

TOWN OF NORTH SALEM, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2019

TOWN OF NORTH SALEM
TABLE OF CONTENTS
DECEMBER 31, 2019

	<u>PAGE</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Town-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds	
Balance Sheet with the Statement of Net Position	15
Statement of Revenues, Expenditures and	
Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues,	
Expenditures and Changes in Fund Balances	
Of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Position – Fiduciary Funds	19
Notes To The Financial Statements	20
Required Supplementary Information:	
Schedule Of Revenues, Expenditures, And Changes In	
Fund Balance Compared To Budget – General Fund	46
Schedule Of Revenues, Expenditures And Changes In Fund	
Balance Compared To Budget – Highway Fund	47
Schedule of Changes In The Total OPEB Liability	48
Notes To Required Supplementary Information	49
Schedule of Proportionate Share of the Net Pension Asset/Liability	50
Schedule of Employer's Pension Contributions	51
Supplemental Schedules:	
Combining Balance Sheet – Non Major Governmental Funds	52
Combining Statement of Revenues, Expenditures And	
Changes In Fund Balance – Non-Major Governmental Funds	53
General Fund:	
Comparative Balance Sheet	54

TOWN OF NORTH SALEM
TABLE OF CONTENTS
DECEMBER 31, 2019

	<u>PAGE</u>
Highway Fund:	
Comparative Balance Sheet	55
Lighting Districts:	
Combining Balance Sheet	56
Statements Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual	57
Sewer District:	
Comparative Balance Sheet	59
Statement Of Revenues, Expenditures And Changes In Fund Balance – Budget And Actual	60
Water Districts:	
Combining Balance Sheet	61
Statements Of Revenues, Expenditures And Changes In Fund Balance - Budget and Actual	62
Park District:	
Comparative Balance Sheet	65
Statement Of Revenues, Expenditures And Changes In Fund Balance – Budget And Actual	66
Capital Projects Fund:	
Combining Balance Sheet	67
Combining Statement Of Revenues, Expenditures And Changes In Fund Balance	69
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 <i>Government Auditing Standards</i>	71

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Salem, New York, as of and for the year ended December 31, 2019, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Salem, New York, as of December 31, 2019, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 9 and 46 through 51, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The prior year summarized comparative information has been derived from the Town's December 31, 2018 financial statements and, in our report dated May 17, 2019, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020 on our consideration of the Town of North Salem, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Salem, New York's internal control over financial reporting and compliance.


Mongaup Valley, New York
June 16, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Town of North Salem

Year Ended December 31, 2019

Town of North Salem

The following is a discussion and analysis of the Town's financial performance for the fiscal year ended December 31, 2019. This section is a summary of the Town's financial activity based on currently known facts, decisions or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for 2019 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	\$ 6,766,856	67%	64%
Sales Tax Revenues	933,886	9%	8%
State and Federal Aid	367,249	4%	8%

The Town's main expenditures were as follows:

	<u>Amount</u>	<u>%</u>	<u>Prior Year %</u>
Transportation	\$ 3,680,369	31%	28%
General Government Support	2,315,875	20%	19%
Culture and Recreation	1,398,436	12%	13%
Public Safety	1,386,378	12%	10%
Home and Community Services	2,223,581	19%	22%

Total Net Position was \$13,686,714 at December 31, 2019, down \$1,585,348 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	\$ 3,955,456	60%	60%
Sales Tax Revenues	933,886	14%	12%
Departmental Income	616,464	9%	10%
General Government Support	1,449,765	23%	25%
Culture and Recreation	986,909	16%	15%
Home and Community Services	1,035,132	17%	14%
Public Safety	727,689	12%	11%
Employee Benefits	966,464	16%	16%

- The General Fund's fund balance increased from \$2,613,050 at December 31, 2018 to \$3,034,241 at December 31, 2019. The Town had \$190,270 in non-spendable form and \$0 appropriated towards the subsequent year's budget, leaving \$2,843,971 unassigned as of December 31, 2019.
- The Highway Fund had property tax revenues of \$2,390,062, which accounted for 88% of its total revenues of \$2,703,736.
- The Capital Project expenditures were related to various projects and are detailed on pages 67 – 70 of this report.

Using this Comprehensive Annual Report

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

Reporting the Town as a Whole

The Statement of Net Position and Statement of Activities

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

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

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

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

Governmental Activities:

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

Business Type Activities:

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

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

Reporting the Town's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

Fiduciary Funds

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

	<u>2019</u>	<u>2018</u>
NET POSITION		
Current Assets	\$ 16,986,227	\$ 17,079,026
Capital Assets, net	<u>29,033,150</u>	<u>29,017,902</u>
Total Assets	<u>46,019,377</u>	<u>46,096,928</u>
Deferred Outflows of Resources		
Pensions	<u>742,814</u>	<u>1,046,498</u>
Current Liabilities	14,097,107	14,042,939
Long-Term Liabilities	<u>18,782,433</u>	<u>17,138,476</u>
Total Liabilities	<u>32,879,540</u>	<u>31,181,415</u>
Deferred Inflows of Resources		
Pensions	<u>195,937</u>	<u>689,949</u>
Net Investment in Capital Assets	21,600,485	21,547,814
Unrestricted	<u>(7,913,771)</u>	<u>(6,275,752)</u>
Total Net Position	<u>\$ 13,686,714</u>	<u>\$ 15,272,062</u>
REVENUES		
Real Property Taxes	\$ 6,766,856	\$ 6,663,737
Other Tax Items	94,090	147,132
Non-Property Tax	1,053,282	949,281
Charges For Services	1,545,988	1,522,909
Operating Grants And Contributions	259,356	294,169
Capital Grants And Contributions	56,972	467,706
Investment Earnings	143,168	92,374
Sale Of Property And Compensation For Loss	20,222	18,737
Miscellaneous Local Sources	32,854	68,193
State Aid	<u>171,621</u>	<u>215,602</u>
Total Revenues	<u>10,144,409</u>	<u>10,439,840</u>
EXPENDITURES		
General Government Support	2,315,875	1,592,533
Public Safety	1,386,378	794,773
Health	400,588	387,608
Transportation	3,680,369	2,369,371
Economic Assistance And Opportunity	64,621	45,002
Culture And Recreation	1,398,436	1,038,491
Home And Community Service	2,223,581	1,809,977
Debt Service	<u>259,909</u>	<u>281,726</u>
Total Expenditures	<u>11,729,757</u>	<u>8,319,481</u>
CHANGE IN NET POSITION	<u>\$ (1,585,348)</u>	<u>\$ 2,120,359</u>

Governmental Activities

The Town's Funds

Information about the Town's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$10,320,254 and expenditures of \$10,466,200, which resulted in a decrease in fund balance of \$145,946.

	2019 Fund Balance	2018 Fund Balance	<u>Increase/(Decrease)</u>
General Fund	\$ 3,034,241	\$ 2,613,050	\$ 421,191
Highway Fund	747,894	669,101	78,783
Capital Projects Fund	(2,314,483)	(1,757,259)	(557,224)
Non-Major Funds	<u>1,246,473</u>	<u>1,335,179</u>	<u>(88,706)</u>
Total Governmental	<u>\$ 2,714,125</u>	<u>\$ 2,860,071</u>	<u>\$ (145,946)</u>

BUDGET INFORMATION

The Town's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements and encumbrances. Budget to actual statements for all major governmental funds are required under Governmental Accounting Standards Board Statement No. 34 and are presented in the financial statements as "Required Supplementary Information" beginning on page 46. 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 52 of the financial statements.

Capital Assets

The Town had \$29,033,150 invested in capital assets, net of \$7,230,602 in accumulated depreciation, as of December 31, 2019. Depreciation for the year ended December 31, 2019 was \$825,989.

Debt

As of December 31, 2019, the Town had \$7,780,000 in outstanding bonds, \$2,191,196 in outstanding bond anticipation notes and \$8,798 in outstanding installment purchase debt. The Town paid \$283,552 in interest throughout the year.

Contacting the Town's Financial Management

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

TOWN OF NORTH SALEM
STATEMENT OF NET POSITION
DECEMBER 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash	\$ 8,014,785	\$ 7,805,384
Property Taxes Receivable	8,204,402	7,913,655
Water Rents Receivable	173	1,120
Accounts Receivable	188,480	176,970
State and Federal Aid Receivable	87,931	246,439
Due From Other Governments	394,221	815,943
Due From Fiduciary Funds	96,235	84,615
Land Deposit	<u>-</u>	<u>34,900</u>
Total Current Assets	<u>16,986,227</u>	<u>17,079,026</u>
Non-Current Assets		
Capital Assets, Net	<u>29,033,150</u>	<u>29,017,902</u>
Total Non-Current Assets	<u>29,033,150</u>	<u>29,017,902</u>
TOTAL ASSETS	<u>46,019,377</u>	<u>46,096,928</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	<u>742,814</u>	<u>1,046,498</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>742,814</u>	<u>1,046,498</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
STATEMENT OF NET POSITION
DECEMBER 31,

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Accounts Payable	\$ 406,115	\$ 211,156
Accrued Liabilities	32,561	56,204
BAN's Payable	2,191,196	2,428,586
Due To Fiduciary Fund	10,800	10,800
Due To Other Governments	11,084,254	10,907,506
Due To ERS	273,857	276,857
Unearned Revenues	-	54,613
Funds In Escrow	<u>98,324</u>	<u>97,217</u>
Total Current Liabilities	<u>14,097,107</u>	<u>14,042,939</u>
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	415,000	400,000
Installment Purchase Debt	8,798	17,653
Total OPEB Liability	320,000	300,000
Due Beyond One Year:		
Serial Bonds	7,365,000	7,780,000
Installment Purchase Debt	-	8,798
Total OPEB Liability	10,062,080	8,237,426
Compensated Absences	157,939	187,388
Net Pension Liability	<u>453,616</u>	<u>207,211</u>
Total Non-Current Liabilities	<u>18,782,433</u>	<u>17,138,476</u>
TOTAL LIABILITIES	<u>32,879,540</u>	<u>31,181,415</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>195,937</u>	<u>689,949</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>195,937</u>	<u>689,949</u>
NET POSITION		
Net Investment In Capital Assets	21,600,485	21,547,814
Unrestricted	<u>(7,913,771)</u>	<u>(6,275,752)</u>
TOTAL NET POSITION	<u>\$ 13,686,714</u>	<u>\$ 15,272,062</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PROGRAM REVENUES

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

	GENERAL	HIGHWAY	CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	2018 TOTAL
ASSETS						
Cash	\$ 5,192,573	\$ 847,430	\$ 874,251	\$ 1,100,531	\$ 8,014,785	\$ 7,805,384
Property Tax Receivable	8,204,402	-	-	-	8,204,402	7,913,655
Water Rents Receivable	-	-	-	173	173	1,120
Accounts Receivable	172,202	16,278	-	-	188,480	176,970
Due From Other Funds	877,320	37,044	360,415	173,929	1,448,708	1,080,222
State And Federal Aid Receivable	-	23,131	64,800	-	87,931	246,439
Due From Other Governments	325,001	20,220	-	49,000	394,221	815,943
Land Deposit	-	-	-	-	-	34,900
TOTAL ASSETS	\$ 14,771,498	\$ 944,103	\$ 1,299,466	\$ 1,323,633	\$ 18,338,700	\$ 18,074,633
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 153,199	\$ 116,276	\$ 84,911	\$ 51,729	\$ 406,115	\$ 211,156
BAN's Payable	-	-	2,191,196	-	2,191,196	2,428,586
Due To Other Governments	11,084,254	-	-	-	11,084,254	10,907,506
Due to ERS	193,924	79,933	-	-	273,857	276,857
Due To Other Funds	-	-	1,337,842	25,431	1,363,273	1,006,407
Unearned Revenues	-	-	-	-	-	54,613
Funds In Escrow	98,324	-	-	-	98,324	97,217
TOTAL LIABILITIES	11,529,701	196,209	3,613,949	77,160	15,417,019	14,982,342

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

(Continued)

	GENERAL	HIGHWAY	CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	2018 TOTAL
DEFERRED INFLOWS OF RESOURCES						
Deferred Tax Revenues	\$ 207,556	\$ -	\$ -	\$ -	\$ 207,556	\$ 232,220
TOTAL DEFERRED INFLOWS OF RESOURCES	207,556	-	-	-	207,556	232,220
FUND BALANCES						
Non-Spendable:						
Deposit	-	-	-	-	-	34,900
Non-Current Receivables	190,270	-	-	39,045	229,315	229,135
Assigned:						
Appropriated	-	100,000	-	-	100,000	208,777
Unappropriated	-	647,894	-	1,235,290	1,883,184	1,878,344
Unassigned	2,843,971	-	(2,314,483)	(27,862)	501,626	508,915
TOTAL FUND BALANCES	3,034,241	747,894	(2,314,483)	1,246,473	2,714,125	2,860,071
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,771,498	\$ 944,103	\$ 1,299,466	\$ 1,323,633	\$ 18,338,730	\$ 18,074,633

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF NET POSITION
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

	<u>2019</u>	<u>2018</u>
Total Fund Balance -- Governmental Funds	\$ 2,714,125	\$ 2,860,071
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.		
	207,556	232,220
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, 2019 are \$36,263,752 and \$7,230,602, respectively.		
	29,033,150	29,017,902
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Serial Bonds	(7,780,000)	
Installment Purchase Debt	(8,798)	
Compensated Absences	<u>(157,939)</u>	(8,393,839)
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	742,814	
Deferred Inflows Of Resources	(195,937)	
Net Pension Liability	<u>(453,616)</u>	93,261
	93,261	149,338
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	(10,382,080)	(8,537,426)
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.		
	<u>(32,561)</u>	<u>(56,204)</u>
Net Position of Governmental Activities	<u>\$ 13,686,714</u>	<u>\$ 15,272,062</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	GENERAL	HIGHWAY	CAPITAL PROJECTS	NON- MAJOR FUNDS	TOTAL	2018 TOTAL
REVENUES						
Real Property Taxes	\$ 3,955,456	\$ 2,390,062	\$ -	\$ 446,002	\$ 6,791,520	\$ 7,072,651
Other Tax Items	94,090	-	-	-	94,090	147,132
Non-Property Taxes	1,053,282	-	-	-	1,053,282	949,281
Departmental Income	616,464	-	-	204,235	820,699	729,092
Intergovernmental Charges	-	126,353	-	-	126,353	155,825
Use Of Money And Property	101,755	19,127	11,132	13,354	145,368	92,374
License And Permits	370,519	-	-	-	370,519	369,974
Fines And Forfeitures	226,217	-	-	-	226,217	268,018
Sale Of Property And Compensation For Loss	3,170	17,052	-	-	20,222	23,654
Miscellaneous Local Sources	26,968	12,486	4,200	109,900	153,554	207,749
State Aid	171,621	138,656	-	-	310,277	830,093
Federal Aid	-	-	56,972	-	56,972	7,828
TOTAL REVENUES	6,619,542	2,703,736	72,304	773,491	10,169,073	10,853,671
OTHER FINANCING SOURCES						
Operating Transfers In	-	-	-	-	-	183,563
Proceeds of Long Term Debt	-	-	-	-	-	26,433
BAN's Redeemed From Appropriations	-	-	151,181	-	151,181	204,009
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,619,542	2,703,736	223,485	773,491	10,320,254	11,267,676
EXPENDITURES						
General Government Support	1,449,765	2,593	-	-	1,452,358	1,602,226
Public Safety	727,689	-	-	-	727,689	701,474
Health	400,588	-	-	-	400,588	387,608
Transportation	322,673	1,779,392	-	13,677	2,115,742	2,222,503
Economic Assistance And Opportunity	54,569	-	-	-	54,569	43,876
Culture And Recreation	986,909	-	-	6,835	993,744	955,396
Home And Community Services	1,035,132	-	-	512,408	1,547,540	1,275,483
Employees Benefits	966,464	574,411	-	-	1,540,875	1,578,199
Debt Service:						
Principal	167,241	202,591	-	199,002	568,834	621,556
Interest	87,321	65,956	-	130,275	283,552	280,532
Capital Outlay	-	-	780,709	-	780,709	197,505
TOTAL EXPENDITURES	6,198,351	2,624,943	780,709	862,197	10,466,200	9,866,358
OTHER FINANCING USES						
Operating Transfers Out	-	-	-	-	-	183,563
TOTAL EXPENDITURES AND OTHER FINANCING USES	6,198,351	2,624,943	780,709	862,197	10,466,200	10,049,921
NET CHANGE IN FUND BALANCE	421,191	78,783	(557,224)	(88,706)	(145,946)	1,217,755
FUND BALANCES – Beginning Of Year	2,613,050	669,101	(1,757,259)	1,335,179	2,860,071	1,642,316
FUND BALANCES – End Of Year	\$ 3,034,241	\$ 747,894	\$ (2,314,483)	\$ 1,246,473	\$ 2,714,125	\$ 2,860,071

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	<u>2019</u>	<u>2018</u>
Total Net Change in Fund Balances – Governmental Funds	\$ (145,946)	\$ 1,217,755

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

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

Depreciation Expenses	(825,989)			
Capital Outlay	<u>841,237</u>	15,248	(238,872)	

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

Serial Bonds	400,000			
Installment Purchase Debt	<u>17,653</u>	417,653	417,547	

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

Compensated Absences		29,449	(36,917)
----------------------	--	--------	----------

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.

	(24,664)	(408,914)
--	----------	-----------

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

Continued

	<u>2019</u>	<u>2018</u>
In the governmental funds, proceeds of long term debt are reported as revenues. In the statement of activities, the proceeds simply increase the liability.		
Installment Purchase Debt	\$ -	\$ (26,433)
Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.	-	(4,917)
(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Police and Fire Retirement System	(4,432)	
Employees' Retirement System	<u>(51,645)</u>	(56,077)
		23,592
(Increase) decreases in the OPEB liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Total OPEB Liability	(1,844,654)	1,178,712
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
Current Year Accrued Interest	(32,561)	
Prior Year Accrued Interest	<u>56,204</u>	<u>23,643</u>
		<u>(1,194)</u>
Change in Net Position of Governmental Actives	<u>\$ (1,585,348)</u>	<u>\$ 2,120,359</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	AGENCY FUND	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash And Cash Equivalents	\$ 252,788	\$ 231,904
Due From Governmental Funds	<u>10,800</u>	<u>10,800</u>
TOTAL ASSETS	<u>\$ 263,588</u>	<u>\$ 242,704</u>
LIABILITIES		
Due To Governmental Funds	\$ 96,235	\$ 84,616
Agency Liabilities	<u>167,353</u>	<u>158,088</u>
TOTAL LIABILITIES	<u>\$ 263,588</u>	<u>\$ 242,704</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

1. Town-wide statements:

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

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

2. Fund financial statements:

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

The Town reports the following major Governmental Funds:

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following non-major Governmental Funds:

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

Additionally, the Town reports the following fund type:

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

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

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

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

D. Property Taxes

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

E. Budgetary Procedures And Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Encumbrances

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

3. Budget Basis of Accounting

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

F. Cash and Cash Equivalents

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

G. Accounts Receivable

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. **Capital Assets**

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

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

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

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

I. **Unearned Revenue**

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

J. **Vested Employee Benefits**

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

K. **Interfund Activity**

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

L. **Insurance**

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

M. **Use of Estimates**

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

N. **Equity Classifications**

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

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Order of Use of Net Position:

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

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Town has \$190,270 and \$39,045 in non-spendable fund balances related to non-current receivables in the General Fund and Sewer Fund, respectively, as of December 31, 2019.

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 no restricted fund balances as of December 31, 2019.

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, 2019.

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Order of Use of Fund Balance:

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

O. **New Accounting Standards**

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2019, the Town implemented the following new standards:

GASB 83 – *Certain Asset Retirement Obligations*

GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

GASB 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*

GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*

P. **Future Accounting Standards**

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

GASB 84 – *Fiduciary Activities*, effective for the year ending December 31, 2020.

GASB 87 – *Leases*, effective for the year ending December 31, 2021.

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

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

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide statement of net position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Town contributions to the pension systems subsequent to the measurement date. The Town recognized \$742,814 in deferred outflows of resources related to pensions as of December 31, 2019.

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 \$207,556 in deferred inflows of resources in the governmental fund financial statements for deferred tax revenues in the General Fund as of December 31, 2019. 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 \$195,937 in deferred inflows of resources related to pensions as of December 31, 2019.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$546,877 to unrestricted net position as of December 31, 2019.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Fund Balance

The Capital Projects Fund had a deficit unassigned fund balance of \$2,314,483 at December 31, 2019. The deficits were caused by a combination of capital outlay expenditures in excess of available funding and the accounting treatment of bond anticipation notes. The deficits will be eliminated as the required principal payments are made, the notes are converted to permanent financing or funding is received from the respective funds.

The Candlewood Park District had a deficit fund balance of \$14,803 at December 31, 2019. The deficit was caused by expenditures in excess of budgeted amounts and was financed with a loan from the General Fund. The deficit will be eliminated in the future through budgetary means.

The Croton Falls Water District had a deficit fund balance of \$13,059 at December 31, 2019. The deficit was caused by expenditures related to a major water leak and was financed with a loan from the General Fund in 2020. The deficit will be eliminated in the future through budgetary means.

B. Overdrawn Appropriations

Expenditures for the year ended December 31, 2019 materially exceeded appropriations in the funds and/or functions identified below:

<u>FUND/FUNCTION</u>	<u>APPROPRIATIONS AS MODIFIED</u>	<u>EXPENDITURES AND ENCUMBRANCES</u>	<u>UNFAVORABLE VARIANCE</u>
General/Economic Assistance And Opportunity	\$ 42,716	\$ 54,569	\$ (11,853)
General/Culture And Recreation	966,127	986,909	(20,782)
Sewer/Home And Community Services	271,274	341,917	(70,643)
Croton Falls Water/Home And Community Services	44,525	77,127	(32,602)

In the General Fund, overspent appropriations in the Economic Assistance and Opportunity line were mainly due to nutrition program expenses in excess of budgeted amounts, and were funded with available fund balance. Overspent appropriations in the Culture and Recreation line were due to unbudgeted expenses related to a drainage system at Volunteer Park, and were funded with available fund balance.

Overspent appropriations in the Sewer Fund were due to unbudgeted expenses related to a sewer main repair, and were funded with available fund balance.

Overspent appropriations in the Croton Falls Water District were due to unbudgeted expenses related to a major water leak, and were funded with a loan from the General Fund.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

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

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

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

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

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

1. Long-term revenue differences:

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

2. Capital related differences:

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

3. Long-term debt transaction differences:

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

NOTE 4 – CASH AND INVESTMENTS

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

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

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

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

\$ 7,604,040

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2019 were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ RECLASSIFICATIONS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 3,122,684	\$ 380,591	\$ -	\$ 3,503,275
Construction In Progress	<u>455,617</u>	<u>415,565</u>	<u>460,835</u>	<u>410,347</u>
Total non-depreciable historical cost	<u>3,578,301</u>	<u>796,156</u>	<u>460,835</u>	<u>3,913,622</u>
Capital assets that are depreciated:				
Building and Improvements	28,907,485	442,751	-	29,350,236
Machinery and Equipment	<u>3,272,151</u>	<u>63,165</u>	<u>335,422</u>	<u>2,999,894</u>
Total depreciable historical cost	<u>32,179,636</u>	<u>505,916</u>	<u>335,422</u>	<u>32,350,130</u>
Less accumulated depreciation:				
Building and Improvements	4,698,326	606,677	-	5,305,003
Machinery and Equipment	<u>2,041,709</u>	<u>219,312</u>	<u>335,422</u>	<u>1,925,599</u>
Total Accumulated Depreciation	<u>6,740,035</u>	<u>825,989</u>	<u>335,422</u>	<u>7,230,602</u>
Total historical cost, net	<u>\$ 29,017,902</u>	<u>\$ 476,083</u>	<u>\$ 460,835</u>	<u>\$ 29,033,150</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 44,122		
Public Safety		37,058		
Transportation		187,991		
Culture & Recreation		36,081		
Home & Community Service		<u>520,737</u>		
		<u>\$ 825,989</u>		

NOTE 6 – INTERFUND TRANSACTIONS

Interfund balances at December 31, 2019 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND EXPENSE</u>	<u>INTERFUND REVENUE</u>
General Fund	\$ 877,320	\$ -	\$ -	\$ -
Highway Fund	37,044	-	-	-
Capital Fund	360,415	1,337,842	-	-
Water Districts	5,334	-	-	-
Sewer District	167,000	-	-	-
Park District	-	14,631	-	-
Light Districts	95	-	-	-
Miscellaneous Special Revenue	<u>1,500</u>	<u>10,800</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>1,448,708</u>	<u>1,363,273</u>	<u>-</u>	<u>-</u>
Agency Fund	<u>10,800</u>	<u>96,235</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>10,800</u>	<u>96,235</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 1,459,508</u>	<u>\$ 1,459,508</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 – INTERFUND TRANSACTIONS (Continued)

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

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

NOTE 7 – PROPERTY TAXES

At December 31, 2019, property taxes receivable of \$8,204,402 were offset by a deferred tax revenue of \$207,556. The deferred tax revenue consists of Town taxes of \$130,671, which is an estimate of the amount that will not be collected within the first sixty days of the subsequent year, and school taxes of \$76,885 which is an estimate of the amount that will not be collected as of June 30th of the subsequent year.

NOTE 8 - LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. Plan Description

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

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

2. Funding Policy

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 – LIABILITIES (Continued)

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

	<u>ERS</u>	<u>PFRS</u>
2019	\$ 343,617	\$ 22,153
2018	341,251	26,149
2017	335,596	27,878

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

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

Interest Paid	\$ 220,105
Less: Interest Accrued in the Prior Year	(39,556)
Plus: Interest Accrued in the Current Year	<u>22,910</u>
Total Expense	<u>\$ 203,459</u>

b. Changes

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

	<u>BALANCE</u> <u>01/01/19</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Serial Bonds – General Obligation	\$ 3,590,000	\$ -	\$ 245,000	\$ 3,345,000	\$ 255,000
Serial Bonds – Direct Placement	4,590,000	-	155,000	4,435,000	160,000
Installment Purchase Debt – Direct Borrowings	26,451	-	17,653	8,798	8,798
Compensated Absences	187,388	-	29,449	157,939	-
Total OPEB Liability	<u>8,537,426</u>	<u>2,159,773</u>	<u>315,119</u>	<u>10,382,080</u>	<u>320,000</u>
TOTAL	\$ 16,931,265	\$ 2,159,773	\$ 762,221	\$ 18,328,817	\$ 743,798

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 – LIABILITIES (Continued)

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>FINAL MATURITY</u>	<u>RATE</u>	<u>OUTSTANDING</u>
Public Improvements	2026	3.625%	\$ 1,520,000
Peach Lake Sewer	2042	0.263%-4.756%	4,435,000
Public Improvements	2039	3.25%-3.50%	<u>1,825,000</u>
Total Bonds			<u>7,780,000</u>
Police Vehicle	2020	7.00%	<u>8,798</u>
Total Installment Debt			<u>8,798</u>
TOTAL			<u>\$ 7,788,798</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>
2020	\$ 255,000	\$ 115,342	\$ 168,798	\$ 92,420
2021	265,000	105,555	160,000	89,842
2022	275,000	95,499	160,000	87,639
2023	285,000	85,071	165,000	85,221
2024	300,000	74,189	165,000	82,568
2025-2029	890,000	235,769	875,000	366,542
2030-2034	490,000	143,403	970,000	274,360
2035-2039	585,000	52,345	1,075,000	160,129
2040-2042	<u>-</u>	<u>-</u>	<u>705,000</u>	<u>33,768</u>
TOTAL	<u>\$ 3,345,000</u>	<u>\$ 907,173</u>	<u>\$ 4,443,798</u>	<u>\$ 1,272,489</u>

2. Short Term Debt

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

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, providing that stipulated annual reductions of principal are made. The Town has the following BAN's outstanding as of December 31, 2019.

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 – LIABILITIES (Continued)

<u>Purpose</u>	<u>Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Peach Lake Drainage	1.51%	\$ 436,209	\$ -	\$ 436,209	\$ -
Highway Roads	1.51%	291,666		29,166	262,500
Highway Vehicle	1.51%	173,835		17,385	156,450
Bridge Reconstruction	1.51%	149,333		8,912	140,421
Highway Roads	1.51%	662,500		74,583	587,917
Highway Garage	1.51%	225,002		8,335	216,667
Sunset Ridge Water	1.51%	490,041		12,800	477,241
Land	1.51%	-	350,000	-	350,000
		<u>\$ 2,428,586</u>	<u>\$ 350,000</u>	<u>\$ 587,390</u>	<u>\$ 2,191,196</u>

Tax anticipation notes (TAN's) are issued in anticipation of specific tax revenue receipts and are repaid as the revenue is received. The issuance of TAN's results from government's need to pay general expenditures before receiving tax revenues later in the fiscal year. The Town had TAN activity for the year ended December 31, 2019 as follows:

<u>Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
2.65%	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

Short – Term Debt Interest

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

Interest Paid	\$ 63,447
Less: Interest Accrued In Prior Year	(16,648)
Plus: Interest Accrued In Current Year	<u>9,651</u>
Total Expense	<u>\$ 56,450</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal And New York State Grants

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Litigation

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

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

C. Peach Lake Sewer District

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

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net Capital Assets	\$ 29,033,150
Less: Bonds Payable	(6,657,800)
BAN's Payable	(1,200,358)
Installment Debt Payable	(8,798)
Plus: Unspent Debt Proceeds	<u>434,291</u>
Net Investment in Capital Assets	<u>\$ 21,600,485</u>

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

General Information about the OPEB Plan

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

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

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

Total OPEB Liability

The Town's total OPEB liability of \$10,382,080 was measured as of December 31, 2019, using an actuarial valuation date of January 1, 2018. The liability was calculated using the Alternative Measurement Method for employers with fewer than one hundred employees.

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

Measurement Date	December 31, 2019
Discount Rate	2.75%
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, 2017.

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

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at January 1, 2019		\$ 8,537,426
Changes for the Year -		
Service Cost	279,916	
Interest	321,278	
Changes of Benefit Terms	-	
Differences between expected and actual experience and changes of assumptions	1,558,579	
Benefit Payments	<u>(315,119)</u>	
Net Changes		<u>1,844,654</u>
Balance at December 31, 2019		<u>\$ 10,382,080</u>

There were no changes of benefit terms for the fiscal year ended December 31, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75%) or 1 – percentage point higher (3.75%) than the current discount rate:

	1% Decrease <u>(1.75%)</u>	Current Assumption <u>(2.75%)</u>	1% Increase <u>(3.75%)</u>
Total OPEB Liability	<u>\$ 12,200,947</u>	<u>\$ 10,382,080</u>	<u>\$ 8,956,102</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:

	1% Decrease	Current Assumption	1% Increase
Total OPEB Liability	<u>\$ 8,846,921</u>	<u>\$ 10,382,080</u>	<u>\$ 12,308,154</u>

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

For the year ended December 31, 2019, the Town recognized OPEB expense of \$2,159,773. At December 31, 2019, 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, 2019, 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, 2019 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Town's proportion of the net pension asset/(liability) was based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Town.

	<u>ERS</u>	<u>PFRS</u>
Actuarial valuation date	April 1, 2018	April 1, 2018
Net pension asset/(liability)	\$ (422,308)	\$ (31,308)
Town's portion of the Plan's total net pension asset/(liability)	0.0059603%	0.0018669%

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

For the year ended December 31, 2019, the Town recognized pension expense of \$395,262 for ERS and \$26,586 for PFRS. At December 31, 2019, the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 83,161	\$ 7,606	\$ 28,349	\$ 3,343
Changes of assumptions	106,151	11,375	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	108,388	6,270
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	238,937	22,100	46,241	3,346
Town's contributions subsequent to the measurement date	<u>257,667</u>	<u>15,817</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 685,916</u>	<u>\$ 56,898</u>	<u>\$ 182,978</u>	<u>\$ 12,959</u>

Town contributions subsequent to the measurement date of \$257,667 for ERS and \$15,817 for PFRS will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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>
2020	\$ 171,700	\$ 12,336
2021	(30,584)	4,239
2022	22,715	3,624
2023	81,440	6,152
2024	-	1,771
Thereafter	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 245,271</u>	<u>\$ 28,122</u>

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019	March 31, 2019
Actuarial valuation date	April 1, 2018	April 1, 2018
Interest rate	7.0%	7.0%
Salary scale	4.2%	5.0%
Decrement tables	April 1, 2010-March 31, 2015 System's Experience	April 1, 2010-March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

For ERS and PFRS, annuitant mortality rates are based on April 1, 2010-March 31, 2015 Systems' experience with adjustments for mortality improvements based on MP-2014. The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS/PFRS</u>
Measurement date	March 31, 2019
Asset Type:	
Domestic Equity	4.55%
International Equity	6.35
Real Estate	5.55
Alternative Investments	3.75 – 5.68
Bonds And Mortgages	1.31
Short-term	1.00
Private Equities	7.50
Inflation Indexed Bonds	1.25

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Discount Rate

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

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (1,846,400)	\$ (422,308)	\$ 774,029
<u>PFRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (113,144)	\$ (31,308)	\$ 37,034

TOWN OF NORTH SALEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Pension Plan Fiduciary Net Position

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

	<u>ERS (in thousands)</u>	<u>PFRS (in thousands)</u>
Valuation date	April 1, 2018	April 1, 2018
Employers' total pension liability	\$ (189,803,429)	\$ (34,128,100)
Plan Net Position	<u>182,718,124</u>	<u>32,451,037</u>
Employer's net pension asset/(liability)	<u>\$ (7,085,305)</u>	<u>\$ (1,677,063)</u>
 Ration of plan net position to the Employer's total pension asset/(liability)	 96.27%	 95.09%

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the Systems' fiscal year which ends on March 31st. Accrued retirement contributions as of December 31 represent the projected employer contribution for the period of April 1 through December 31, based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2019 amounted to \$257,667 for ERS and \$15,817 for PFRS.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The Town has evaluated events and transactions that occurred between December 31, 2019 and June 16, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

TOWN OF NORTH SALEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR DECEMBER 31, 2018)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018 ACTUALS
REVENUES					
Real Property Taxes	\$ 3,936,403	\$ 3,936,403	\$ 3,955,456	\$ 19,053	\$ 4,137,901
Other Tax Items	80,000	80,000	94,090	14,090	147,132
Non-Property Tax Items	915,000	915,000	1,053,282	138,282	949,281
Departmental Income	576,800	576,800	616,464	39,664	658,490
Use Of Money And Property	56,000	56,000	101,755	45,755	63,190
Licenses And Permits	274,000	274,000	370,519	96,519	369,974
Fines And Forfeitures	241,000	241,000	226,217	(14,783)	268,018
Sale Of Property And Compensation For Loss	2,002	2,002	3,170	1,168	2,195
Miscellaneous Local Sources	11,889	1,201	26,968	25,767	48,421
State Aid	<u>171,306</u>	<u>181,994</u>	<u>171,621</u>	<u>(10,373)</u>	<u>231,604</u>
TOTAL REVENUES	6,264,400	6,264,400	6,619,542	355,142	6,876,206
OTHER FINANCING SOURCES					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER SOURCES	<u>6,264,400</u>	<u>6,264,400</u>	<u>6,619,542</u>	<u>355,142</u>	<u>6,876,206</u>
EXPENDITURES					
General Government Support	1,518,070	1,518,070	1,449,765	68,305	1,599,721
Public Safety	742,893	742,893	727,689	15,204	701,474
Health	398,320	398,320	400,588	(2,268)	387,608
Transportation	327,700	327,700	322,673	5,027	312,854
Economic Assistance And Opportunity	42,716	42,716	54,569	(11,853)	43,876
Culture And Recreation	966,127	966,127	986,909	(20,782)	939,111
Home And Community Services	1,104,937	1,104,937	1,035,132	69,805	898,985
Employee Benefits	1,010,858	1,010,858	966,464	44,394	1,019,217
Debt Service:					
Principal	172,527	172,527	167,241	5,286	170,762
Interest	<u>89,029</u>	<u>89,029</u>	<u>87,321</u>	<u>1,708</u>	<u>80,943</u>
TOTAL EXPENDITURES	6,373,177	6,373,177	6,198,351	174,826	6,154,551
OTHER FINANCING USES					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,563</u>
TOTAL EXPENDITURES AND OTHER USES	<u>6,373,177</u>	<u>6,373,177</u>	<u>6,198,351</u>	<u>174,826</u>	<u>6,333,114</u>
NET CHANGE IN FUND BALANCE	(108,777)	(108,777)	421,191	529,968	543,092
FUND BALANCE – Beginning Of Year	<u>108,777</u>	<u>108,777</u>	<u>2,613,050</u>	<u>2,504,273</u>	<u>2,069,958</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,034,241</u>	<u>\$ 3,034,241</u>	<u>\$ 2,613,050</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR DECEMBER 31, 2018)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018 ACTUALS
REVENUES					
Real Property Taxes	\$ 2,390,062	\$ 2,390,062	\$ 2,390,062	\$ -	\$ 2,359,838
Intergovernmental Charges	117,743	117,743	126,353	8,610	145,825
Use Of Money And Property	8,000	8,000	19,127	11,127	12,502
Sale Of Property And Compensation For Loss	17,984	17,984	17,052	(932)	21,459
Miscellaneous Local Sources	-	-	12,486	12,486	38,328
State Aid	<u>97,612</u>	<u>97,612</u>	<u>138,656</u>	<u>41,044</u>	<u>238,611</u>
TOTAL REVENUES	2,631,401	2,631,401	2,703,736	72,335	2,816,563
OTHER FINANCING SOURCES					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER SOURCES	<u>2,631,401</u>	<u>2,631,401</u>	<u>2,703,736</u>	<u>72,335</u>	<u>2,816,563</u>
EXPENDITURES					
General Government Support	-	-	2,593	(2,593)	2,505
Transportation	1,854,960	1,882,955	1,779,392	103,563	1,894,090
Employee Benefits	601,833	601,833	574,411	27,422	558,982
Debt Service:					
Principal	209,582	209,582	202,591	6,991	255,189
Interest	<u>65,026</u>	<u>65,026</u>	<u>65,956</u>	<u>(930)</u>	<u>64,099</u>
TOTAL EXPENDITURES	2,731,401	2,759,396	2,624,943	134,453	2,774,865
OTHER FINANCING USES					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER USES	<u>2,731,401</u>	<u>2,759,396</u>	<u>2,624,943</u>	<u>134,453</u>	<u>2,774,865</u>
NET CHANGE IN FUND BALANCE	(100,000)	(127,995)	78,793	206,788	41,698
FUND BALANCE – Beginning Of Year	<u>100,000</u>	<u>127,995</u>	<u>669,101</u>	<u>541,106</u>	<u>627,403</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,894</u>	<u>\$ 747,894</u>	<u>\$ 669,101</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, 2019

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 279,916	\$ 353,909
Interest	321,278	328,531
Changes of Benefit Terms	-	-
Differences between expected and actual experience and changes of assumptions	1,558,579	(1,571,858)
Benefit payments and expenses	<u>(315,119)</u>	<u>(289,294)</u>
Net Changes	1,844,654	(1,178,712)
Beginning Total OPEB Liability	<u>8,537,426</u>	<u>9,716,138</u>
Ending Total OPEB Liability	<u>\$ 10,382,080</u>	<u>\$ 8,537,426</u>
Covered Employee Payroll	<u>\$ 3,038,145</u>	<u>\$ 2,935,434</u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	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, 2019

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The discount rate was updated from 3.71% at December 31, 2018 to 2.75% at December 31, 2019. The change resulted in an increase in liabilities.

The mortality assumption was revised to the sex-distinct headcount weighted PubG-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, and then adjusted for mortality improvements with scale MP-2019 mortality improvement scale on a fully generational basis. The change resulted in an increase in liabilities.

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

The liability no longer includes projection of costs associated with the “Cadillac Tax”, which was repealed. The change resulted in a decrease in liabilities.

Trust Assets

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

TOWN OF NORTH SALEM, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED DECEMBER 31, 2019

ERS System – Liability

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

PFRS System – Liability

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

ERS System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 343,617	\$ 341,251	\$ 335,596	\$ 360,475	\$ 428,684	\$ 457,644	\$ 424,581	\$ 362,499	\$ 313,303	\$ 226,203
Contribution in relation to the contractually required contribution	<u>343,617</u>	<u>341,251</u>	<u>335,596</u>	<u>360,475</u>	<u>428,684</u>	<u>457,644</u>	<u>424,581</u>	<u>362,499</u>	<u>313,303</u>	<u>226,203</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	13.68%	14.05%	14.47%	16.31%	18.99%	20.20%	N/A	N/A	N/A	N/A

PERS System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 22,153	\$ 26,149	\$ 27,878	\$ 27,174	\$ 29,866	\$ 25,216	\$ 26,858	\$ 31,250	\$ 29,508	\$ 30,728
Contribution in relation to the contractually required contribution	<u>22,153</u>	<u>26,149</u>	<u>27,878</u>	<u>27,174</u>	<u>29,866</u>	<u>25,216</u>	<u>26,858</u>	<u>31,250</u>	<u>29,508</u>	<u>30,728</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	16.39%	15.79%	15.32%	16.20%	16.87%	15.49%	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	SEWER	LIGHTING	WATER	PARK	MISC. SPECIAL REVENUE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash	\$ 737,961	\$ 9,903	\$ 100,222	\$ -	\$ 252,445	\$ 1,100,531
Water Rents Receivable	-	-	173	-	-	173
Due From Other Funds	167,000	95	5,334	-	1,500	173,929
Due From Other Governments	49,000	-	-	-	-	49,000
TOTAL ASSETS	\$ 953,961	\$ 9,998	\$ 105,729	\$ -	\$ 253,945	\$ 1,323,633
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ 19,668	\$ 1,495	\$ 30,394	\$ 172	\$ -	\$ 51,729
Due To Other Funds	-	-	-	14,631	10,800	25,431
TOTAL LIABILITIES	19,668	1,495	30,394	14,803	10,800	77,160
FUND BALANCES						
Non-Spendable:						
Non-Current Receivables	39,045	-	-	-	-	39,045
Assigned:						
Unappropriated	895,248	8,503	88,394	-	243,145	1,235,290
Unassigned	-	-	(13,059)	(14,803)	-	(27,862)
TOTAL FUND BALANCES	934,293	8,503	75,335	(14,803)	243,145	1,246,473
TOTAL LIABILITIES AND FUND BALANCE	\$ 953,961	\$ 9,998	\$ 105,729	\$ -	\$ 253,945	\$ 1,323,633

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR-ENDED DECEMBER 31, 2019

	<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	\$ 265,348	\$ 17,300	\$ 157,151	\$ 6,203	\$ -	\$ 446,002
Departmental Income	135,522	-	66,213	-	2,500	204,235
Use Of Money And Property	12,908	5	39	6	396	13,354
Miscellaneous Local Sources	<u>109,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,900</u>
TOTAL REVENUES	<u>523,678</u>	<u>17,305</u>	<u>223,403</u>	<u>6,209</u>	<u>2,896</u>	<u>773,491</u>
EXPENDITURES						
Transportation	-	13,677	-	-	-	13,677
Culture And Recreation	-	-	-	6,835	-	6,835
Home And Community Service	341,917	-	170,491	-	-	512,408
Debt Service:						
Principal	155,000	-	43,632	370	-	199,002
Interest	<u>93,473</u>	<u>-</u>	<u>36,424</u>	<u>378</u>	<u>-</u>	<u>130,275</u>
TOTAL EXPENDITURES	<u>590,390</u>	<u>13,677</u>	<u>250,547</u>	<u>7,583</u>	<u>-</u>	<u>862,197</u>
NET CHANGE IN FUND BALANCE	(66,712)	3,628	(27,144)	(1,374)	2,896	(88,706)
FUND BALANCE - Beginning Of Year	<u>1,001,005</u>	<u>4,875</u>	<u>102,479</u>	<u>(13,429)</u>	<u>240,249</u>	<u>1,335,179</u>
FUND BALANCE - End Of Year	<u>\$ 934,293</u>	<u>\$ 8,503</u>	<u>\$ 75,335</u>	<u>\$ (14,803)</u>	<u>\$ 243,145</u>	<u>\$ 1,246,473</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 5,192,573	\$ 5,005,160
Property Tax Receivable	8,204,402	7,913,655
Accounts Receivable	172,202	176,970
Due From Other Funds	877,320	803,849
Due From Other Governments	<u>325,001</u>	<u>268,777</u>
TOTAL ASSETS	<u>\$ 14,771,498</u>	<u>\$ 14,168,411</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 153,199	\$ 121,419
Due To Other Funds	-	75
Due To Other Governments	11,084,254	10,907,506
Due to ERS	193,924	196,924
Funds In Escrow	<u>98,324</u>	<u>97,217</u>
TOTAL LIABILITIES	<u>11,529,701</u>	<u>11,323,141</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Tax Revenues	<u>207,556</u>	<u>232,220</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>207,556</u>	<u>232,220</u>
FUND BALANCE		
Non-Spendable:		
Non-Current Receivables	190,270	189,770
Assigned:		
Appropriated	-	108,777
Unassigned	<u>2,843,971</u>	<u>2,314,503</u>
TOTAL FUND BALANCE	<u>3,034,241</u>	<u>2,613,050</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 14,771,498</u>	<u>\$ 14,168,411</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 847,430	\$ 515,346
Accounts Receivable	16,278	-
Due From Other Funds	37,044	19,832
Due From State And Federal	23,131	238,611
Due From Other Governments	<u>20,220</u>	<u>48,166</u>
TOTAL ASSETS	<u>\$ 944,103</u>	<u>\$ 821,955</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 116,276	\$ 57,308
Due To ERS	79,933	79,933
Unearned Revenues	<u>-</u>	<u>15,613</u>
TOTAL LIABILITIES	<u>196,209</u>	<u>152,854</u>
FUND BALANCE		
Assigned:		
Appropriated	100,000	100,000
Unappropriated	<u>647,894</u>	<u>569,101</u>
TOTAL FUND BALANCE	<u>747,894</u>	<u>669,101</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 944,103</u>	<u>\$ 821,955</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS - LIGHTING DISTRICTS
COMBINING BALANCE SHEET
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

			<u>TOTALS</u>	
	<u>PURDY'S</u>	<u>CROTON FALLS</u>	<u>2019</u>	<u>2018</u>
ASSETS				
Cash	\$ 5,157	\$ 4,746	\$ 9,903	\$ 13,010
Due From Other Funds	<u>-</u>	<u>95</u>	<u>95</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,157</u>	<u>\$ 4,841</u>	<u>\$ 9,998</u>	<u>\$ 13,010</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 567	\$ 928	\$ 1,495	\$ 1,495
Due To Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,640</u>
TOTAL LIABILITIES	<u>567</u>	<u>928</u>	<u>1,495</u>	<u>8,135</u>
FUND BALANCE				
Assigned:				
Unappropriated	<u>4,590</u>	<u>3,913</u>	<u>8,503</u>	<u>4,875</u>
TOTAL FUND BALANCE	<u>4,590</u>	<u>3,913</u>	<u>8,503</u>	<u>4,875</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,157</u>	<u>\$ 4,841</u>	<u>\$ 9,998</u>	<u>\$ 13,010</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-PURDY'S LIGHTING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR 2018)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018 ACTUALS
REVENUES				
Real Property Taxes	\$ 5,800	\$ 5,800	\$ -	\$ 5,550
Use Of Money And Property	<u>-</u>	<u>2</u>	<u>2</u>	<u>1</u>
TOTAL REVENUES	<u>5,800</u>	<u>5,802</u>	<u>2</u>	<u>5,551</u>
EXPENDITURES				
Transportation	<u>5,800</u>	<u>5,138</u>	<u>662</u>	<u>5,750</u>
TOTAL EXPENDITURES	<u>5,800</u>	<u>5,138</u>	<u>662</u>	<u>5,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	664	664	(199)
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>3,926</u>	<u>3,926</u>	<u>4,125</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 4,590</u>	<u>\$ 4,590</u>	<u>\$ 3,926</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-CROTON FALLS LIGHTING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR 2018)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018 ACTUALS
REVENUES				
Real Property Taxes	\$ 11,500	\$ 11,500	\$ -	\$ 11,850
Use Of Money And Property	<u>-</u>	<u>3</u>	<u>3</u>	<u>3</u>
TOTAL REVENUES	<u>11,500</u>	<u>11,503</u>	<u>3</u>	<u>11,853</u>
EXPENDITURES				
Transportation	<u>10,500</u>	<u>8,539</u>	<u>1,961</u>	<u>9,809</u>
TOTAL EXPENDITURES	<u>10,500</u>	<u>8,539</u>	<u>1,961</u>	<u>9,809</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,000	2,964	1,964	2,044
OTHER FINANCING USES				
Other Budgetary Purposes	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	-	2,964	2,964	2,044
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>949</u>	<u>949</u>	<u>(1,095)</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 3,913</u>	<u>\$ 3,913</u>	<u>\$ 949</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 737,961	\$ 857,790
Due From Other Funds	167,000	167,000
Due From Other Governments	<u>49,000</u>	<u>49,000</u>
TOTAL ASSETS	<u>\$ 953,961</u>	<u>\$ 1,073,790</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 19,668	\$ 17,744
Due To Other Funds	-	16,041
Unearned Revenues	<u>-</u>	<u>39,000</u>
TOTAL LIABILITIES	<u>19,668</u>	<u>72,785</u>
FUND BALANCE		
Non-Spendable:		
Non Current Receivables	39,045	39,365
Assigned:		
Unappropriated	<u>895,248</u>	<u>961,640</u>
TOTAL FUND BALANCE	<u>934,293</u>	<u>1,001,005</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 953,961</u>	<u>\$ 1,073,790</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
SPECIAL DISTRICTS- PEACH LAKE SEWER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR DECEMBER 31, 2018)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018
REVENUES				
Real Property Taxes	\$ 265,348	\$ 265,348	\$ -	\$ 400,821
Departmental Income	135,522	135,522	-	-
Intergovernmental Charges	-	-	-	10,000
Use Of Money And Property	-	12,908	12,908	9,630
Miscellaneous Local Sources	<u>132,000</u>	<u>109,900</u>	<u>(22,100)</u>	<u>120,500</u>
TOTAL REVENUES	<u>532,870</u>	<u>523,678</u>	<u>(9,192)</u>	<u>540,951</u>
EXPENDITURES				
General Government Support	1,650	-	1,650	-
Home and Community Services	271,274	341,917	(70,643)	246,670
Debt Service:				
Principal	155,000	155,000	-	155,000
Interest	<u>104,946</u>	<u>93,473</u>	<u>11,473</u>	<u>94,909</u>
TOTAL EXPENDITURES	<u>532,870</u>	<u>590,390</u>	<u>(57,520)</u>	<u>496,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(66,712)	(66,712)	44,372
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>1,001,005</u>	<u>1,001,005</u>	<u>956,633</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 934,293</u>	<u>\$ 934,293</u>	<u>\$ 1,001,005</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-WATER DISTRICTS
COMBINING BALANCE SHEET
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

				<u>TOTALS</u>	
	CANDLEWOOD PARK	CROTON FALLS	SUNSET RIDGE	2019	2018
ASSETS					
Cash	\$ 66,299	\$ 3,058	\$ 30,865	\$ 100,222	\$ 101,131
Water Rents Receivable	-	-	173	173	1,120
Due From Other Funds	<u>498</u>	<u>-</u>	<u>4,836</u>	<u>5,334</u>	<u>5,334</u>
TOTAL ASSETS	<u>\$ 66,797</u>	<u>\$ 3,058</u>	<u>\$ 35,874</u>	<u>\$ 105,729</u>	<u>\$ 107,585</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 3,955	\$ 16,117	\$ 10,322	\$ 30,394	\$ 5,106
TOTAL LIABILITIES	<u>3,955</u>	<u>16,117</u>	<u>10,322</u>	<u>30,394</u>	<u>5,106</u>
FUND BALANCE					
Assigned:					
Unappropriated	62,842	-	25,552	88,394	102,479
Unassigned	<u>-</u>	<u>(13,059)</u>	<u>-</u>	<u>(13,059)</u>	<u>-</u>
TOTAL FUND BALANCE	<u>62,842</u>	<u>(13,059)</u>	<u>25,552</u>	<u>75,335</u>	<u>102,479</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 66,797</u>	<u>\$ 3,058</u>	<u>\$ 35,874</u>	<u>\$ 105,729</u>	<u>\$ 107,585</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-CANDLEWOOD PARK WATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR 2018)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018 ACTUALS
REVENUES				
Real Property Taxes	\$ 35,500	\$ 35,500	\$ -	\$ 34,743
Departmental Income	9,321	9,518	197	8,037
Use Of Money And Property	<u>11</u>	<u>20</u>	<u>9</u>	<u>17</u>
TOTAL REVENUES	<u>44,832</u>	<u>45,038</u>	<u>206</u>	<u>42,797</u>
EXPENDITURES				
Home And Community Services	30,293	30,358	(65)	24,426
Debt Service:				
Principal	10,672	10,272	400	9,716
Interest	<u>3,867</u>	<u>3,502</u>	<u>365</u>	<u>3,902</u>
TOTAL EXPENDITURES	<u>44,832</u>	<u>44,132</u>	<u>700</u>	<u>38,044</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	906	906	4,753
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>61,936</u>	<u>61,936</u>	<u>57,183</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 62,842</u>	<u>\$ 62,842</u>	<u>\$ 61,936</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-CROTON FALLS WATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR 2018)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018 ACTUALS
REVENUES				
Real Property Taxes	\$ 56,224	\$ 56,224	\$ -	\$ 56,061
Departmental Income	23,965	26,726	2,761	20,474
Use Of Money And Property	<u>10</u>	<u>5</u>	<u>(5)</u>	<u>9</u>
TOTAL REVENUES	<u>80,199</u>	<u>82,955</u>	<u>2,756</u>	<u>76,544</u>
EXPENDITURES				
Home And Community Services	44,525	77,127	(32,602)	53,027
Debt Service:				
Principal	15,980	14,750	1,230	14,750
Interest	<u>14,694</u>	<u>15,193</u>	<u>(499)</u>	<u>15,673</u>
TOTAL EXPENDITURES	<u>75,199</u>	<u>107,070</u>	<u>(31,871)</u>	<u>83,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,000	(24,115)	(29,115)	(6,906)
OTHER FINANCING USES				
Operating Tranfers Out	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	-	(24,115)	(24,115)	(11,906)
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>11,056</u>	<u>11,056</u>	<u>22,962</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ (13,059)</u>	<u>\$ (13,059)</u>	<u>\$ 11,056</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
SPECIAL DISTRICTS-SUNSET RIDGE WATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR 2018)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018 ACTUALS
REVENUES				
Real Property Taxes	\$ 65,427	\$ 65,427	\$ -	\$ 59,799
Departmental Income	31,025	29,969	(1,056)	29,240
Use Of Money And Property	<u>5</u>	<u>14</u>	<u>9</u>	<u>8</u>
TOTAL REVENUES	<u>96,457</u>	<u>95,410</u>	<u>(1,047)</u>	<u>89,047</u>
EXPENDITURES				
Home And Community Services	59,835	63,006	(3,171)	48,665
Debt Service:				
Principal	19,090	18,610	480	15,769
Interest	<u>17,532</u>	<u>17,729</u>	<u>(197)</u>	<u>12,145</u>
TOTAL EXPENDITURES	<u>96,457</u>	<u>99,345</u>	<u>(2,888)</u>	<u>76,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(3,935)	(3,935)	12,468
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>29,487</u>	<u>29,487</u>	<u>17,019</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ 25,552</u>	<u>\$ 25,552</u>	<u>\$ 29,487</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ -	\$ 703
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 703</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 172	\$ -
Due To Other Funds	<u>14,631</u>	<u>14,132</u>
TOTAL LIABILITIES	<u>14,803</u>	<u>14,132</u>
FUND BALANCE		
Unassigned	<u>(14,803)</u>	<u>(13,429)</u>
TOTAL FUND BALANCE	<u>(14,803)</u>	<u>(13,429)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 703</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM
SPECIAL DISTRICTS- CANDLEWOOD PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE ACTUALS FOR DECEMBER 31, 2018)

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018
REVENUES				
Real Property Taxes	\$ 6,203	\$ 6,203	\$ -	\$ 6,088
Use Of Money And Property	<u>15</u>	<u>6</u>	<u>(9)</u>	<u>7</u>
TOTAL REVENUES	<u>6,218</u>	<u>6,209</u>	<u>(9)</u>	<u>6,095</u>
EXPENDITURES				
Culture And Recreation	4,000	6,835	(2,835)	5,485
Debt Service:				
Principal	378	370	(8)	370
Interest	<u>370</u>	<u>378</u>	<u>8</u>	<u>390</u>
TOTAL EXPENDITURES	<u>4,748</u>	<u>7,583</u>	<u>(2,835)</u>	<u>6,245</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,470	(1,374)	(2,844)	(150)
OTHER FINANCING USES				
Other Budgetary Purposes	<u>(1,470)</u>	<u>-</u>	<u>1,470</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	-	(1,374)	(1,374)	(150)
FUND BALANCE – Beginning Of Year	<u>-</u>	<u>(13,429)</u>	<u>(13,429)</u>	<u>(13,279)</u>
FUND BALANCE – End Of Year	<u>\$ -</u>	<u>\$ (14,803)</u>	<u>\$ (14,803)</u>	<u>\$ (13,429)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	HIGHWAY REPAIRS	HIGHWAY EQUIPMENT	CROTON FALLS PIPELINE	PEACH LAKE SEWER	JB PARK IMPROVEMENTS	COURT BUILDING JUNE ROAD	PEACH LAKE DRAINAGE
ASSETS							
Cash	\$ 157,187	\$ 14,284	\$ -	\$ 127,955	\$ -	\$ 23,955	\$ 111,185
Due From Other Funds	-	-	-	-	-	2,156	358,259
Due From State And Federal	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
Land Deposit	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 157,187	\$ 14,284	\$ -	\$ 127,955	\$ -	\$ 26,111	\$ 469,444
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 84,300	\$ -	\$ -
Due To Other Funds	162,002	-	181,137	167,000	233,023	-	469,444
BAN's Payable	850,417	156,450	-	-	-	216,667	-
TOTAL LIABILITIES	1,012,419	156,450	181,137	167,000	317,323	216,667	469,444
FUND BALANCE							
Non-Spendable:							
Deposit	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(855,232)	(142,166)	(181,137)	(39,045)	(317,323)	(190,556)	-
TOTAL FUND BALANCE	(855,232)	(142,166)	(181,137)	(39,045)	(317,323)	(190,556)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 157,187	\$ 14,284	\$ -	\$ 127,955	\$ -	\$ 26,111	\$ 469,444

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

(Continued)

	SUNSET RIDGE WATER RADIOLOGICAL	VALERIA CIRCLE BRIDGE	LAND PURCHASE	PURDY'S TRAIN STATION	CROTON FALLS HAMLET IMPROVEMENTS	CROTON FALLS DRAINAGE	2019	2018
ASSETS								
Cash	\$ 434,291	\$ 5,394	\$ -	\$ -	\$ -	\$ -	\$ 874,251	\$ 1,062,695
Due From Other Funds	-	-	-	-	-	-	360,415	82,707
Due From State And Federal	-	-	-	64,800	-	-	64,800	7,828
Due From Other Governments	-	-	-	-	-	-	-	450,000
Land Deposit	-	-	-	-	-	-	-	34,900
TOTAL ASSETS	\$ 434,291	\$ 5,394	\$ -	\$ 64,800	\$ -	\$ -	\$ 1,299,466	\$ 1,638,130
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 611	\$ -	\$ 84,911	\$ 8,084
Due To Other Funds	-	-	-	93,714	31,316	206	1,337,842	958,719
BAN's Payable	477,241	140,421	350,000	-	-	-	2,191,196	2,428,586
TOTAL LIABILITIES	477,241	140,421	350,000	93,714	31,927	206	3,613,949	3,395,389
FUND BALANCE								
Non-Spendable:								
Deposit	-	-	-	-	-	-	-	34,900
Assigned	(42,950)	(135,027)	(350,000)	(28,914)	(31,927)	(206)	(2,314,483)	(1,792,159)
Unassigned	(42,950)	(135,027)	(350,000)	(28,914)	(31,927)	(206)	(2,314,483)	(1,757,259)
TOTAL FUND BALANCE	(42,950)	(135,027)	(350,000)	(28,914)	(31,927)	(206)	(2,314,483)	(1,757,259)
TOTAL LIABILITIES AND FUND BALANCE	\$ 434,291	\$ 5,394	\$ -	\$ 64,800	\$ -	\$ -	\$ 1,299,466	\$ 1,638,130

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	HIGHWAY REPAIRS	HIGHWAY EQUIPMENT	CROTON FALLS PIPELINE	PEACH LAKE SEWER	JB PARK IMPROVEMENTS	COURT BUILDING JUNE ROAD	PEACH LAKE DRAINAGE
REVENUES							
Use Of Money And Property	\$ -	\$ -	\$ -	\$ 320	\$ -	\$ -	\$ -
Miscellaneous Local Sources	-	-	-	-	-	-	-
State Aid	-	-	-	-	-	-	-
Federal Aid	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	320	-	-	-
EXPENDITURES							
Debt Service:							
Interest	1,566	288	-	-	317,323	524	-
Capital Outlay	1,566	288	-	-	317,323	524	-
TOTAL EXPENDITURES	(1,566)	(288)	-	320	(317,323)	(524)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
OTHER FINANCING SOURCES (USES)							
Proceeds of Long Term Debt	-	-	-	-	-	-	-
BAN's Redeemed From Appropriations	103,749	17,385	-	-	-	8,335	-
Operating Transfers In	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	103,749	17,385	-	-	-	8,335	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)							
FUND BALANCE - Beginning Of Year	102,183	17,097	-	320	(317,323)	7,811	-
	(957,415)	(159,263)	(181,137)	(39,365)	-	(198,367)	-
FUND BALANCE - End Of Year	\$ (855,232)	\$ (142,166)	\$ (181,137)	\$ (39,045)	\$ (317,323)	\$ (190,556)	\$ -

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

TOWN OF NORTH SALEM, NEW YORK
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

(Continued)

	SUNSET RIDGE WATER RADIOLOGICAL	VALERIA CIRCLE BRIDGE	LAND PURCHASE	PURDY'S TRAIN STATION	CROTON FALLS HAMLET IMPROVEMENTS	CROTON FALLS DRAINAGE	2019	2018
REVENUES								
Use Of Money And Property	\$ 10,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,132	\$ 6,669
Miscellaneous Local Sources	-	-	-	-	4,200	-	4,200	-
State Aid	-	-	-	-	-	-	-	359,878
Federal Aid	-	-	-	56,972	-	-	56,972	7,828
TOTAL REVENUES	10,812	-	-	56,972	4,200	-	72,304	374,375
EXPENDITURES								
Debt Service:								
Interest	14,312	259	-	83,930	12,507	-	780,709	8,471
Capital Outlay	14,312	259	350,000	83,930	12,507	-	780,709	197,505
TOTAL EXPENDITURES	28,624	518	350,000	167,860	25,014	-	780,709	205,976
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,812)	(518)	(350,000)	(110,888)	(20,814)	-	(708,405)	168,399
OTHER FINANCING SOURCES (USES)								
Proceeds of Long Term Debt	-	-	-	-	-	-	-	26,433
BAN's Redeemed From Appropriations	12,800	8,912	-	-	-	-	151,181	204,009
Operating Transfers In	-	-	-	-	-	-	-	183,563
TOTAL OTHER FINANCING SOURCES (USES)	12,800	8,912	-	-	-	-	151,181	414,005
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(5,012)	(606)	(350,000)	(110,888)	(20,814)	-	(557,224)	582,404
FUND BALANCE -- Beginning Of Year	(52,250)	(143,680)	-	(1,956)	(23,620)	(206)	(1,757,259)	(2,339,663)
FUND BALANCE -- End Of Year	(47,240)	(135,027)	(350,000)	(28,914)	(31,927)	(206)	(2,314,483)	(1,757,259)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Salem, New York as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of North Salem, New York's basic financial statements and have issued our report thereon dated June 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of North Salem, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of North Salem, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of North Salem, New York's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control that we consider to be a significant deficiency. We consider the deficiency described below to be a significant deficiency in internal control:

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

Compliance and Other Matters

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

Purpose of this Report

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


Mongaup Valley, New York

June 16, 2020