half payable without penalty until September 30<sup>th</sup> and the second half due the following January 1<sup>st</sup> and payable without penalty until January 31<sup>st</sup>. 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 30<sup>th</sup>, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1<sup>st</sup>. 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 10<sup>th</sup>.
- b. After public hearings are conducted to obtain taxpayer comments, no later than December 20<sup>th</sup>, 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.

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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.

TOWN OF NORTH SALEM, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$172,201 in non-spendable fund balances related to non-current receivables in the General Fund, as of December 31, 2021.

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 \$338,019 in restricted fund balances related to various projects in the Capital Project Fund, as of December 31, 2021.

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, 2021.

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.

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.

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. **New Accounting Standards**

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2021, the Town implemented the following new standards:

*GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period*

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 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.

*GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending December 31, 2023

*GASB 96 – Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023.

*GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.32*, effective for the year ending December 31, 2022.

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, 2021

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 \$1,681,416 in deferred outflows of resources related to pensions as of December 31, 2021.

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 \$282,245 in deferred inflows of resources in the governmental fund financial statements for deferred tax revenues in the General Fund as of December 31, 2021. 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 \$1,677,134 in deferred inflows of resources related to pensions as of December 31, 2021.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$4,282 to unrestricted net position as of December 31, 2021.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Fund Balance**

The Candlewood Park District had a deficit fund balance of \$23,451 at December 31, 2021. 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.

TOWN OF NORTH SALEM, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The Croton Falls Water District had a deficit fund balance of \$7,532 at December 31, 2021. 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, 2021 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>
Sunset Ridge Water/Home And Community Services	\$ 66,649	\$ 79,789	\$ (13,140)
Peach Lake Sewer/Home And Community Services	280,936	362,274	(81,338)

Overspent appropriations in the Sunset Ridge 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.

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.

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

**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.

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.

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 4 – CASH AND INVESTMENTS (Continued)

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. \$ 8,431,112

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2021 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	\$ 4,083,637	\$ -	\$ -	\$ 4,083,637
Construction In Progress	<u>314,990</u>	<u>-</u>	<u>314,990</u>	<u>-</u>
Total non-depreciable historical cost	<u>4,398,627</u>	<u>-</u>	<u>314,990</u>	<u>4,083,637</u>
Capital assets that are depreciated:				
Building and Improvements	29,817,852	2,129,993	-	31,947,845
Machinery and Equipment	<u>2,608,519</u>	<u>380,765</u>	<u>162,233</u>	<u>2,827,051</u>
Total depreciable historical cost	<u>32,426,371</u>	<u>2,510,758</u>	<u>162,233</u>	<u>34,774,896</u>
Less accumulated depreciation:				
Building and Improvements	5,920,392	651,644	-	6,572,036
Machinery and Equipment	<u>1,580,075</u>	<u>218,687</u>	<u>162,233</u>	<u>1,636,529</u>
Total Accumulated Depreciation	<u>7,500,467</u>	<u>870,331</u>	<u>162,233</u>	<u>8,208,565</u>
Total historical cost, net	<u>\$ 29,324,531</u>	<u>\$ 1,640,427</u>	<u>\$ 314,990</u>	<u>\$ 30,649,968</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 51,605		
Public Safety		44,538		
Transportation		183,332		
Culture & Recreation		58,739		
Home & Community Service		<u>532,117</u>		
		<u>\$ 870,331</u>		

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – INTERFUND TRANSACTIONS

Interfund balances at December 31, 2021 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND EXPENSE</u>	<u>INTERFUND REVENUE</u>
General Fund	\$ 211,374	\$ -	\$ 403,541	\$ 870
Highway Fund	60,778	-	-	-
Capital Fund	-	240,894	-	407,031
Water Districts	11,278	26,378	15,000	2,405
Sewer District	6,378	-	-	9,129
Park District	-	24,131	-	-
Light Districts	95	-	-	-
Miscellaneous Special Revenue	<u>1,500</u>	<u>-</u>	<u>894</u>	<u>-</u>
Total Governmental Activities	<u>291,403</u>	<u>291,403</u>	<u>419,435</u>	<u>419,435</u>
Custodial Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 291,403</u>	<u>\$ 291,403</u>	<u>\$ 419,435</u>	<u>\$ 419,435</u>

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, 2021, property taxes receivable of \$7,821,712 were offset by a deferred tax revenue of \$282,245. The deferred tax revenue consists of Town taxes of \$214,476, which is the amount that will not be collected within the first sixty days of the subsequent year, and school taxes of \$67,769 which is an estimate of the amount that will not be collected as of June 30<sup>th</sup> of the subsequent year.

TOWN OF NORTH SALEM, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

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.

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>
2021	\$ 380,206	\$ 26,557
2020	343,430	22,802
2019	343,617	22,153

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 8 – LIABILITIES (Continued)

**B. Indebtedness**

1. Long-Term Debt

a. Long-Term Debt Interest

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

Interest Paid	\$ 280,151
Less: Interest Accrued in the Prior Year	(41,184)
Amortized Bond Premium	(45,205)
Plus: Interest Accrued in the Current Year	<u>29,741</u>
 Total Expense	 <u>\$ 223,503</u>

b. Changes

The changes in the Town’s indebtedness during the year ended December 31, 2021 are summarized as follows:

	<u>BALANCE</u> <u>01/01/21</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/21</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Serial Bonds –					
General Obligation	\$ 5,710,000	\$ -	\$ 330,000	\$ 5,380,000	\$ 345,000
Unamortized Bond Premium	499,187	-	45,205	453,982	45,205
Serial Bonds –					
Direct Placement	4,275,000	-	160,000	4,115,000	160,000
Installment Purchase Debt –					
Direct Borrowings	47,092	31,483	34,078	44,497	34,017
Compensated Absences	176,031	45,484	-	221,515	-
Total OPEB Liability	<u>9,581,530</u>	<u>901,387</u>	<u>286,869</u>	<u>10,196,048</u>	<u>285,000</u>
 TOTAL	 <u>\$ 20,288,840</u>	 <u>\$ 978,354</u>	 <u>\$ 856,152</u>	 <u>\$ 20,411,042</u>	 <u>\$ 869,222</u>

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

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 8 – LIABILITIES (Continued)

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>FINAL MATURITY</u>	<u>RATE</u>	<u>OUTSTANDING</u>
Peach Lake Sewer	2042	0.263%-4.756%	\$ 4,115,000
Public Improvements	2039	3.25%-3.50%	1,695,000
Refunding Bond	2028	4.00%	1,080,000
Public Improvements	2035	2.00%-4.00%	<u>2,605,000</u>
Total Bonds			<u>9,495,000</u>
Police Vehicle	2022	6.90%	11,295
Police Vehicle	2022	4.64%	12,901
Police Vehicle	2023	6.70%	<u>20,301</u>
Total Installment Debt			<u>44,497</u>
TOTAL			<u>\$ 9,539,497</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>
2022	\$ 345,000	\$ 174,619	\$ 194,017	\$ 90,377
2023	360,000	161,025	175,480	85,924
2024	385,000	146,668	165,000	82,568
2025	395,000	131,631	170,000	79,683
2026	410,000	116,113	170,000	76,637
2027-2031	1,745,000	366,670	910,000	332,241
2032-2036	1,380,000	148,354	1,010,000	231,028
2037-2041	360,000	19,251	1,125,000	109,503
2042	<u>-</u>	<u>-</u>	<u>240,000</u>	<u>5,707</u>
TOTAL	<u>\$ 5,380,000</u>	<u>\$ 1,264,331</u>	<u>\$ 4,159,497</u>	<u>\$ 1,093,668</u>

TOWN OF NORTH SALEM, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

NOTE 8 – LIABILITIES (Continued)

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, 2021.

<u>Purpose</u>	<u>Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Salem Acres Water	0.37%	\$ -	\$ 35,000	\$ -	\$ 35,000
Land	0.37%	-	<u>850,000</u>	-	<u>850,000</u>
		<u>\$ -</u>	<u>\$ 885,000</u>	<u>\$ -</u>	<u>\$ 885,000</u>

Short – Term Debt Interest

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

Interest Paid	\$ -
Less: Interest Accrued In Prior Year	-
Plus: Interest Accrued In Current Year	<u>409</u>
Total Expense	<u>\$ 409</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

**A. Federal And New York State Grants**

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

TOWN OF NORTH SALEM, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

**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 2020 and 2021 fiscal years, 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	\$ 30,649,968
Less: Bonds Payable	(7,724,590)
Unamortized Bond Premium	(329,963)
Installment Debt Payable	(44,497)
Bond Anticipation Notes Payable	(850,000)
Plus: Unspent Debt Proceeds	<u>362,246</u>
Net Investment in Capital Assets	<u>\$ 22,063,164</u>

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

**General Information about the OPEB Plan**

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

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

TOWN OF NORTH SALEM, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

*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 \$10,196,048 was measured as of December 31, 2021, 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, 2021
Discount Rate	1.84%
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, 2021.

TOWN OF NORTH SALEM, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

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, 2021		\$ 9,581,530
Changes for the Year -		
Service Cost	321,703	
Interest	195,196	
Changes of Benefit Terms	-	
Differences between expected and actual experience and changes of assumptions	384,488	
Benefit Payments	<u>(286,869)</u>	
Net Changes		<u>614,518</u>
Balance at December 31, 2021		<u>\$ 10,196,048</u>

There were no changes of benefit terms for the fiscal year ended December 31, 2021.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

*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 (0.84%) or 1 – percentage point higher (2.84%) than the current discount rate:

	1% Decrease <u>(0.84%)</u>	Current Assumption <u>(1.84%)</u>	1% Increase <u>(2.84%)</u>
Total OPEB Liability	<u>\$ 11,898,194</u>	<u>\$ 10,196,048</u>	<u>\$ 8,810,515</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, 2021

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 8,588,659</u>	<u>\$ 10,196,048</u>	<u>\$ 12,264,221</u>

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

For the year ended December 31, 2021, the Town recognized OPEB expense of \$901,387. At December 31, 2021, 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, 2021, 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, 2021 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, 2021

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, 2020	April 1, 2020
Net pension asset/(liability)	\$ (5,276)	\$ (24,797)
Town's portion of the Plan's total net pension asset/(liability)	0.0052986%	0.0014282%

For the year ended December 31, 2021, the Town recognized pension expense of \$212,134 for ERS and \$20,512 for PFRS. At December 31, 2021, 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	\$ 64,435	\$ 5,502	\$ -	\$ -
Changes of assumptions	970,091	60,924	18,296	-
Net difference between projected and actual earnings on pension plan investments	-	-	1,515,586	72,915
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	245,187	21,916	62,938	7,399
Town's contributions subsequent to the measurement date	<u>294,425</u>	<u>18,936</u>	-	-
Total	<u>\$ 1,574,138</u>	<u>\$ 107,278</u>	<u>\$ 1,596,820</u>	<u>\$ 80,314</u>

Town contributions subsequent to the measurement date of \$294,425 for ERS and \$18,936 for PFRS will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. 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>
2022	\$ (22,821)	\$ 2,209
2023	28,718	3,916
2024	(46,439)	198
2025	(276,565)	(11,339)
2026	-	13,044
Thereafter	-	-
TOTAL	<u>\$ (317,107)</u>	<u>\$ 8,028</u>

TOWN OF NORTH SALEM, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

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, 2021	March 31, 2021
Actuarial valuation date	April 1, 2020	April 1, 2020
Interest rate	5.9%	5.9%
Salary scale	4.4%	6.2%
Inflation rate	2.7%	2.7%

For ERS and PFRS, annuitant mortality rates are based on April 1, 2015-March 31, 2020 Systems' experience with adjustments for mortality improvements based on MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015-March 31, 2020.

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, 2021
Asset Type:	
Domestic Equity	4.05%
International Equity	6.30
Real Estate	4.95
Real Assets	5.95
Opportunistic/ARS Portfolio	4.50
Credit	3.65
Private Equities	6.75
Cash Equivalents	0.50
Fixed Income	0.00

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

Discount Rate

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9% 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 (4.9%) or 1-percentage point higher (6.9%) than the current rate:

<u>ERS</u>	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (1,464,421)	\$ (5,276)	\$ 1,340,397
<u>PFRS</u>	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (105,452)	\$ (24,797)	\$ 41,964

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, 2020	<u>PFRS (in thousands)</u> April 1, 2020
Valuation date		
Employers' total pension liability	\$ (220,680,157)	\$ (41,236,775)
Plan Net Position	<u>220,580,583</u>	<u>39,500,500</u>
Employer's net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (1,736,275)</u>
Ration of plan net position to the Employer's total pension asset/(liability)	99.95%	95.79%

TOWN OF NORTH SALEM, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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 31<sup>st</sup>. 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, 2021 amounted to \$294,425 for ERS and \$18,936 for PFRS.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The Town has evaluated events and transactions that occurred between December 31, 2021 and May 5, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 14 – RESTATED BALANCES

For the year ended December 31, 2021, the beginning fund balance in the General Fund has been decreased by \$12,387 to adjust old escrow balances, and decreased by \$35,102 in the Sewer Fund to account for an adjustment to the amount due from the NYC Department of Environmental Protection per a reconciliation of the activity from January 1, 2019 through December 31, 2020. The total amount of \$47,489 is also an adjustment to the beginning net position in the statement of activities.

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, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
<b>REVENUES</b>					
Real Property Taxes	\$ 4,022,467	\$ 4,022,467	\$ 3,960,040	\$ (62,427)	\$ 3,809,724
Other Tax Items	79,000	79,000	63,400	(15,600)	74,715
Non-Property Tax Items	1,097,400	1,097,400	1,351,938	254,538	1,172,949
Departmental Income	535,600	535,600	457,878	(77,722)	176,844
Use of Money and Property	37,000	37,000	14,251	(22,749)	50,067
Licenses and Permits	203,550	203,550	293,191	89,641	319,136
Fines and Forfeitures	202,000	202,000	203,231	1,231	138,397
Sale of Property and Compensation For Loss	8,426	8,426	-	(8,426)	9,000
Miscellaneous Local Sources	6,210	6,210	69,901	63,691	32,864
State Aid	320,815	320,815	462,064	141,249	378,794
Federal Aid	-	-	-	-	16,106
<b>TOTAL REVENUES</b>	<u>6,512,468</u>	<u>6,512,468</u>	<u>6,875,894</u>	<u>363,426</u>	<u>6,178,596</u>
<b>EXPENDITURES</b>					
General Government Support	1,697,303	1,688,503	1,619,912	68,591	1,471,411
Public Safety	825,082	825,082	811,208	13,874	814,365
Health	437,450	437,450	437,731	(281)	422,997
Transportation	294,248	294,248	291,844	2,404	297,990
Economic Assistance and Opportunity	44,262	44,262	36,144	8,118	46,844
Culture and Recreation	1,011,559	1,020,359	910,990	109,369	606,862
Home and Community Services	967,719	967,719	971,021	(3,302)	913,405
Employee Benefits	1,005,420	1,005,420	1,009,979	(4,559)	919,012
Debt Service:					
Principal	210,524	210,524	207,618	2,906	187,416
Interest	98,901	98,901	95,579	3,322	73,732
<b>TOTAL EXPENDITURES</b>	<u>6,592,468</u>	<u>6,592,468</u>	<u>6,392,026</u>	<u>200,442</u>	<u>5,754,034</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(80,000)	(80,000)	483,868	563,868	424,562
<b>OTHER FINANCING USES</b>					
Operating Transfers In	-	-	870	(870)	-
Operating Transfers Out	-	(392,007)	(403,541)	11,534	-
<b>NET CHANGE IN FUND BALANCE</b>	(80,000)	(472,007)	81,197	(470,810)	424,562
<b>FUND BALANCE - Beginning of Year (Restated)</b>	<u>80,000</u>	<u>472,007</u>	<u>3,446,416</u>	<u>2,974,409</u>	<u>3,034,241</u>
<b>FUND BALANCE - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,527,613</u>	<u>\$ 3,538,277</u>	<u>\$ 3,458,803</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, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
<b>REVENUES</b>					
Real Property Taxes	\$ 2,408,087	\$ 2,408,087	\$ 2,408,087	\$ -	\$ 2,608,742
Intergovernmental Charges	194,600	194,600	116,365	(78,235)	200,056
Use of Money and Property	1,900	1,900	566	(1,334)	1,898
Sale of Property and Compensation For Loss	13,000	13,000	2,583	(10,417)	26,951
Miscellaneous Local Sources	15,000	15,000	7,713	(7,287)	25,527
State Aid	78,090	78,090	211,092	133,002	131,712
Federal Aid	-	-	-	-	93,005
<b>TOTAL REVENUES</b>	<u>2,710,677</u>	<u>2,710,677</u>	<u>2,746,406</u>	<u>35,729</u>	<u>3,087,891</u>
<b>EXPENDITURES</b>					
General Government Support	2,601	2,601	2,223	378	2,421
Transportation	2,000,123	2,055,089	2,027,954	27,135	1,589,930
Employee Benefits	586,237	586,237	573,692	12,545	529,002
Debt Service:					
Principal	105,070	105,070	105,070	-	152,691
Interest	58,971	58,972	58,972	-	54,753
<b>TOTAL EXPENDITURES</b>	<u>2,753,002</u>	<u>2,807,969</u>	<u>2,767,911</u>	<u>40,058</u>	<u>2,328,797</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(42,325)	(97,292)	(21,505)	75,787	759,094
<b>FUND BALANCE - Beginning of Year</b>	<u>42,325</u>	<u>97,292</u>	<u>1,548,988</u>	<u>1,451,696</u>	<u>789,894</u>
<b>FUND BALANCE - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,527,483</u>	<u>\$ 1,527,483</u>	<u>\$ 1,548,988</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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 321,703	\$ 257,513	\$ 279,916	\$ 353,909
Interest	195,196	236,709	321,278	328,531
Changes of Benefit Terms	-	15,074	-	-
Differences between expected and actual experience and changes of assumptions	384,488	(1,036,217)	1,558,579	(1,571,858)
Benefit payments and expenses	<u>(286,869)</u>	<u>(273,629)</u>	<u>(315,119)</u>	<u>(289,294)</u>
Net Changes	614,518	(800,550)	1,844,654	(1,178,712)
Beginning Total OPEB Liability	<u>9,581,530</u>	<u>10,382,080</u>	<u>8,537,426</u>	<u>9,716,138</u>
Ending Total OPEB Liability	<u>\$ 10,196,048</u>	<u>\$ 9,581,530</u>	<u>\$ 10,382,080</u>	<u>\$ 8,537,426</u>
Covered Employee Payroll	<u>\$ 3,088,975</u>	<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	330.08%	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, 2021

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The discount rate was updated from 2.00% at December 31, 2020 to 1.84% at December 31, 2021.

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, 2021

ERS System – Liability

	<u>2021</u>	<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	0.0052986%	0.0057308%	0.0059603%	0.0057352%	0.0071362%	0.0060140%	0.0059438%
The Town's proportionate share of the net pension liability	\$ 5,276	\$ 1,517,552	\$ 422,308	\$ 185,099	\$ 670,535	\$ 965,262	\$ 200,795
The Town's covered employee payroll	2,498,393	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	0.21%	60.43%	17.39%	7.98%	30.34%	42.75%	8.84%
Plan Fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

PFRS System – Liability

	<u>2021</u>	<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	0.0014282%	0.0016328%	0.0018669%	0.0021877%	0.0022014%	0.0025565%	0.0024314%
The Town's proportionate share of the net pension liability	\$ 24,797	\$ 87,273	\$ 31,308	\$ 22,112	\$ 45,628	\$ 75,692	\$ 6,693
The Town's covered employee payroll	143,214	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	17.31%	64.56%	18.90%	12.15%	27.21%	42.76%	4.04%
Plan Fiduciary net position as a percentage of the total pension liability	95.79%	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, 2021

<u>ERS System</u>	<u>2021</u>	<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>
Contractually required contribution	\$ 380,206	\$ 343,430	\$ 343,617	\$ 341,251	\$ 335,596	\$ 360,475	\$ 428,684	\$ 457,644	\$ 424,581	\$ 362,499
Contribution in relation to the contractually required contribution	<u>380,206</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>									
Contribution as a percentage of covered employee payroll	14.07%	13.75%	13.68%	14.05%	14.47%	16.31%	18.99%	20.20%	N/A	N/A
<u>PFRS System</u>	<u>2021</u>	<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>
Contractually required contribution	\$ 26,557	\$ 22,802	\$ 22,153	\$ 26,149	\$ 27,878	\$ 27,174	\$ 29,866	\$ 25,216	\$ 26,858	\$ 31,250
Contribution in relation to the contractually required contribution	<u>26,557</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>									
Contribution as a percentage of covered employee payroll	18.83%	15.92%	16.39%	15.79%	15.32%	16.20%	16.87%	15.49%	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, 2021

	<u>SEWER</u>	<u>LIGHTING</u>	<u>WATER</u>	<u>PARK</u>	<u>MISC. SPECIAL REVENUE</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>						
Cash	\$ 810,046	\$ 13,843	\$ 115,964	\$ 680	\$ 112,173	\$ 1,052,706
Rents Receivable	-	-	884	-	-	884
Due From Other Funds	6,378	95	11,278	-	1,500	19,251
Due From Other Governments	<u>99,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,884</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 916,308</u></b>	<b><u>\$ 13,938</u></b>	<b><u>\$ 128,126</u></b>	<b><u>\$ 680</u></b>	<b><u>\$ 113,673</u></b>	<b><u>\$ 1,172,725</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 35,324	\$ 882	\$ 16,725	\$ -	\$ -	\$ 52,931
Due To Other Funds	<u>-</u>	<u>-</u>	<u>26,378</u>	<u>24,131</u>	<u>-</u>	<u>50,509</u>
<b>TOTAL LIABILITIES</b>	<b><u>35,324</u></b>	<b><u>882</u></b>	<b><u>43,103</u></b>	<b><u>24,131</u></b>	<b><u>-</u></b>	<b><u>103,440</u></b>
<b>FUND BALANCES</b>						
Assigned:						
Appropriated	8,000	-	-	-	-	8,000
Unappropriated	872,984	13,056	85,023	-	113,673	1,084,736
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,451)</u>	<u>-</u>	<u>(23,451)</u>
<b>TOTAL FUND BALANCES</b>	<b><u>880,984</u></b>	<b><u>13,056</u></b>	<b><u>85,023</u></b>	<b><u>(23,451)</u></b>	<b><u>113,673</u></b>	<b><u>1,069,285</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 916,308</u></b>	<b><u>\$ 13,938</u></b>	<b><u>\$ 128,126</u></b>	<b><u>\$ 680</u></b>	<b><u>\$ 113,673</u></b>	<b><u>\$ 1,172,725</u></b>

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	\$ 267,444	\$ 10,300	\$ 191,257	\$ 10,000	\$ -	\$ 479,001
Departmental Income	135,520	-	93,392	-	31,250	260,162
Use of Money and Property	141	2	20	5	97	265
Miscellaneous Local Sources	176,205	-	-	-	-	176,205
Federal Aid	<u>6,155</u>	<u>-</u>	<u>401</u>	<u>-</u>	<u>-</u>	<u>6,556</u>
 TOTAL REVENUES	 <u>585,465</u>	 <u>10,302</u>	 <u>285,070</u>	 <u>10,005</u>	 <u>31,347</u>	 <u>922,189</u>
 EXPENDITURES						
Transportation	-	9,038	-	-	-	9,038
Culture and Recreation	-	-	-	10,125	-	10,125
Home and Community Services	362,274	-	192,996	-	-	555,270
Debt Service:						
Principal	160,000	-	50,990	400	-	211,390
Interest	<u>89,842</u>	<u>-</u>	<u>35,406</u>	<u>352</u>	<u>-</u>	<u>125,600</u>
 TOTAL EXPENDITURES	 <u>612,116</u>	 <u>9,038</u>	 <u>279,392</u>	 <u>10,877</u>	 <u>-</u>	 <u>911,423</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (26,651)	 1,264	 5,678	 (872)	 31,347	 10,766
 OTHER USES						
Operating Transfers In	9,129	-	2,405	-	-	11,534
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(894)</u>	<u>(15,894)</u>
 NET CHANGE IN FUND BALANCE	 (17,522)	 1,264	 (6,917)	 (872)	 30,453	 6,406
 FUND BALANCE - Beginning of Year (Restated)	 <u>898,506</u>	 <u>11,792</u>	 <u>91,940</u>	 <u>(22,579)</u>	 <u>83,220</u>	 <u>1,062,879</u>
 FUND BALANCE - End of Year	 <u>\$ 880,984</u>	 <u>\$ 13,056</u>	 <u>\$ 85,023</u>	 <u>\$ (23,451)</u>	 <u>\$ 113,673</u>	 <u>\$ 1,069,285</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 7,127,908	\$ 7,753,157
Property Tax Receivable	7,821,712	8,041,090
Accounts Receivable	145,148	138,420
Due From State and Federal Aid Receivables	-	15,726
Due From Other Funds	211,374	213,147
Due From Other Governments	429,775	395,356
Prepaid Expenditures	<u>680</u>	<u>233</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 15,736,597</u></b>	<b><u>\$ 16,557,129</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 99,325	\$ 170,789
Accrued Liabilities	11,368	19,826
Other Liabilities	262,768	-
Due To Other Governments	11,069,451	12,246,017
Due To ERS	222,089	193,924
Fund In Escrow	<u>261,738</u>	<u>247,954</u>
<b>TOTAL LIABILITIES</b>	<b><u>11,926,739</u></b>	<b><u>12,878,510</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Tax Revenues	<u>282,245</u>	<u>219,816</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>282,245</u></b>	<b><u>219,816</u></b>
<b>FUND BALANCE</b>		
Non-Spendable:		
Non-Current Receivables	172,201	205,501
Assigned:		
Appropriated	119,000	80,000
Unassigned	<u>3,236,412</u>	<u>3,173,302</u>
<b>TOTAL FUND BALANCE</b>	<b><u>3,527,613</u></b>	<b><u>3,458,803</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b><u>\$ 15,736,597</u></b>	<b><u>\$ 16,557,129</u></b>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 1,349,110	\$ 1,481,103
Accounts Receivable	-	12,704
Due From Other Funds	60,778	64,443
Due From State and Federal	260,804	232,814
Due From Other Governments	<u>21,704</u>	<u>20,220</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,692,396</u></u>	<u><u>\$ 1,811,284</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 62,272	\$ 182,363
Accrued Liabilities	11,369	-
Due To ERS	<u>91,272</u>	<u>79,933</u>
<b>TOTAL LIABILITIES</b>	<u>164,913</u>	<u>262,296</u>
<b>FUND BALANCE</b>		
Assigned:		
Appropriated	682,325	42,325
Unappropriated	<u>845,158</u>	<u>1,506,663</u>
<b>TOTAL FUND BALANCE</b>	<u>1,527,483</u>	<u>1,548,988</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 1,692,396</u></u>	<u><u>\$ 1,811,284</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 2020)

	<u>PURDY'S</u>	<u>CROTON FALLS</u>	<u>2021</u>	<u>2020</u>
ASSETS				
Cash	\$ 6,120	\$ 7,723	\$ 13,843	\$ 13,192
Due From Other Funds	<u>          -</u>	<u>          95</u>	<u>          95</u>	<u>          95</u>
 TOTAL ASSETS	 <u>\$ 6,120</u>	 <u>\$ 7,818</u>	 <u>\$ 13,938</u>	 <u>\$ 13,287</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 328	\$ 554	\$ 882	\$ 1,495
 TOTAL LIABILITIES	 <u>328</u>	 <u>554</u>	 <u>882</u>	 <u>1,495</u>
 FUND BALANCE				
Assigned:				
Unappropriated	<u>5,792</u>	<u>7,264</u>	<u>13,056</u>	<u>11,792</u>
 TOTAL FUND BALANCE	 <u>5,792</u>	 <u>7,264</u>	 <u>13,056</u>	 <u>11,792</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 6,120</u>	 <u>\$ 7,818</u>	 <u>\$ 13,938</u>	 <u>\$ 13,287</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, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	REVISED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	2020 <u>ACTUAL</u>
REVENUES				
Real Property Taxes	\$ 3,600	\$ 3,600	\$ -	\$ 4,000
Use of Money and Property	<u>-</u>	<u>1</u>	<u>1</u>	<u>2</u>
TOTAL REVENUES	<u>3,600</u>	<u>3,601</u>	<u>1</u>	<u>4,002</u>
EXPENDITURES				
Transportation	<u>3,600</u>	<u>3,269</u>	<u>331</u>	<u>3,132</u>
TOTAL EXPENDITURES	<u>3,600</u>	<u>3,269</u>	<u>331</u>	<u>3,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	332	332	870
FUND BALANCE - Beginning of Year	<u>-</u>	<u>5,460</u>	<u>5,460</u>	<u>4,590</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 5,792</u>	<u>\$ 5,792</u>	<u>\$ 5,460</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, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
REVENUES				
Real Property Taxes	\$ 6,700	\$ 6,700	\$ -	\$ 8,000
Use of Money and Property	<u>-</u>	<u>1</u>	<u>1</u>	<u>2</u>
TOTAL REVENUES	<u>6,700</u>	<u>6,701</u>	<u>1</u>	<u>8,002</u>
EXPENDITURES				
Transportation	<u>5,700</u>	<u>5,769</u>	<u>(69)</u>	<u>5,583</u>
TOTAL EXPENDITURES	<u>5,700</u>	<u>5,769</u>	<u>(69)</u>	<u>5,583</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,000	932	(68)	2,419
OTHER FINANCING USES				
Other Budgetary Purposes	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	932	932	2,419
FUND BALANCE - Beginning of Year	<u>-</u>	<u>6,332</u>	<u>6,332</u>	<u>3,913</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 7,264</u>	<u>\$ 7,264</u>	<u>\$ 6,332</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>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 810,046	\$ 721,551
Due From Other Funds	6,378	-
Due From Other Governments	<u>99,884</u>	<u>227,017</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 916,308</u></u>	<u><u>\$ 948,568</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	<u>\$ 35,324</u>	<u>\$ 14,960</u>
<b>TOTAL LIABILITIES</b>	<u>35,324</u>	<u>14,960</u>
<b>FUND BALANCE</b>		
Assigned:		
Appropriated	8,000	8,000
Unappropriated	<u>872,984</u>	<u>925,608</u>
<b>TOTAL FUND BALANCE</b>	<u>880,984</u>	<u>933,608</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 916,308</u></u>	<u><u>\$ 948,568</u></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, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
REVENUES				
Real Property Taxes	\$ 267,444	\$ 267,444	\$ -	\$ 264,900
Departmental Income	135,520	135,520	-	134,901
Use of Money and Property	500	141	(359)	1,850
Sale of Property and Compensation For Loss	-	-	-	4,999
Miscellaneous Local Sources	130,000	176,205	46,205	121,409
Federal Aid	-	6,155	6,155	-
	<u>533,464</u>	<u>585,465</u>	<u>52,001</u>	<u>528,059</u>
TOTAL REVENUES				
EXPENDITURES				
Home and Community Services	280,936	362,274	(81,338)	294,655
Debt Service:				
Principal	160,000	160,000	-	160,000
Interest	100,528	89,842	10,686	91,804
	<u>541,464</u>	<u>612,116</u>	<u>(70,652)</u>	<u>546,459</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,000)	(26,651)	(18,651)	(18,400)
OTHER FINANCING USES				
Operating Transfers In	-	9,129	9,129	-
Operating Transfers Out	-	-	-	(38,893)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,893)</u>
NET CHANGE IN FUND BALANCE	(8,000)	(17,522)	(9,522)	(57,293)
FUND BALANCE - Beginning of Year (Restated)	<u>8,000</u>	<u>898,506</u>	<u>890,506</u>	<u>990,901</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 880,984</u>	<u>\$ 880,984</u>	<u>\$ 933,608</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 2020)

	<u>CANDLEWOOD</u> <u>PARK</u>	<u>CROTON</u> <u>FALLS</u>	<u>SUNSET</u> <u>RIDGE</u>	<u>SALEM</u> <u>ACRES</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>						
Cash	\$ 62,043	\$ 18,866	\$ 26,642	\$ 8,413	\$ 115,964	\$ 111,344
Water Rents Receivable	(5)	-	22	867	884	151
Due From Other Funds	498	-	10,780	-	11,278	11,278
<b>TOTAL ASSETS</b>	<b>\$ 62,536</b>	<b>\$ 18,866</b>	<b>\$ 37,444</b>	<b>\$ 9,280</b>	<b>\$ 128,126</b>	<b>\$ 122,773</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 5,221	\$ 20	\$ 5,394	\$ 6,090	\$ 16,725	\$ 20,333
Due To Other Funds	-	26,378	-	-	26,378	10,500
<b>TOTAL LIABILITIES</b>	<b>5,221</b>	<b>26,398</b>	<b>5,394</b>	<b>6,090</b>	<b>43,103</b>	<b>30,833</b>
<b>FUND BALANCE</b>						
Assigned:						
Unappropriated	57,315	-	32,050	3,190	92,555	98,196
Unassigned	-	(7,532)	-	-	(7,532)	(6,256)
<b>TOTAL FUND BALANCE</b>	<b>57,315</b>	<b>(7,532)</b>	<b>32,050</b>	<b>3,190</b>	<b>85,023</b>	<b>91,940</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 62,536</b>	<b>\$ 18,866</b>	<b>\$ 37,444</b>	<b>\$ 9,280</b>	<b>\$ 128,126</b>	<b>\$ 122,773</b>

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 WATER  
YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>REVISED</u> <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>	2020 <u>ACTUAL</u>
REVENUES				
Real Property Taxes	\$ 36,041	\$ 36,041	\$ -	\$ 36,000
Departmental Income	10,260	10,793	533	11,812
Use of Money and Property	10	8		
Federal Aid	<u>-</u>	<u>315</u>	<u>315</u>	<u>21</u>
 TOTAL REVENUES	 <u>46,311</u>	 <u>47,157</u>	 <u>848</u>	 <u>47,833</u>
 EXPENDITURES				
Home and Community Services	36,844	30,904	5,940	49,095
Debt Service:				
Principal	6,930	6,930	-	10,549
Interest	<u>2,537</u>	<u>2,537</u>	<u>-</u>	<u>2,392</u>
 TOTAL EXPENDITURES	 <u>46,311</u>	 <u>40,371</u>	 <u>5,940</u>	 <u>62,036</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 -	 6,786	 6,788	 (14,203)
 OTHER FINANCING SOURCES				
Operating Transfer In	<u>-</u>	<u>1,890</u>	<u>(1,890)</u>	<u>-</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	 -	 8,676	 4,898	 (14,203)
 FUND BALANCE - Beginning of Year	 <u>-</u>	 <u>48,639</u>	 <u>48,639</u>	 <u>62,842</u>
 FUND BALANCE - End of Year	 <u>\$ -</u>	 <u>\$ 57,315</u>	 <u>\$ 53,537</u>	 <u>\$ 48,639</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, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	REVISED <u>BUDGET</u>	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2020 <u>ACTUAL</u>
REVENUES				
Real Property Taxes	\$ 64,717	\$ 64,717	\$ -	\$ 57,000
Departmental Income	31,051	27,457	(3,594)	31,647
Use of Money and Property	<u>5</u>	<u>4</u>	<u>(1)</u>	<u>6</u>
TOTAL REVENUES	<u>95,773</u>	<u>92,178</u>	<u>(3,595)</u>	<u>88,653</u>
EXPENDITURES				
Home and Community Services	50,619	48,353	2,266	51,123
Debt Service:				
Principal	15,980	15,980	-	15,980
Interest	<u>14,174</u>	<u>14,174</u>	<u>-</u>	<u>14,694</u>
TOTAL EXPENDITURES	<u>80,773</u>	<u>78,507</u>	<u>2,266</u>	<u>81,797</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,000	13,671	(1,329)	6,856
OTHER FINANCING USES				
Operating Transfers Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(1,329)	(1,329)	6,856
FUND BALANCE - Beginning of Year	<u>-</u>	<u>(6,203)</u>	<u>(6,203)</u>	<u>(13,059)</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ (7,532)</u>	<u>\$ (7,532)</u>	<u>\$ (6,203)</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 - SUNSET RIDGE WATER  
YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	REVISED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	2020 <u>ACTUAL</u>
REVENUES				
Real Property Taxes	\$ 72,499	\$ 72,499	\$ -	\$ 66,054
Departmental Income	34,100	35,950	1,850	34,717
Use of Money and Property	5	7	2	-
Federal Aid	<u>-</u>	<u>86</u>	<u>86</u>	<u>13</u>
TOTAL REVENUES	<u>106,604</u>	<u>108,542</u>	<u>1,938</u>	<u>100,784</u>
EXPENDITURES				
Home and Community Services	66,649	79,789	(13,140)	46,587
Debt Service:				
Principal	28,260	28,080	180	13,531
Interest	<u>18,695</u>	<u>18,695</u>	<u>-</u>	<u>16,661</u>
TOTAL EXPENDITURES	<u>113,604</u>	<u>126,564</u>	<u>(12,960)</u>	<u>76,779</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,000)	(18,022)	(11,022)	24,005
OTHER FINANCING SOURCES				
Operating Transfer In	<u>-</u>	<u>515</u>	<u>(515)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	(7,000)	(17,507)	(11,537)	24,005
FUND BALANCE - Beginning of Year	<u>7,000</u>	<u>49,557</u>	<u>42,557</u>	<u>25,552</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 32,050</u>	<u>\$ 31,535</u>	<u>\$ 49,557</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, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	REVISED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	2020 <u>ACTUAL</u>
REVENUES				
Real Property Taxes	\$ 18,000	\$ 18,000	\$ -	\$ -
Departmental Income	19,047	19,192	145	
Use of Money and Property	<u>10</u>	<u>1</u>	<u>(9)</u>	<u>-</u>
TOTAL REVENUES	<u>37,057</u>	<u>37,193</u>	<u>136</u>	<u>-</u>
EXPENDITURES				
Home and Community Services	<u>31,144</u>	<u>33,950</u>	<u>(2,806)</u>	<u>53</u>
TOTAL EXPENDITURES	<u>31,144</u>	<u>33,950</u>	<u>(2,806)</u>	<u>53</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,913	3,243	(2,670)	(53)
OTHER FINANCING SOURCES (USES)				
Other Budgetary Purposes	<u>(5,913)</u>	<u>-</u>	<u>(5,913)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	-	3,243	(5,913)	24,005
FUND BALANCE - Beginning of Year	<u>-</u>	<u>(53)</u>	<u>(53)</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 3,190</u>	<u>\$ (2,723)</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>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ <u>680</u>	\$ <u>1,552</u>
 TOTAL ASSETS	 <u>\$ 680</u>	 <u>\$ 1,552</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ -	\$ -
Due To Other Funds	<u>24,131</u>	<u>24,131</u>
 TOTAL LIABILITIES	 <u>24,131</u>	 <u>24,131</u>
 FUND BALANCE		
Unassigned	<u>(23,451)</u>	<u>(22,579)</u>
 TOTAL FUND BALANCE	 <u>(23,451)</u>	 <u>(22,579)</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 680</u>	 <u>\$ 1,552</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO  
SPECIAL DISTRICTS - CANDLEWOOD PARK DISTRICT  
YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
REVENUES				
Real Property Taxes	\$ 10,000	\$ 10,000	\$ -	\$ 6,400
Use of Money and Property	<u>4</u>	<u>5</u>	<u>1</u>	<u>2</u>
TOTAL REVENUES	<u>10,004</u>	<u>10,005</u>	<u>1</u>	<u>6,402</u>
EXPENDITURES				
Culture And Recreation	5,995	10,125	(4,130)	13,413
Debt Service:				
Principal	400	400	-	400
Interest	<u>352</u>	<u>352</u>	<u>-</u>	<u>365</u>
TOTAL EXPENDITURES	<u>6,747</u>	<u>10,877</u>	<u>(4,130)</u>	<u>14,178</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,257	(872)	(4,129)	(7,776)
OTHER FINANCING USES				
Other Budgetary Purposes	<u>(3,257)</u>	<u>-</u>	<u>3,257</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(872)	872	(7,776)
FUND BALANCE - Beginning of Year	<u>-</u>	<u>(22,579)</u>	<u>(22,579)</u>	<u>(14,803)</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ (23,451)</u>	<u>\$ (23,451)</u>	<u>\$ (22,579)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK  
 CAPITAL PROJECTS FUND  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2021  
 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	<u>HIGHWAY</u>	<u>HIGHWAY</u>	<u>CROTON FALLS</u>	<u>HIGHWAY SALT</u>	<u>JB PARK</u>	<u>COURT BUILDING</u>
	<u>REPAIRS</u>	<u>EQUIPMENT</u>	<u>PIPELINE</u>	<u>SHED ROOF</u>	<u>IMPROVEMENTS</u>	<u>JUNE ROAD</u>
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - Restricted	2,481	20,264	-	-	-	-
Due From Other Funds	42,328	-	-	-	-	37,353
Due From State and Federal	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 44,809</u>	<u>\$ 20,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,353</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BAN Payable	-	-	-	-	-	-
Due To Other Funds	<u>48,748</u>	<u>5,935</u>	<u>166,137</u>	<u>63,830</u>	<u>16,032</u>	<u>11,177</u>
<b>TOTAL LIABILITIES</b>	<u>48,748</u>	<u>5,935</u>	<u>166,137</u>	<u>63,830</u>	<u>16,032</u>	<u>11,177</u>
<b>FUND BALANCES</b>						
Restricted	-	14,329	-	-	-	26,176
Unassigned	<u>(3,939)</u>	<u>-</u>	<u>(166,137)</u>	<u>(63,830)</u>	<u>(16,032)</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>(3,939)</u>	<u>14,329</u>	<u>(166,137)</u>	<u>(63,830)</u>	<u>(16,032)</u>	<u>26,176</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<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, 2021  
 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	<u>SUNSET RIDGE</u> WATER <u>RADIOLOGICAL</u>	<u>VALERIA</u> CIRCLE BRIDGE	<u>CROTON FALLS</u> RECREATION <u>BUILDING</u>	<u>LAND</u> PURCHASE <u>FRONT STREET</u>	<u>PURDY'S TRAIN</u> <u>STATION</u>	<u>CROTON FALLS</u> HAMLET <u>IMPROVEMENT</u>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - Restricted	29,434	8,327	29,725	-	27,984	-
Due From Other Funds	-	-	-	121,312	-	-
Due From State and Federal	<u>119,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 149,393</u>	 <u>\$ 8,327</u>	 <u>\$ 29,725</u>	 <u>\$ 121,312</u>	 <u>\$ 27,984</u>	 <u>\$ -</u>
 LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 832	\$ -	\$ -	\$ -	\$ -	\$ -
BAN Payable	-	-	850,000	-	-	-
Due To Other Funds	<u>5,944</u>	<u>2,891</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>137,717</u>
 TOTAL LIABILITIES	 <u>6,776</u>	 <u>2,891</u>	 <u>850,062</u>	 <u>-</u>	 <u>-</u>	 <u>137,717</u>
 FUND BALANCES						
Restricted	142,617	5,436	-	121,312	27,984	-
Unassigned	<u>-</u>	<u>-</u>	<u>(820,337)</u>	<u>-</u>	<u>-</u>	<u>(137,717)</u>
 TOTAL FUND BALANCES	 <u>142,617</u>	 <u>5,436</u>	 <u>(820,337)</u>	 <u>121,312</u>	 <u>27,984</u>	 <u>(137,717)</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 149,393</u>	 <u>\$ 8,327</u>	 <u>\$ 29,725</u>	 <u>\$ 121,312</u>	 <u>\$ 27,984</u>	 <u>\$ -</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK  
 CAPITAL PROJECTS FUND  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2021  
 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	CROTON FALLS <u>DRAINAGE</u>	SALEM ACRES WATER <u>DISTRICT</u>	POLICE <u>GARAGE</u>	POLICE <u>VEHICLE</u>	<u>2021 TOTALS</u>	<u>2020 TOTALS</u>
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ 165	\$ -	\$ 165	\$ -
Cash - Restricted	-	-	-	-	118,215	543,552
Due From Other Funds	-	16,792	-	-	217,785	374,953
Due From State and Federal	-	-	-	-	119,959	143,386
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,959</u>	<u>143,386</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 16,792</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 456,124</u>	<u>\$ 1,061,891</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 832	\$ 193,078
BAN Payable	-	35,000	-	-	885,000	-
Due To Other Funds	206	-	-	-	458,679	630,785
	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,679</u>	<u>630,785</u>
<b>TOTAL LIABILITIES</b>	<u>206</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>1,344,511</u>	<u>823,863</u>
<b>FUND BALANCES</b>						
Restricted	-	-	165	-	338,019	798,278
Unassigned	(206)	(18,208)	-	-	(1,226,406)	(560,250)
	<u>(206)</u>	<u>(18,208)</u>	<u>-</u>	<u>-</u>	<u>(888,387)</u>	<u>(560,250)</u>
<b>TOTAL FUND BALANCES</b>	<u>(206)</u>	<u>(18,208)</u>	<u>165</u>	<u>-</u>	<u>(888,387)</u>	<u>238,028</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 16,792</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 456,124</u>	<u>\$ 1,061,891</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, 2021  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>HIGHWAY REPAIRS</u>	<u>HIGHWAY EQUIPMENT</u>	<u>CROTON FALLS PIPELINE</u>	<u>HIGHWAY SALT SHED ROOF</u>	<u>JB PARK IMPROVEMENTS</u>	<u>COURT BUILDING JUNE ROAD</u>
REVENUES						
Use of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Local Sources	-	-	-	-	-	-
State Aid	-	-	-	-	-	-
Federal Aid	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,830</u>	<u>59,124</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,830</u>	<u>59,124</u>	<u>-</u>
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES)	-	-	-	(63,830)	(59,124)	-
OTHER FINANCIAL SOURCES (USES)						
Operating Transfers In	-	-	15,000	-	297,031	-
BANs Redeemed From Appropriations	-	-	-	-	-	-
Premium on Obligations	-	-	-	-	-	-
Proceeds of Long Term Debt	-	-	-	-	-	-
Proceeds of Installment Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	15,000	(63,830)	237,907	-
FUND BALANCE - Beginning of Year	<u>(3,939)</u>	<u>14,329</u>	<u>(181,137)</u>	<u>-</u>	<u>(253,939)</u>	<u>26,176</u>
FUND BALANCE - End of Year	<u><u>\$ (3,939)</u></u>	<u><u>\$ 14,329</u></u>	<u><u>\$ (166,137)</u></u>	<u><u>\$ (63,830)</u></u>	<u><u>\$ (16,032)</u></u>	<u><u>\$ 26,176</u></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, 2021  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	SUNSET RIDGE WATER <u>RADIOLOGICAL</u>	VALERIA CIRCLE BRIDGE	CROTON FALLS RECREATION BUILDING	LAND PURCHASE FRONT STREET	PURDY'S TRAIN STATION	CROTON FALLS HAMLET IMPROVEMENT
REVENUES						
Use of Money and Property	\$ 76	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Local Sources	-	-	-	-	-	-
State Aid	119,959	-	-	-	-	-
Federal Aid	-	-	-	-	178,282	-
TOTAL REVENUES	<u>120,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,282</u>	<u>-</u>
EXPENDITURES						
Capital Outlay	<u>396,747</u>	<u>-</u>	<u>820,337</u>	<u>-</u>	<u>270,648</u>	<u>34,722</u>
TOTAL EXPENDITURES	<u>396,747</u>	<u>-</u>	<u>820,337</u>	<u>-</u>	<u>270,648</u>	<u>34,722</u>
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES	(276,712)	-	(820,337)	-	(92,366)	(34,722)
OTHER FINANCIAL SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
BANs Redeemed From Appropriations	-	-	-	-	-	-
Premium on Obligations	-	-	-	-	-	-
Proceeds of Long Term Debt	-	-	-	-	-	-
Proceeds of Installment Debt	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(276,712)	-	(820,337)	-	(92,366)	(34,722)
FUND BALANCE - Beginning of Year	<u>419,329</u>	<u>5,436</u>	<u>-</u>	<u>121,312</u>	<u>120,350</u>	<u>(102,995)</u>
FUND BALANCE - End of Year	<u>\$ 142,617</u>	<u>\$ 5,436</u>	<u>\$ (820,337)</u>	<u>\$ 121,312</u>	<u>\$ 27,984</u>	<u>\$ (137,717)</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, 2021  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	CROTON FALLS DRAINAGE	SALEM ACRES WATER DISTRICT	POLICE GARAGE	POLICE VEHICLE	2021 TOTALS	2020 TOTALS
REVENUES						
Use of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ 76	\$ 2,848
Miscellaneous Local Sources	-	-	-	-	-	633
State Aid	-	-	100,000	-	219,959	-
Federal Aid	-	-	-	-	178,282	143,386
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	-	100,000	-	398,317	146,867
EXPENDITURES						
Capital Outlay	-	174	286,181	31,483	1,963,246	1,060,011
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-	174	286,181	31,483	1,963,246	1,060,011
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES)	-	(174)	(186,181)	(31,483)	(1,564,929)	(913,144)
OTHER FINANCIAL SOURCES (USES)						
Operating Transfers In	-	-	95,000	-	407,031	229,773
BANs Redeemed From Appropriations	-	-	-	-	-	91,196
Premium on Obligations	-	-	-	-	-	327,021
Proceeds of Long Term Debt	-	-	-	-	-	2,745,000
Proceeds of Installment Debt	-	-	-	31,483	31,483	72,665
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	-	(174)	(91,181)	-	(1,126,415)	2,552,511
FUND BALANCE - Beginning of Year	(206)	(18,034)	91,346	-	238,028	(2,314,483)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - End of Year	<u>\$ (206)</u>	<u>\$ (18,208)</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ (888,387)</u>	<u>\$ 238,028</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, 2021, and the related notes to the financial statements, which collectively comprise the Town of North Salem, New York's basic financial statements, and have issued our report thereon dated May 5, 2022.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. However, material weaknesses or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether the 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  
May 5, 2022