

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

Financial Statements and  
Supplementary Information

Year Ended June 30, 2024



# North Salem Central School District, New York

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## **Independent Auditors' Report**

**The Board of Education of the  
North Salem Central School District, New York**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Salem Central School District, New York ("School District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

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

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 1, 2024

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## North Salem Central School District, New York

### Management's Discussion and Analysis ("MD&A") June 30, 2024

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This discussion and analysis of the North Salem Central School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2024. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

### Financial Highlights

Key financial highlights for fiscal year 2023-2024 are as follows:

- New York State Law limits the amount of unassigned fund balance, exclusive of encumbrances and amounts assigned for the subsequent year's budget that can be retained in the General Fund to 4% of the ensuing school year's budget. At the end of the current fiscal year, this amount for the General Fund was \$2,018,504 or 3.99%, and therefore within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental funds financial statements report a combined fund balance of \$ 9,294,436 an increase of \$1,357,772 from the prior year. Of this amount, the unassigned fund balance in the General Fund is \$2,018,504.
- On the district-wide financial statements, the assets and deferred outflows of resources of the School District exceeded the liabilities and deferred inflows of resources at the close of its most recent fiscal year by \$21,724,995. This represented an increase of \$3,132,683 for the year ended June 30, 2024.
- During the current fiscal year, the School District retired \$1,190,000 of general obligation bonds issued in previous years for various capital projects. In May 2015, the School District received voter authorization to issue bonds for up to \$12,721,216 to reconstruct various school district buildings. The School District issued bonds totaling \$10,500,000 to date for this project. The remaining bonds are expected to be issued as the projects progress. In May 2021, the School District received voter authorization to move forward with the Athletic Field Improvement project in an amount not to exceed \$6,997,132. The School District issued bonds totaling \$5,162,658 to date for this project.
- For the year ended June 30, 2024, the School District's OPEB liability of \$ 7,134,150 is reflected on the district-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*, is presented in Note 3F in the notes to the financial statements.
- The district-wide financial statements for the year ended June 30, 2024 are also significantly impacted by the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions."* This pronouncement established accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under this standard, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school

districts in the plan. At June 30, 2024, the School District reported in its Statement of Net Position a liability for its proportionate share of the ERS net pension liability of \$ 2,321,365 and \$1,216,656 for its proportionate share of the TRS net pension liability. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in Note 3E in the notes to financial statements.

- The School District reviewed the provisions of GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" (SBITA's) and its impact on the School District's financial statements for the fiscal year ended June 30, 2024. At June 30, 2024, the school District reported in its Statement of Net position a subscription liability of \$4,384, which is presented in Note 3E in the notes to financial statements.

## **Overview of the Financial Statements**

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

### *District-Wide Financial Statements*

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

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

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

### *Fund Financial Statements*

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

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

#### *Notes to Financial Statements*

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

#### *Other Information*

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

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

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the North Salem Central School District, New York, at the close of the current fiscal year, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$21,724,995.

## Net Position

|  | June 30,      |               |
|--|---------------|---------------|
|  | 2024          | 2023          |
| Current Assets                             | \$ 14,674,274 | \$ 13,666,191 |
| Capital Assets, net                        | 37,081,488    | 36,251,440    |
| Total Assets                               | 51,755,762    | 49,917,631    |
| Deferred Outflows of Resources             | 12,886,806    | 15,813,336    |
| Current Liabilities                        | 5,399,740     | 5,740,601     |
| Long-term Liabilities                      | 23,555,704    | 26,209,483    |
| Total Liabilities                          | 28,955,444    | 31,950,084    |
| Deferred Inflows of Resources              | 13,962,129    | 15,188,571    |
| Net Position                               |               |               |
| Net Investment in Capital Assets           | 23,819,179    | 22,672,057    |
| Restricted                                 |               |               |
| Capital Projects                           | 285,031       | 623,518       |
| Future Capital Projects                    | 50,003        | 47,457        |
| Tax Certiorari                             | 947,261       | 899,034       |
| Unemployment Benefits                      | 177,409       | 7,244         |
| ERS Retirement Contributions               | 1,459,339     | 1,330,127     |
| TRS Retirement Contributions               | 1,346,563     | 1,122,453     |
| Property Loss Reserve and Liability Claims | 143,512       | 140,051       |
| Debt Service                               | 613,062       | 559,618       |
| Special Purposes                           | 125,941       | 110,205       |
| Permanent                                  | 88,841        | 85,270        |
| Unrestricted                               | (7,331,146)   | (9,004,722)   |
| Total Net Position                         | \$ 21,724,995 | \$ 18,592,312 |

The largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position, which is a deficit of (\$7,331,146), primarily results from the recognition of the School District's total OPEB liability of \$ 7,134,150 required under GASB Statement No. 75. Overall, net position increased by \$3,132,683.

## Changes in Net Position

|  | June 30,             |                      |
|--|----------------------|----------------------|
|  | 2024                 | 2023                 |
| <b>REVENUES</b>                            |                      |                      |
| Program Revenues                           |                      |                      |
| Charges for Services                       | \$ 1,911,994         | \$ 1,529,736         |
| Operating Grants and Contributions         | 1,578,964            | 1,529,995            |
| Capital Grants and Contributions           | 80,158               | 341,802              |
| Total Program Revenues                     | 3,571,116            | 3,401,533            |
| General Revenues                           |                      |                      |
| Real Property Taxes                        | 40,655,271           | 39,436,047           |
| Other Tax Items                            | 1,468,921            | 1,621,798            |
| Non-Property Taxes                         | 607,044              | 587,059              |
| Unrestricted Use of Money and Property     | 528,823              | 386,446              |
| Sale of Property and Compensation for Loss | 86,623               | 180,199              |
| Unrestricted State Aid                     | 3,860,075            | 3,614,155            |
| Miscellaneous                              | 237,428              | 163,685              |
| Total General Revenues                     | 47,444,185           | 45,989,389           |
| Total Revenues                             | 51,015,301           | 49,390,922           |
| <b>PROGRAM EXPENSES</b>                    |                      |                      |
| General Support                            | 7,337,541            | 7,145,287            |
| Instruction                                | 36,486,760           | 34,804,128           |
| Pupil Transportation                       | 2,880,847            | 2,874,434            |
| Community Services                         | 80,989               | 83,682               |
| Cost of Food Sales                         | 505,545              | 558,480              |
| Interest                                   | 590,936              | 482,872              |
| Total Expenses                             | 47,882,618           | 45,948,883           |
| Change in Net Position                     | 3,132,683            | 3,442,039            |
| <b>NET POSITION</b>                        |                      |                      |
| Beginning                                  | 18,592,312           | 15,150,273           |
| Ending                                     | <u>\$ 21,724,995</u> | <u>\$ 18,592,312</u> |

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

Revenues:

- Real property taxes increased by \$1,219,224. The current property tax increase is attributed to projected increased expenses related to instruction, employee benefits and transportation. It is also a result of the continuing decrease in STAR (see below). The School District relies upon real property taxes as its primary source of revenue.
- Other tax items include revenues received for the School Tax Relief Reimbursement Program ("STAR"). The STAR Program provides tax relief to homeowners by decreasing the assessments taxable to the homeowner or by providing a refund of a portion of school taxes paid. As a result, in changes to the New York State law, this revenue decreased by \$152,501 shifting this burden from the state to the taxpayers.
- State Aid increased by \$245,920.

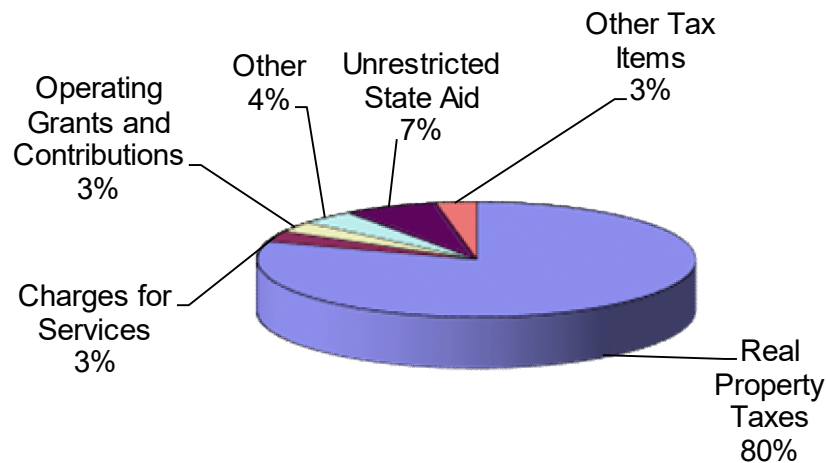
Expenses:

- General Support expenses increased by \$192,254 and Instructional expenses decreased by \$1,682,632. The increase and decrease was due to changes to inflows and outflows related to OPEB and future liabilities to ERS and TRS.
- Pupil transportation increased by \$ 130,360. Transportation needs increased due to the student's school activities increasing since the pandemic.
- Interest increased by \$108,064 due to the addition of installment debt, leases and SBITA's payable.

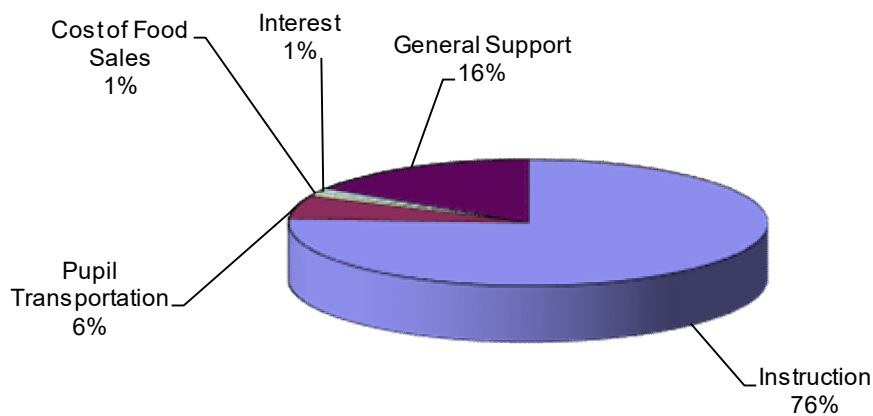
The following graphs depict where the School District revenues were derived and how monies were spent. As you can see, the School District relies upon real property taxes for 80% of its revenue, while the School District's largest expense, instructional costs, accounts for 76% of total expenses.

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

**Sources of Revenue for Fiscal Year 2024  
Governmental Activities**



**Expenses for Fiscal Year 2024  
Governmental Activities**



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

### *Governmental Funds*

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

|  |   | <u>Fund Balance</u>        |
|--|---|----------------------------|
| Nonspendable Fund Balance                | Reserve for Trust (Permanent Fund)              | \$ 43,888                  |
|  | Prepaid expenditures                            | 1,273,510                  |
|  | Reserve for Inventories                         | 3,750                      |
|  |   | <u>1,321,148</u>           |
| Restricted Fund Balance                  | Reserve for Tax Certiorari                      | 947,261                    |
|  | Reserve for Unemployment Benefits               | 177,409                    |
|  | Reserve for Employee Benefit Accrued Liability  | 550,304                    |
|  | Reserve for ERS Retirement Contributions        | 1,459,339                  |
|  | Reserve for TRS Retirement Contributions        | 1,346,563                  |
|  | Reserve for Property Loss and Liability Claims  | 143,512                    |
|  | Reserve for Future Capital Projects             | 50,003                     |
|  | Reserve for Debt Service                        | 613,062                    |
|  | Reserve for Special Purposes                    | 125,941                    |
|  | Permanent Fund Unreserved Fund Balance          | <u>44,953</u>              |
|  |   | <u>5,458,347</u>           |
| Assigned Fund Balance                    | Reserve for Encumbrances:                       |                            |
|  | General Government Support                      | 155,110                    |
|  | Instruction                                     | 286,661                    |
|  | Transportation                                  | 55,058                     |
|  | School Lunch Fund Unreserved Fund Balance       | 29,562                     |
|  | Designated for Subsequent Year's Expenditures - |                            |
|  | Unassigned Fund Balance                         | <u>725,000</u>             |
|  |   | <u>1,251,391</u>           |
| Unassigned Fund Balance                  | Unreserved and Undesignated                     | <u>1,263,550</u>           |
| Total Fund Balance (as of June 30, 2024) |   | <u><u>\$ 9,294,436</u></u> |

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances as noted above of \$9,294,436, an increase of \$1,357,772 from the prior year. Of this amount, \$1,321,148 is in non-spendable form while \$5,458,347 is restricted for various purposes. Another \$1,251,391 of the total fund balance is assigned. These funds are to fund purchases on order of \$1,263,550, \$29,562 to be used for School Lunch Fund purposes and \$725,000 to be used to balance the General Fund's subsequent year's budget.



The General Fund is the primary operating fund of the School District. Revenues and other financing sources were favorable compared to the final budget by \$1,316,342. The key factor contributing to this variance was an increase in charges for services of non-resident tuition from other districts and earnings on investments given the higher interest rate environment.. Expenditures and other financing uses were \$3,059,478 or 6%, less than the final budget. Expenditures savings occurred in all functional expenditure categories.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2023-2024 is \$49,332,136 exclusive of encumbrances. During the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2024 was \$50,207,757.

### **Capital Assets**

At June 30, 2024, the School District had \$37,081,488 net of accumulated depreciation invested in a broad range of capital assets, including land, construction-in-progress, buildings and improvements and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

| Class  | June 30,          |                   |
|--|-------------------|-------------------|
|  | 2024              | 2023              |
| Land   | \$ 110,000        | \$ 110,000        |
| Construction-in-Progress                                     | 7,111,320         | 6,904,991         |
| Buildings and Improvements                                   | 27,871,004        | 27,414,871        |
| Machinery and Equipment                                      | 1,828,990         | 1,803,241         |
| Right-to-Use Lease Equipment                                 | 154,503           | 6,994             |
| Right-to-Use Subscription Assets                             | 5,671             | 11,343            |
| <br>Total Capital Assets, net of<br>accumulated depreciation | <br>\$ 37,081,488 | <br>\$ 36,251,440 |

More detailed information about the School District's capital assets is presented in Note 3B in the notes to financial statements.

## Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

|  | June 30,             |                      |
|--|----------------------|----------------------|
|  | 2024                 | 2023                 |
| General Obligation Bonds Payable             | \$ 11,895,000        | \$ 13,085,000        |
| Installment Purchase Debt                    | 170,438              |                      |
| Lease Payable                                | 158,969              | 6,776                |
| Subscription Liability                       | 4,384                | 8,167                |
| Compensated Absences                         | 654,742              | 663,235              |
| Net Pension Liability (ERS and TRS)          | 3,538,021            | 5,432,773            |
| Other Post Employment<br>Benefit Obligations | 7,134,150            | 7,013,532            |
| Total  | <u>\$ 23,555,704</u> | <u>\$ 26,209,483</u> |

- The School District, during the 2023-2024 fiscal year, paid \$1,190,000 in principal on general obligation bonds.
- The School District also has \$2,330,000 in short-term bond anticipation notes outstanding Note 3D.

More detailed information about the School District's long-term liabilities is presented in Note 3E in the notes to financial statements.

## Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

North Salem Central School District  
Attn: Mrs. Lindsay Eidel  
Assistant Superintendent of Business & Operations  
230 June Road  
North Salem, New York 10560-1204

**North Salem Central School District**Statement of Net Position  
June 30, 2024

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>                              |                            |
| Cash and equivalents                       | \$ 5,969,059               |
| Investments                                | 5,555,839                  |
| Receivables                                |                            |
| Accounts                                   | 525,198                    |
| State and Federal aid                      | 1,223,213                  |
| Due from other governments                 | 123,705                    |
| Inventory                                  | 3,750                      |
| Prepaid expenses                           | 1,273,510                  |
| Capital assets                             |                            |
| Not being depreciated                      | 7,221,320                  |
| Being depreciated/amortized, net           | <u>29,860,168</u>          |
| Total Assets                               | <u>51,755,762</u>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>      |                            |
| Pension related                            | 10,615,483                 |
| OPEB related                               | <u>2,271,323</u>           |
| Total Deferred Outflows of Resources       | <u>12,886,806</u>          |
| <b>LIABILITIES</b>                         |                            |
| Accounts payable                           | 557,112                    |
| Accrued liabilities                        | 60,271                     |
| Bond anticipation notes payable            | 2,330,000                  |
| Due to other governments                   | 59                         |
| Due to retirement systems                  | 2,365,989                  |
| Unearned revenues                          | 66,407                     |
| Accrued interest payable                   | 19,902                     |
| Non-current liabilities                    |                            |
| Due within one year                        | 1,765,773                  |
| Due in more than one year                  | <u>21,789,931</u>          |
| Total Liabilities                          | <u>28,955,444</u>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                            |
| Pension related                            | 1,930,776                  |
| OPEB related                               | <u>12,031,353</u>          |
| Total Deferred Inflows of Resources        | <u>13,962,129</u>          |
| <b>NET POSITION</b>                        |                            |
| Net investment in capital assets           | 23,819,179                 |
| Restricted                                 |                            |
| Capital projects                           | 285,031                    |
| Future capital projects                    | 50,003                     |
| Tax certiorari                             | 947,261                    |
| Unemployment benefits                      | 177,409                    |
| ERS retirement contributions               | 1,459,339                  |
| TRS retirement contributions               | 1,346,563                  |
| Property loss reserve and liability claims | 143,512                    |
| Debt service                               | 613,062                    |
| Special purposes                           |                            |
| Extraclassroom activity                    | 61,611                     |
| Other                                      | 64,330                     |
| Permanent                                  |                            |
| Nonspendable                               | 43,888                     |
| Spendable                                  | 44,953                     |
| Unrestricted                               | <u>(7,331,146)</u>         |
| Total Net Position                         | <u>\$ 21,724,995</u>       |

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

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# North Salem Central School District

## Statement of Activities Year Ended June 30, 2024

| Functions/Programs                            | Expenses             | Program Revenues        |  |  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|---|----------------------|-------------------------|--|--|--|
|   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |
| Governmental Activities                       |                      |                         |  |  |  |
| General support                               | \$ 7,337,541         | \$ 2,094                | \$ 173,346                               | \$ -                                   | \$ (7,162,101)   |
| Instruction                                   | 36,486,760           | 1,568,233               | 1,127,578                                | -                                      | (33,790,949)   |
| Pupil transportation                          | 2,880,847            | -                       | -  | -                                      | (2,880,847)  |
| Community services                            | 80,989               | -                       | 96,725                                   | -                                      | 15,736   |
| Cost of food sales                            | 505,545              | 341,667                 | 181,315                                  | -                                      | 17,437   |
| Interest                                      | 590,936              | -                       | -  | 80,158                                 | (510,778)  |
| Total Governmental<br>Activities              | <u>\$ 47,882,618</u> | <u>\$ 1,911,994</u>     | <u>\$ 1,578,964</u>                      | <u>\$ 80,158</u>                       | <u>(44,311,502)</u>  |
| General revenues                              |                      |                         |  |  |  |
| Real property taxes                           |                      |                         |  |  | 40,655,271   |
| Other tax items                               |                      |                         |  |  |  |
| School tax relief reimbursement               |                      |                         |  |  | 1,464,696  |
| Interest and penalties on real property taxes |                      |                         |  |  | 4,225  |
| Non-property taxes                            |                      |                         |  |  |  |
| Non-property tax distribution from County     |                      |                         |  |  | 607,044  |
| Unrestricted use of money and property        |                      |                         |  |  | 528,823  |
| Sale of property and compensation for loss    |                      |                         |  |  | 86,623   |
| Unrestricted State aid                        |                      |                         |  |  | 3,860,075  |
| Miscellaneous                                 |                      |                         |  |  | <u>237,428</u>   |
| Total General Revenues                        |                      |                         |  |  | <u>47,444,185</u>  |
| Change in Net Position                        |                      |                         |  |  | 3,132,683  |
| Net Position - Beginning                      |                      |                         |  |  | <u>18,592,312</u>  |
| Net Position - Ending                         |                      |                         |  |  | <u>\$ 21,724,995</u>                                       |

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

**North Salem Central School District**

Balance Sheet  
Governmental Funds  
June 30, 2024

---

|                                      | General              | Capital<br>Projects | Special<br>Aid    |
|--------------------------------------|----------------------|---------------------|-------------------|
| <b>ASSETS</b>                        |                      |                     |                   |
| Cash and equivalents                 | \$ 5,166,509         | \$ 570,441          | \$ 45,322         |
| Investments                          | 3,795,653            | 1,009,883           | -                 |
| Receivables                          |                      |                     |                   |
| Accounts                             | 517,069              | -                   | 8,072             |
| State and Federal aid                | 696,419              | -                   | 518,570           |
| Due from other governments           | 123,705              | -                   | -                 |
| Due from other funds                 | 563,784              | -                   | -                 |
| Inventories                          | -                    | -                   | -                 |
| Prepaid expenditures                 | 1,273,510            | -                   | -                 |
|                                      |                      |                     |                   |
| Total Assets                         | <u>\$ 12,136,649</u> | <u>\$ 1,580,324</u> | <u>\$ 571,964</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                      |                     |                   |
| Liabilities                          |                      |                     |                   |
| Accounts payable                     | \$ 522,155           | \$ -                | \$ 6,186          |
| Accrued liabilities                  | 60,271               | -                   | -                 |
| Bond anticipation notes payable      | -                    | 2,330,000           | -                 |
| Due to other funds                   | -                    | 5,278               | 563,784           |
| Due to other governments             | -                    | -                   | -                 |
| Due to retirement systems            | 2,365,989            | -                   | -                 |
| Unearned revenues                    | -                    | -                   | 1,994             |
|                                      |                      |                     |                   |
| Total Liabilities                    | <u>2,948,415</u>     | <u>2,335,278</u>    | <u>571,964</u>    |
| Fund balances                        |                      |                     |                   |
| Nonspendable                         | 1,273,510            | -                   | -                 |
| Restricted                           | 4,674,391            | -                   | -                 |
| Assigned                             | 1,221,829            | -                   | -                 |
| Unassigned                           | 2,018,504            | (754,954)           | -                 |
|                                      |                      |                     |                   |
| Total Fund Balances                  | <u>9,188,234</u>     | <u>(754,954)</u>    | <u>-</u>          |
|                                      |                      |                     |                   |
| Total Liabilities and Fund Balances  | <u>\$ 12,136,649</u> | <u>\$ 1,580,324</u> | <u>\$ 571,964</u> |

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

| <u>Non-Major<br/>Governmental</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------|---|
| \$ 186,787                        | \$ 5,969,059                            |
| 750,303                           | 5,555,839                               |
| 57                                | 525,198                                 |
| 8,224                             | 1,223,213                               |
| -                                 | 123,705                                 |
| 5,278                             | 569,062                                 |
| 3,750                             | 3,750                                   |
| -                                 | 1,273,510                               |
| <u>\$ 954,399</u>                 | <u>\$ 15,243,336</u>                    |

|               |                  |
|---------------|------------------|
| \$ 28,771     | \$ 557,112       |
| -             | 60,271           |
| -             | 2,330,000        |
| -             | 569,062          |
| 59            | 59               |
| -             | 2,365,989        |
| 64,413        | 66,407           |
| <u>93,243</u> | <u>5,948,900</u> |

|                   |                      |
|-------------------|----------------------|
| 47,638            | 1,321,148            |
| 783,956           | 5,458,347            |
| 29,562            | 1,251,391            |
| -                 | 1,263,550            |
| <u>861,156</u>    | <u>9,294,436</u>     |
| <u>\$ 954,399</u> | <u>\$ 15,243,336</u> |

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## North Salem Central School District

### Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position June 30, 2024

---

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

|  |                      |
|--|----------------------|
| Fund Balances - Total Governmental Funds   | \$ 9,294,436         |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |                      |
| Capital assets - non-depreciable   | 7,221,320            |
| Capital assets - depreciable/amortizable   | 48,968,019           |
| Accumulated depreciation/amortization  | <u>(19,107,851)</u>  |
|  | <u>37,081,488</u>    |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. |                      |
| Deferred outflows - pension related  | 10,615,483           |
| Deferred outflows - OPEB related   | 2,271,323            |
| Deferred inflows - pension related   | (1,930,776)          |
| Deferred inflows - OPEB related  | <u>(12,031,353)</u>  |
|  | <u>(1,075,323)</u>   |
| Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.  |                      |
| Accrued interest payable   | (19,902)             |
| Leases payable   | (158,969)            |
| Subscriptions based information technology arrangements payable ("SBITA")  | (4,384)              |
| General obligation bonds payable   | (11,895,000)         |
| Installment purchase debt payable  | (170,438)            |
| Compensated absences   | (654,742)            |
| Net pension liability - ERS  | (2,321,365)          |
| Net pension liability - TRS  | (1,216,656)          |
| Total OPEB liability   | <u>(7,134,150)</u>   |
|  | <u>(23,575,606)</u>  |
| Net Position of Governmental Activities  | <u>\$ 21,724,995</u> |

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

**North Salem Central School District**

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

Year Ended June 30, 2024

|  | General       | Capital<br>Projects | Special<br>Aid |
|--|---------------|---------------------|----------------|
| <b>REVENUES</b>                                      |               |                     |                |
| Real property taxes                                  | \$ 40,655,271 | \$ -                | \$ -           |
| Other tax items                                      | 1,468,921     | -                   | -              |
| Non-property taxes                                   | 607,044       | -                   | -              |
| Charges for services                                 | 1,568,233     | -                   | -              |
| Use of money and property                            | 704,036       | -                   | -              |
| Sale of property and<br>compensation for loss        | 86,623        | -                   | -              |
| State aid  | 3,928,561     | -                   | 352,011        |
| Federal aid  | -             | -                   | 623,120        |
| Food sales   | -             | -                   | -              |
| Miscellaneous  | 263,829       | -                   | 53,216         |
| Total Revenues                                       | 49,282,518    | -                   | 1,028,347      |
| <b>EXPENDITURES</b>                                  |               |                     |                |
| Current  |               |                     |                |
| General support                                      | 6,098,792     | -                   | -              |
| Instruction  | 26,588,179    | -                   | 1,146,838      |
| Pupil transportation                                 | 2,370,632     | -                   | -              |
| Community services                                   | -             | -                   | -              |
| Employee benefits                                    | 9,905,183     | -                   | -              |
| Cost of food sales                                   | -             | -                   | -              |
| Other  | -             | -                   | -              |
| Capital outlay                                       | -             | 1,507,111           | -              |
| Debt service   |               |                     |                |
| Principal  | -             | -                   | -              |
| Interest   | 119,461       | -                   | -              |
| Total Expenditures                                   | 45,082,247    | 1,507,111           | 1,146,838      |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 4,200,271     | (1,507,111)         | (118,491)      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |               |                     |                |
| Installment purchase debt issued                     | -             | 224,135             | -              |
| Leases issued  | -             | 189,307             | -              |
| Transfers in   | 25,753        | 199,021             | 119,244        |
| Transfers out  | (2,066,785)   | -                   | (753)          |
| Total Other Financing<br>Sources (Uses)              | (2,041,032)   | 612,463             | 118,491        |
| Net Change in Fund Balances                          | 2,159,239     | (894,648)           | -              |
| <b>FUND BALANCES (DEFICITS)</b>                      |               |                     |                |
| Beginning of Year                                    | 7,028,995     | 139,694             | -              |
| End of Year  | \$ 9,188,234  | \$ (754,954)        | \$ -           |

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

| <u>Non-Major<br/>Governmental</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------|---|
| \$ -                              | \$ 40,655,271                           |
| -                                 | 1,468,921                               |
| -                                 | 607,044                                 |
| -                                 | 1,568,233                               |
| 88,684                            | 792,720                                 |
| -                                 | 86,623                                  |
| 5,524                             | 4,286,096                               |
| 174,685                           | 797,805                                 |
| 341,667                           | 341,667                                 |
| 93,876                            | 410,921                                 |
| <u>704,436</u>                    | <u>51,015,301</u>                       |
| -                                 | 6,098,792                               |
| 1,000                             | 27,736,017                              |
| -                                 | 2,370,632                               |
| 9,312                             | 9,312                                   |
| -                                 | 9,905,183                               |
| 505,545                           | 505,545                                 |
| 71,677                            | 71,677                                  |
| -                                 | 1,507,111                               |
| 1,284,594                         | 1,284,594                               |
| 462,647                           | 582,108                                 |
| <u>2,334,775</u>                  | <u>50,070,971</u>                       |
| <u>(1,630,339)</u>                | <u>944,330</u>                          |
| -                                 | 224,135                                 |
| -                                 | 189,307                                 |
| 1,748,520                         | 2,092,538                               |
| <u>(25,000)</u>                   | <u>(2,092,538)</u>                      |
| <u>1,723,520</u>                  | <u>413,442</u>                          |
| 93,181                            | 1,357,772                               |
| <u>767,975</u>                    | <u>7,936,664</u>                        |
| <u>\$ 861,156</u>                 | <u>\$ 9,294,436</u>                     |

## North Salem Central School District

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2024

---

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

|  |                     |
|--|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 1,357,772</u> |
|--|---------------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

|                                   |                    |
|-----------------------------------|--------------------|
| Capital outlay expenditures       | 2,094,665          |
| Depreciation/amortization expense | <u>(1,264,617)</u> |
|                                   | <u>830,048</u>     |

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

|   |                |
|---|----------------|
| Installment purchase debt issued            | (224,135)      |
| Principal paid on general obligation bonds  | 1,190,000      |
| Principal paid on installment purchase debt | 53,697         |
| Leases issued                               | (189,307)      |
| Principal paid on leases                    | 37,114         |
| Principal paid on SBITA's                   | <u>3,783</u>   |
|   | <u>871,152</u> |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|   |                  |
|---|------------------|
| Accrued interest  | (8,828)          |
| Compensated absences  | 8,493            |
| Changes in pension assets, liabilities and related deferred outflows and inflows of resources | (2,015,827)      |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources            | <u>2,089,873</u> |
|   | <u>73,711</u>    |

|   |                            |
|---|----------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ 3,132,683</u></u> |
|---|----------------------------|

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

**North Salem Central School District**

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended June 30, 2024

|  | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget |
|--|--------------------|-----------------|---------------|-------------------------------|
| <b>REVENUES</b>  |                    |                 |               |                               |
| Real property taxes                                    | \$ 40,653,248      | \$ 40,653,248   | \$ 40,655,271 | \$ 2,023                      |
| Other tax items  | 1,464,696          | 1,464,696       | 1,468,921     | 4,225                         |
| Non-property taxes                                     | 550,000            | 550,000         | 607,044       | 57,044                        |
| Charges for services                                   | 822,474            | 888,474         | 1,568,233     | 679,759                       |
| Use of money and property                              | 130,000            | 130,000         | 704,036       | 574,036                       |
| Sale of property and<br>compensation for loss          | -                  | 66,059          | 86,623        | 20,564                        |
| State aid  | 3,997,744          | 3,997,744       | 3,928,561     | (69,183)                      |
| Miscellaneous  | 191,054            | 215,955         | 263,829       | 47,874                        |
| Total Revenues   | 47,809,216         | 47,966,176      | 49,282,518    | 1,316,342                     |
| <b>EXPENDITURES</b>                                    |                    |                 |               |                               |
| Current  |                    |                 |               |                               |
| General support  | 5,864,916          | 6,515,649       | 6,098,792     | 416,857                       |
| Instruction  | 27,746,446         | 27,507,474      | 26,588,179    | 919,295                       |
| Pupil transportation                                   | 2,553,559          | 2,571,373       | 2,370,632     | 200,741                       |
| Employee benefits                                      | 11,413,340         | 11,423,276      | 9,905,183     | 1,518,093                     |
| Debt service   |                    |                 |               |                               |
| Interest   | -                  | 119,461         | 119,461       | -                             |
| Total Expenditures                                     | 47,578,261         | 48,137,233      | 45,082,247    | 3,054,986                     |
| Excess (Deficiency) of Rev-<br>enues Over Expenditures | 230,955            | (171,057)       | 4,200,271     | 4,371,328                     |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>              |                    |                 |               |                               |
| Transfers in   | 25,000             | 25,000          | 25,753        | 753                           |
| Transfers out  | (2,094,256)        | (2,070,524)     | (2,066,785)   | 3,739                         |
| Total Other Financing<br>Uses                          | (2,069,256)        | (2,045,524)     | (2,041,032)   | 4,492                         |
| Net Change in Fund Balance                             | (1,838,301)        | (2,216,581)     | 2,159,239     | 4,375,820                     |
| <b>FUND BALANCE</b>                                    |                    |                 |               |                               |
| Beginning of Year                                      | 1,838,301          | 2,216,581       | 7,028,995     | 4,812,414                     |
| End of Year  | \$ -               | \$ -            | \$ 9,188,234  | \$ 9,188,234                  |

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

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**Note 1 - Summary of Significant Accounting Policies**

The North Salem Central School District, New York ("School District"), as presently constituted, was established in 1926 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

**A. Financial Reporting Entity**

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

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

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

**B. District-Wide Financial Statements**

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

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

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

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

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



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

capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are Federal and State aid.

The School District also reports the following non-major governmental funds:

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

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

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

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

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

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

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

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

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

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

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

quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of the General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. The balance at June 30, 2024 was \$5,555,839. CLASS issues separately available audited financial statements with a year end of June 30<sup>th</sup>.

The School District's position in the pool is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17<sup>th</sup> Street, Suite 1850, Denver, CO 80202.

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

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District's formal investment policy does not address limits of investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2024.

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

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January. The various towns which are included in the levy are responsible for the billing and collection of taxes. In Westchester County, the towns guarantee the full payment of the School District warrant on March 31st and assume responsibility for the uncollected taxes. For taxes collected from residents of Putnam County, the towns transfer collection responsibility to the County on November 1st. On or about April 1st, Putnam County remits to the School District the balance of all uncollected taxes thus making the School District whole.

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

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Inventory** - Inventory in the School Lunch Fund consists of surplus food at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

**Capital Assets** - Capital assets are tangible and intangible assets, which include property, plant and equipment, and are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets (except

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

intangible right-to-use assets, which are discussed in note 3B) are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets follow the same capitalization policies as tangible assets and are reported with tangible assets in the appropriate capital asset class.

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

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant and equipment, right-to-use subscription assets, and right-to-use leased assets of the School District are depreciated/amortized using the straight line method over the following estimated useful lives.

| <u>Class</u>                     | <u>Life<br/>in Years</u> |
|----------------------------------|--------------------------|
| Buildings and Improvements       | 20-50                    |
| Machinery and Equipment          | 8-20                     |
| Right-to-use Leased Equipment    | 3-5                      |
| Right-to-use Subscription Assets | 3-5                      |

The costs associated with the acquisition or construction of tangible and intangible capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consists of amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$1,994 in the Special Aid Fund for State and Federal aid received in advance, and \$64,413 in the School Lunch Fund for student lunch card money and State and Federal aid received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

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

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

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

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

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

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

**Subscription-Based Information Technology Arrangements** - The School District has entered into subscription-based information technology arrangements ("SBITA's") with various vendors. SBITA's are defined as arrangements in which a government entity contracts with a vendor to access and use software applications and related data posted by the vendor on the vendors'

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

servers. The School District recognizes right-to-use subscription assets associated with its SBITA agreements and discloses the total amount of subscription assets and the related accumulated amortization, disclosed separately from other capital assets. The School District also discloses any payments not included in the measurement of subscription assets.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is



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

the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

**F. Encumbrances**

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

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

The School District has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 1, 2024.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.

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

- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Debt Service funds.
- g) Budgets for General and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch, Special Purpose or Permanent funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Limitation on Fund Balance**

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

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain

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

exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

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

**D. Capital Projects Fund Project Deficits**

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

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

**A. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2024 were as follows:

| <u>Fund</u>            | <u>Due From</u>   | <u>Due To</u>     |
|------------------------|-------------------|-------------------|
| General                | \$ 563,784        | \$ -              |
| Capital Projects       | -                 | 5,278             |
| Special Aid            | -                 | 563,784           |
| Non-Major Governmental | 5,278             | -                 |
|                        | <u>\$ 569,062</u> | <u>\$ 569,062</u> |

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

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

Notes to Financial Statements (Continued)  
June 30, 2024

**Note 3 - Detailed Notes on All Funds (Continued)****B. Capital Assets**

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

| Class  | Balance<br>July 1,<br>2023 | Additions           | Deletions         | Balance<br>June 30,<br>2024 |
|--|----------------------------|---------------------|-------------------|-----------------------------|
| Capital Assets, not being depreciated:                 |                            |                     |                   |                             |
| Land   | \$ 110,000                 | \$ -                | \$ -              | \$ 110,000                  |
| Construction-in-progress                               | 6,904,991                  | 1,093,669           | 887,340           | 7,111,320                   |
| Total Capital Assets, not being depreciated            | <u>\$ 7,014,991</u>        | <u>\$ 1,093,669</u> | <u>\$ 887,340</u> | <u>\$ 7,221,320</u>         |
| Capital Assets, being depreciated/amortized:           |                            |                     |                   |                             |
| Buildings and Improvements                             | \$ 43,338,042              | \$ 1,406,154        | \$ -              | \$ 44,744,196               |
| Machinery and Equipment                                | 4,261,363                  | 292,875             | 540,430           | 4,013,808                   |
| Right-to-use Leased Equipment                          | 20,965                     | 189,307             | 11,924            | 198,348                     |
| Right-to-use Subscription Assets                       | 11,667                     | -                   | -                 | 11,667                      |
| Total Capital Assets, being depreciated/amortized      | <u>47,632,037</u>          | <u>1,888,336</u>    | <u>552,354</u>    | <u>48,968,019</u>           |
| Less Accumulated Depreciation/Amortization for:        |                            |                     |                   |                             |
| Buildings and Improvements                             | 15,923,171                 | 950,021             | -                 | 16,873,192                  |
| Machinery and Equipment                                | 2,458,122                  | 267,126             | 540,430           | 2,184,818                   |
| Right-to-use Leased Equipment                          | 13,971                     | 41,798              | 11,924            | 43,845                      |
| Right-to-use Subscription Assets                       | 324                        | 5,672               | -                 | 5,996                       |
| Total Accumulated Depreciation/Amortization            | <u>18,395,588</u>          | <u>1,264,617</u>    | <u>552,354</u>    | <u>19,107,851</u>           |
| Total Capital Assets, being depreciated/amortized, net | <u>\$ 29,236,449</u>       | <u>\$ 623,719</u>   | <u>\$ -</u>       | <u>\$ 29,860,168</u>        |
| Capital Assets, net                                    | <u>\$ 36,251,440</u>       | <u>\$ 1,717,388</u> | <u>\$ 887,340</u> | <u>\$ 37,081,488</u>        |

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

|   |                     |
|---|---------------------|
| General Support                         | \$ 33,054           |
| Instruction                             | 1,005,684           |
| Pupil Transportation                    | <u>225,879</u>      |
| Total Depreciation/Amortization Expense | <u>\$ 1,264,617</u> |

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2024 were as follows:

|                               |                  |
|-------------------------------|------------------|
|                               | General<br>Fund  |
| Payroll and Employee Benefits | <u>\$ 60,271</u> |

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

## Notes to Financial Statements (Continued)

June 30, 2024

**Note 3 - Detailed Notes on All Funds (Continued)****D. Short-Term Capital Borrowings – Bond Anticipation Notes**

The schedule below details the changes in the short-term capital borrowings:

| Purpose  | Original<br>Issue<br>Date | Maturity<br>Date | Rate of<br>Interest | Balance<br>July 1, 2023 | New<br>Issues | Redemptions       | Balance<br>June 30, 2024 |
|--|---------------------------|------------------|---------------------|-------------------------|---------------|-------------------|--------------------------|
| Reconstruction of<br>Various School<br>Buildings | 6/20/2024                 | 6/20/2025        | 4.50 %              | <u>\$ 2,529,021</u>     | <u>\$ -</u>   | <u>\$ 199,021</u> | <u>\$ 2,330,000</u>      |

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

Interest expenditures of \$119,461 were recorded in the fund financial statements in the General Fund and \$120,024 district-wide financial statements.

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2024:

|   | Balance<br>July 1,<br>2023 | New<br>Issues/<br>Additions | Maturities<br>and/or<br>Payments | Balance<br>June 30,<br>2024 | Due<br>Within<br>One-Year |
|---|----------------------------|-----------------------------|----------------------------------|-----------------------------|---------------------------|
| General Obligation Bonds Payable                                  | <u>\$ 13,085,000</u>       | <u>\$ -</u>                 | <u>\$ 1,190,000</u>              | <u>\$ 11,895,000</u>        | <u>\$ 1,120,000</u>       |
| Installment Purchase Debt Payable                                 | <u>-</u>                   | <u>224,135</u>              | <u>53,697</u>                    | <u>170,438</u>              | <u>55,226</u>             |
| Leases Payable  | <u>6,776</u>               | <u>189,307</u>              | <u>37,114</u>                    | <u>158,969</u>              | <u>39,426</u>             |
| Subscription Based Information<br>Technology Arrangements Payable | <u>8,167</u>               | <u>-</u>                    | <u>3,783</u>                     | <u>4,384</u>                | <u>4,384</u>              |
| Other Non-current Liabilities:                                    |                            |                             |                                  |                             |                           |
| Compensated Absences  | 663,235                    | 57,827                      | 66,320                           | 654,742                     | 65,000                    |
| Net Pension Liability - ERS                                       | 3,363,220                  | -                           | 1,041,855                        | 2,321,365                   | -                         |
| Net Pension Liability - TRS                                       | 2,069,553                  | -                           | 852,897                          | 1,216,656                   | -                         |
| Other Post Employment<br>Benefit Liability                        | <u>7,013,532</u>           | <u>1,537,985</u>            | <u>1,417,367</u>                 | <u>7,134,150</u>            | <u>481,737</u>            |
| Total Non-current Liabilities                                     | <u>13,109,540</u>          | <u>1,595,812</u>            | <u>3,378,439</u>                 | <u>11,326,913</u>           | <u>546,737</u>            |
| Total Long-Term Liabilities                                       | <u>\$ 26,209,483</u>       | <u>\$ 2,009,254</u>         | <u>\$ 4,663,033</u>              | <u>\$ 23,555,704</u>        | <u>\$ 1,765,773</u>       |

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

## Notes to Financial Statements (Continued)

June 30, 2024

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

Each governmental fund's liability for compensated absences, net pension liabilities and other postemployment benefit liabilities is liquidated by the General Fund. The School District's indebtedness for general obligation bonds, installment purchase debt, leases and SBITA's is satisfied by the Debt Service Fund, which is funded primarily by the General Fund.

**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2024 are comprised of the following individual issues:

| Purpose                    | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates | Amount Outstanding at June 30, 2024 |
|----------------------------|---------------|-----------------------|----------------|----------------|-------------------------------------|
| District-Wide Improvements | 2012          | \$ 1,300,000          | June, 2027     | 2.500-3.125 %  | \$ 280,000                          |
| HS/MS Boiler Plant         | 2014          | 730,000               | June, 2030     | 2.250-3.375    | 305,000                             |
| District-Wide Improvements | 2018          | 2,700,000             | June, 2033     | 2.125-3.000    | 810,000                             |
| District-Wide Improvements | 2019          | 6,500,000             | June, 2033     | 3.000-3.250    | 3,810,000                           |
| District-Wide Improvements | 2022          | 1,300,000             | June, 2033     | 3.000          | 1,090,000                           |
| District-Wide Improvements | 2023          | 6,045,000             | June, 2039     | 4.000          | 5,600,000                           |
|                            |               |                       |                |                | <u>\$ 11,895,000</u>                |

Interest expenditures of \$451,633 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$459,898 was recorded in the district-wide financial statements.

**Installment Purchase Debt Payable**

In 2024, the School District entered into a lease agreement for the acquisition of certain computer equipment. The terms of the agreement provide for the repayment of principal amount of \$224,135 in yearly installments, including interest of 2.85%. The balance due at June 30, 2024 is \$170,438.

Interest expenditures/expense of \$6,380 were recorded in the fund financial statements in the Debt Service Fund and in the district-wide financial statements.

**Leases Payable**

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

| Purpose   | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates  | Amount Outstanding at June 30, 2024 |
|-----------|---------------|-----------------------|----------------|-----------------|-------------------------------------|
| Equipment | 2022          | \$ 99,572             | June, 2026     | 0.5140-1.0590 % | \$ 3,055                            |
| Equipment | 2024          | 189,307               | June, 2028     | 0.5140-2.7360   | 155,914                             |
|           |               |                       |                |                 | <u>\$ 158,969</u>                   |

# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2024

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

Interest expenditures/expense of \$4,417 were recorded in the fund financial statements in the Debt Service Fund and in the district-wide financial statements.

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

SBITA's payable at June 30, 2024 are comprised of the following individual agreements:

| Purpose    | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates  | Amount Outstanding at June 30, 2024 |
|------------|---------------|-----------------------|----------------|-----------------|-------------------------------------|
| Technology | 2023          | \$ 11,667             | May, 2025      | 1.7103- 2.656 % | <u>\$ 4,384</u>                     |

Interest expenditures/expense of \$217 were recorded in the fund financial statements in the Debt Service Fund and in the district-wide financial statements.

#### Payments to Maturity

The annual requirements to amortize all outstanding bonded debt, leases and subscriptions as of June 30, 2024 including interest payments of \$2,754,272 is as follows:

| Year Ending June 30, | General Obligation Bonds |                     |                      | Leases            |                 |                   | Installment Purchase Debt |                 |                   |
|----------------------|--------------------------|---------------------|----------------------|-------------------|-----------------|-------------------|---------------------------|-----------------|-------------------|
|                      | Principal                | Interest            | Total                | Principal         | Interest        | Total             | Principal                 | Interest        | Total             |
| 2025                 | \$ 1,120,000             | \$ 415,513          | \$ 1,535,513         | \$ 39,426         | \$ 3,823        | \$ 43,249         | \$ 55,226                 | \$ 4,851        | \$ 60,077         |
| 2026                 | 1,135,000                | 377,663             | 1,512,663            | 39,455            | 2,767           | 42,222            | 56,798                    | 3,280           | 60,078            |
| 2027                 | 1,165,000                | 339,338             | 1,504,338            | 39,496            | 1,698           | 41,194            | 58,414                    | 1,663           | 60,077            |
| 2028                 | 1,135,000                | 299,850             | 1,434,850            | 40,592            | 605             | 41,197            | -                         | -               | -                 |
| 2029                 | 980,000                  | 260,975             | 1,240,975            | -                 | -               | -                 | -                         | -               | -                 |
| 2030-2034            | 4,425,000                | 804,531             | 5,229,531            | -                 | -               | -                 | -                         | -               | -                 |
| 2035-2039            | 1,935,000                | 237,600             | 2,172,600            | -                 | -               | -                 | -                         | -               | -                 |
|                      | <u>\$ 11,895,000</u>     | <u>\$ 2,735,469</u> | <u>\$ 14,630,469</u> | <u>\$ 158,969</u> | <u>\$ 8,893</u> | <u>\$ 167,862</u> | <u>\$ 170,438</u>         | <u>\$ 9,794</u> | <u>\$ 180,232</u> |

| Year Ending June 30, | SBITA's         |               |                 | Total                |                     |                      |
|----------------------|-----------------|---------------|-----------------|----------------------|---------------------|----------------------|
|                      | Principal       | Interest      | Total           | Principal            | Interest            | Total                |
| 2025                 | \$ 4,384        | \$ 116        | \$ 4,500        | \$ 1,219,036         | \$ 424,303          | \$ 1,643,339         |
| 2026                 | -               | -             | -               | 1,231,253            | 383,710             | 1,614,963            |
| 2027                 | -               | -             | -               | 1,262,910            | 342,699             | 1,605,609            |
| 2028                 | -               | -             | -               | 1,175,592            | 300,455             | 1,476,047            |
| 2029                 | -               | -             | -               | 980,000              | 260,975             | 1,240,975            |
| 2030-2034            | -               | -             | -               | 4,425,000            | 804,531             | 5,229,531            |
| 2035-2039            | -               | -             | -               | 1,935,000            | 237,600             | 2,172,600            |
|                      | <u>\$ 4,384</u> | <u>\$ 116</u> | <u>\$ 4,500</u> | <u>\$ 12,228,791</u> | <u>\$ 2,754,272</u> | <u>\$ 14,983,063</u> |

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

#### Legal Debt Margin

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

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

**Compensated Absences**

Vacation time is earned at the completion of one year of service. It has been the School District's practice to compensate administrators and all other employees for unused vacation time upon separation of service. The School District does not compensate employees for unused sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

**Pension Plans**

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

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially



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

Notes to Financial Statements (Continued)

June 30, 2024

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

determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the ERS plan year ended March 31, 2024 and TRS Plan year ended June 30, 2024:

|     | <u>Tier/Plan</u> | <u>Rate</u> |
|-----|------------------|-------------|
| ERS | 2 75I            | 18.30 %     |
|     | 4 A15            | 15.00       |
|     | 5 A15            | 13.00       |
|     | 6 A15            | 9.60        |
| TRS | 1-6              | 9.76 %      |

At June 30, 2024, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

|   | <u>ERS</u>     | <u>TRS</u>    |
|---|----------------|---------------|
| Measurement date  | March 31, 2024 | June 30, 2023 |
| Net pension liability                                     | \$ 2,321,365   | \$ 1,216,656  |
| School Districts' proportion of the net pension liability | 0.0157658 %    | 0.106390 %    |
| Change in proportion since the prior measurement date     | 0.0000821 %    | (0.001462) %  |

The net pension liability was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2024, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$4,638,296 (\$1,139,842 for ERS and \$3,498,454 for TRS). Pension expenditures for ERS of \$660,194 and TRS of \$1,962,275 were reported in the fund financial statements and were charged to the General Fund.

# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2024

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

At June 30, 2024, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | ERS                            |                               | TRS                            |                               |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|  | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience   | \$ 747,710                     | \$ 63,298                     | \$ 2,950,068                   | \$ 7,291                      |
| Changes of assumptions   | 877,656                        | -                             | 2,619,425                      | 570,889                       |
| Net difference between projected and actual earnings on pension plan investments                                     | -                              | 1,133,975                     | 621,931                        | -                             |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 334,037                        | 37,324                        | 247,735                        | 117,999                       |
| School District contributions subsequent to the measurement date   | 226,515                        | -                             | 1,990,406                      | -                             |
|  | <u>\$ 2,185,918</u>            | <u>\$ 1,234,597</u>           | <u>\$ 8,429,565</u>            | <u>\$ 696,179</u>             |
|  | Total                          |                               |                                |                               |
|  | Deferred Outflows of Resources | Deferred Inflows of Resources |                                |                               |
| Differences between expected and actual experience   | \$ 3,697,778                   | \$ 70,589                     |                                |                               |
| Changes of assumptions   | 3,497,081                      | 570,889                       |                                |                               |
| Net difference between projected and actual earnings on pension plan investments                                     | 621,931                        | 1,133,975                     |                                |                               |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 581,772                        | 155,323                       |                                |                               |
| School District contributions subsequent to the measurement date   | 2,216,921                      | -                             |                                |                               |
|  | <u>\$ 10,615,483</u>           | <u>\$ 1,930,776</u>           |                                |                               |

\$226,515 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$1,990,406 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

| Year Ended | March 31,         | June 30,            |
|------------|-------------------|---------------------|
|            | ERS               | TRS                 |
| 2024       | \$ -              | \$ 545,984          |
| 2025       | (314,835)         | (611,173)           |
| 2026       | 530,879           | 4,914,813           |
| 2027       | 734,680           | 386,169             |
| 2028       | (225,918)         | 316,977             |
| Thereafter | -                 | 190,210             |
|            | <u>\$ 724,806</u> | <u>\$ 5,742,980</u> |

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

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

|                            | ERS            | TRS           |
|----------------------------|----------------|---------------|
| Measurement Date           | March 31, 2024 | June 30, 2023 |
| Actuarial valuation date   | April 1, 2023  | June 30, 2022 |
| Investment rate of return  | 5.9% *         | 6.95% *       |
| Salary scale               | 4.4%           | 1.95-5.18%    |
| Inflation rate             | 2.9%           | 2.4%          |
| Cost of living adjustments | 1.5%           | 1.3%          |

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

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

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

# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2024

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

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

| Asset Type                            | ERS<br>March 31, 2024 |   | TRS<br>June 30, 2023 |   |
|---------------------------------------|-----------------------|---|----------------------|---|
|                                       | Target<br>Allocation  | Long-Term<br>Expected<br>Real Rate<br>of Return | Target<br>Allocation | Long-Term<br>Expected<br>Real Rate<br>of Return |
| Domestic Equity                       | 32 %                  | 4.00 %  | 33 %                 | 6.8 %   |
| International Equity                  | 15                    | 6.65  | 15                   | 7.6   |
| Private Equity                        | 10                    | 7.25  | 9                    | 10.1  |
| Real Estate                           | 9                     | 4.60  | 11                   | 6.3   |
| Domestic Fixed Income Securities      | -                     | -   | 16                   | 2.2   |
| Global Bonds                          | -                     | -   | 2                    | 0.6   |
| High Yield Bonds                      | -                     | -   | 1                    | 4.4   |
| Global Equities                       | -                     | -   | 4                    | 1.6   |
| Private Debt                          | -                     | -   | 2                    | 6.0   |
| Real Estate Debt                      | -                     | -   | 6                    | 3.2   |
| Opportunistic Portfolio/ARS Portfolio | 3                     | 5.25  | -                    | -   |
| Credit                                | 4                     | 5.40  | -                    | -   |
| Real Assets                           | 3                     | 5.79  | -                    | -   |
| Fixed Income                          | 23                    | 1.50  | -                    | -   |
| Cash                                  | 1                     | 0.25  | 1                    | 0.3   |
|                                       | <u>100 %</u>          |   | <u>100 %</u>         |   |

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

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

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

|   | 1%<br>Decrease<br>(4.90%) | Current<br>Discount Rate<br>(5.90%) | 1%<br>Increase<br>(6.90%) |
|---|---------------------------|-------------------------------------|---------------------------|
| School District's proportionate share of<br>the ERS net pension liability (asset) | <u>\$ 7,298,609</u>       | <u>\$ 2,321,365</u>                 | <u>\$ (1,835,666)</u>     |

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

## Notes to Financial Statements (Continued)

June 30, 2024

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

|   | 1%<br>Decrease<br>(5.95%) | Current<br>Discount Rate<br>(6.95%) | 1%<br>Increase<br>(7.95%) |
|---|---------------------------|-------------------------------------|---------------------------|
| School District's proportionate share of<br>the TRS net pension liability (asset) | <u>\$ 18,530,292</u>      | <u>\$ 1,216,656</u>                 | <u>\$ (13,344,860)</u>    |

The components of the collective net pension liability as of the March 31, 2024 ERS measurement date and the June 30, 2023 TRS measurement date were as follows:

|  | ERS                      | TRS                     |
|--|--------------------------|-------------------------|
| Total pension liability  | \$ 240,696,851,000       | \$ 138,365,121,961      |
| Fiduciary net position   | <u>225,972,801,000</u>   | <u>137,221,536,942</u>  |
| Employers' net pension liability                                     | <u>\$ 14,724,050,000</u> | <u>\$ 1,143,585,019</u> |
| Fiduciary net position as a percentage<br>of total pension liability | <u>93.88%</u>            | <u>99.17%</u>           |

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2024 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2024 were \$226,515 to ERS and \$2,139,474 to TRS, inclusive of \$149,068 of employee contributions.

***Voluntary Defined Contribution Plan***

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 5% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

**Other Postemployment Benefit Liability ("OPEB")**

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

# North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

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

employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2024, the following participants were covered by the benefit terms:

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

The School District's total OPEB liability of \$7,134,150 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

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

|  |   |
|--|---|
| Salary increases                         | 1.25%, average, including inflation   |
| Discount rate                            | 3.97%   |
| Healthcare cost trend rates              | 7.750% for 2024, decreasing 0.25% per year to an ultimate rate of 4.037% for 2075 and later years |
| Retirees' share of benefit-related costs | Varies from 11% to 50%, depending on applicable retirement year and bargaining unit               |

The discount rate was based on the Fidelity GO AA 20 Year Municipal Bond Index as of June 30, 2024.

Mortality rates were based on the sex-distinct and job category specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees, healthy retirees and contingent survivors adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a generational basis.

The School District's change in the total OPEB liability for the year ended June 30, 2024 is as follows:

|  |                     |
|--|---------------------|
| Total OPEB Liability - Beginning of Year           | \$ 7,013,532        |
| Service cost                                       | 329,629             |
| Interest   | 270,169             |
| Changes of benefit terms                           | -                   |
| Differences between expected and actual experience | 938,187             |
| Changes in assumptions or other inputs             | (935,630)           |
| Benefit payments                                   | <u>(481,737)</u>    |
| Total OPEB Liability - End of Year                 | <u>\$ 7,134,150</u> |

# North Salem Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.97%) or 1 percentage point higher (4.97%) than the current discount rate:

|                      | 1%<br>Decrease<br>(2.97%) | Current<br>Discount Rate<br>(3.97%) | 1%<br>Increase<br>(4.97%) |
|----------------------|---------------------------|-------------------------------------|---------------------------|
| Total OPEB Liability | \$ 7,181,904              | \$ 7,134,150                        | \$ 6,962,785              |

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.750% decreasing to 3.037%) or 1 percentage point higher (8.750% decreasing to 5.037%) than the current healthcare cost trend rates:

|                      | 1%<br>Decrease<br>(6.750% decreasing<br>to 3.037%) | Current<br>Healthcare<br>Cost Trend<br>Rates<br>(7.750% decreasing<br>to 4.037%) | 1%<br>Increase<br>(8.750% decreasing<br>to 5.037%) |
|----------------------|--|--|--|
| Total OPEB Liability | \$ 6,688,095                                       | \$ 7,134,150   | \$ 7,537,939                                       |

For the year ended June 30, 2024, the School District recognized OPEB expense of (\$1,608,136) in the district-wide financial statements. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Changes of assumptions or other inputs             | \$ 1,320,116                         | \$ 4,252,043                        |
| Differences between expected and actual experience | 951,207                              | 7,779,310                           |
|  | \$ 2,271,323                         | \$ 12,031,353                       |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended<br>June 30, |                |
|------------------------|----------------|
| 2025                   | \$ (2,216,394) |
| 2026                   | (2,246,310)    |
| 2027                   | (2,110,935)    |
| 2028                   | (1,351,077)    |
| 2029                   | (1,092,099)    |
| Thereafter             | (743,215)      |
|                        | \$ (9,760,030) |

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

**F. Revenues and Expenditures**

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

| Transfers Out                | Transfer In      |                       |                   |                              | Total               |
|------------------------------|------------------|-----------------------|-------------------|------------------------------|---------------------|
|                              | General Fund     | Capital Projects Fund | Special Aid Fund  | Non-Major Governmental Funds |                     |
| General Fund                 | \$ -             | \$ 199,021            | \$ 119,244        | \$ 1,748,520                 | \$ 2,066,785        |
| Special Aid Fund             | 753              | -                     | -                 | -                            | 753                 |
| Non-Major Governmental Funds | 25,000           | -                     | -                 | -                            | 25,000              |
|                              | <u>\$ 25,753</u> | <u>\$ 199,021</u>     | <u>\$ 119,244</u> | <u>\$ 1,748,520</u>          | <u>\$ 2,092,538</u> |

Transfers are used to 1) move funds from the General Fund to the Debt Service Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the General Fund to fulfill commitments for Special Aid Fund and Capital Projects Fund expenditures.

**G. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Capital Projects* - the component of net position that reports the amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings.

*Restricted for Future Capital Projects* - the component of net position that has been established to set aside funds to be used for future capital projects.

*Restricted for Tax Certiorari* - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

*Restricted for Unemployment Benefits* - the component of net position that has been set aside to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

*Restricted for ERS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.



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

*Restricted for TRS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for Property Loss Reserve and Liability Claims* - the component of net position that reports the amounts set aside to be used to pay for property loss and liability claims incurred in accordance with the Education Law of the State of New York.

*Restricted for Debt Service* - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

*Restricted for Special Purposes* - the component of net position that has been established to set aside funds to be used for extraclassroom activities and other purposes with constraints placed on their use by either external parties and/or statute.

*Restricted for Permanent Fund* - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

# North Salem Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2024

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

#### H. Fund Balances

|  | General<br>Fund | Capital<br>Projects<br>Fund | Non-Major<br>Governmental<br>Funds | Total        |
|--|-----------------|-----------------------------|------------------------------------|--------------|
| Nonspendable:  |                 |                             |                                    |              |
| Inventories  | \$ -            | \$ -                        | \$ 3,750                           | \$ 3,750     |
| Prepaid expenditures   | 1,273,510       | -                           | -                                  | 1,273,510    |
| Permanent Fund   | -               | -                           | 43,888                             | 43,888       |
| Total Nonspendable   | 1,273,510       | -                           | 47,638                             | 1,321,148    |
| Restricted:  |                 |                             |                                    |              |
| Tax certiorari   | 947,261         | -                           | -                                  | 947,261      |
| Unemployment benefits  | 177,409         | -                           | -                                  | 177,409      |
| Employee benefit accrued liability                                   | 550,304         | -                           | -                                  | 550,304      |
| ERS retirement contributions   | 1,109,339       | -                           | -                                  | 1,109,339    |
| ERS retirement contributions - for<br>subsequent year's expenditures | 350,000         | -                           | -                                  | 350,000      |
| TRS retirement contributions   | 1,131,563       | -                           | -                                  | 1,131,563    |
| TRS retirement contributions - for<br>subsequent year's expenditures | 215,000         | -                           | -                                  | 215,000      |
| Property loss reserve and liability claims                           | 143,512         | -                           | -                                  | 143,512      |
| Future capital projects  | 50,003          | -                           | -                                  | 50,003       |
| Debt service   | -               | -                           | 488,062                            | 488,062      |
| Debt service - for subsequent<br>year's expenditures                 | -               | -                           | 125,000                            | 125,000      |
| Special purposes - extraclassroom activities                         | -               | -                           | 61,611                             | 61,611       |
| Special purposes - other   | -               | -                           | 64,330                             | 64,330       |
| Permanent fund   | -               | -                           | 44,953                             | 44,953       |
| Total Restricted   | 4,674,391       | -                           | 783,956                            | 5,458,347    |
| Assigned:  |                 |                             |                                    |              |
| Purchases on order:  |                 |                             |                                    |              |
| General government support   | 155,110         | -                           | -                                  | 155,110      |
| Instruction  | 286,661         | -                           | -                                  | 286,661      |
| Pupil transportation   | 55,058          | -                           | -                                  | 55,058       |
|  | 496,829         | -                           | -                                  | 496,829      |
| For subsequent year's<br>expenditures -                              |                 |                             |                                    |              |
| General Fund   | 725,000         | -                           | -                                  | 725,000      |
| School Lunch Fund  | -               | -                           | 29,562                             | 29,562       |
| Total Assigned   | 1,221,829       | -                           | 29,562                             | 1,251,391    |
| Unassigned   | 2,018,504       | (754,954)                   | -                                  | 1,263,550    |
| Total Fund Balances (Deficits)                                       | \$ 9,188,234    | \$ (754,954)                | \$ 861,156                         | \$ 9,294,436 |

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

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

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

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

Restricted for Employee Benefit Accrued Liability - the component of fund balance that reports the amounts set aside to be used for the payment of unused sick and vacation time granted upon termination or separation from service in accordance with Section 6-p of the General Municipal Law of the State of New York.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2024, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

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

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

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

**A. Litigation**

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

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

**B. Contingencies**

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

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

**C. Risk Management**

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

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million. The School District also maintains liability coverage for school board members up to \$1 million and an umbrella policy which provides coverage up to \$19 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester Putnam School Cooperative Workers' Compensation Self-Insurance Plan. This Plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority of the total membership of Trustees. Billings to each participant are based upon the cost incurred for workers' compensation. The School District has transferred all related risk to the Plan.

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

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

**Note 5 - Recently Issued GASB Pronouncements**

GASB Statement No. 101, "*Compensated Absences*", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102, "*Certain Risk Disclosures*", provides guidance on disclosures for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024 (i.e., the School District's financial statements for the year ended June 30, 2025).

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**Note 5 - Recently Issued GASB Pronouncements (Continued)**

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

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

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# North Salem Central School District

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

|  | 2024                 | 2023                 | 2022                 |
|--|----------------------|----------------------|----------------------|
| Total OPEB Liability:  |                      |                      |                      |
| Service cost   | \$ 329,629           | \$ 413,109           | \$ 499,080           |
| Interest   | 270,169              | 333,548              | 181,764              |
| Changes of benefit terms   | -                    | -                    | -                    |
| Differences between expected and actual experience               | 938,187              | -                    | (6,270,680) (4)      |
| Changes of assumptions or other inputs                           | (935,630)            | (2,142,242)          | (625,623)            |
| Benefit payments   | (481,737)            | (434,052)            | (359,674)            |
| Net Change in Total OPEB Liability                               | 120,618              | (1,829,637)          | (6,575,133)          |
| Total OPEB Liability – Beginning of Year                         | 7,013,532            | 8,843,169            | 15,418,302           |
| Total OPEB Liability – End of Year                               | <u>\$ 7,134,150</u>  | <u>\$ 7,013,532</u>  | <u>\$ 8,843,169</u>  |
| School District's covered-employee payroll                       | <u>\$ 26,109,538</u> | <u>\$ 25,463,159</u> | <u>\$ 25,503,392</u> |
| Total OPEB liability as a percentage of covered-employee payroll | <u>27.32%</u>        | <u>27.54%</u>        | <u>34.67%</u>        |
| Discount Rate  | <u>3.97%</u>         | <u>3.86%</u>         | <u>3.69%</u>         |

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

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

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

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

See independent auditors' report.



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

# North Salem Central School District

Required Supplementary Information - Schedule of the  
New York State Teachers' Retirement System  
Last Ten Fiscal Years (1)

## Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)

|   | 2024                 | 2023 (3)             | 2022 (4)               | 2021 (3)             |
|---|----------------------|----------------------|------------------------|----------------------|
| School District's proportion of the net pension liability (asset)   | <u>0.106390%</u>     | <u>0.107852%</u>     | <u>0.110368%</u>       | <u>0.105340%</u>     |
| School District's proportionate share of the net pension liability (asset)  | <u>\$ 1,216,656</u>  | <u>\$ 2,069,553</u>  | <u>\$ (19,125,681)</u> | <u>\$ 2,910,824</u>  |
| School District's covered payroll   | <u>\$ 19,937,887</u> | <u>\$ 19,248,536</u> | <u>\$ 18,801,445</u>   | <u>\$ 17,918,217</u> |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <u>(6.10%)</u>       | <u>(10.75%)</u>      | <u>(101.72%)</u>       | <u>16.25%</u>        |
| Plan fiduciary net position as a percentage of the total pension liability  | <u>99.17%</u>        | <u>98.57%</u>        | <u>113.20%</u>         | <u>97.76%</u>        |
| Discount Rate   | <u>6.95%</u>         | <u>6.95%</u>         | <u>6.95%</u>           | <u>7.10%</u>         |

## Schedule of Contributions

|  | 2024                 | 2023                 | 2022                 | 2021                 |
|--|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution                                  | \$ 1,990,406         | \$ 2,037,913         | \$ 1,875,258         | \$ 1,784,731         |
| Contributions in relation to the contractually required contribution | <u>(1,990,406)</u>   | <u>(2,037,913)</u>   | <u>(1,875,258)</u>   | <u>(1,784,731)</u>   |
| Contribution excess  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| School District's covered payroll                                    | <u>\$ 20,393,509</u> | <u>\$ 19,937,887</u> | <u>\$ 19,248,536</u> | <u>\$ 18,801,445</u> |
| Contributions as a percentage of covered payroll                     | <u>9.76%</u>         | <u>10.22%</u>        | <u>9.74%</u>         | <u>9.49%</u>         |

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

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

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

See independent auditors' report.

| 2020                  | 2019                  | 2018                 | 2017                 | 2016                   | 2015                   |
|-----------------------|-----------------------|----------------------|----------------------|------------------------|------------------------|
| <u>0.106545%</u>      | <u>0.105717%</u>      | <u>0.109364%</u>     | <u>0.109763%</u>     | <u>0.109625%</u>       | <u>0.109989%</u>       |
| <u>\$ (2,768,036)</u> | <u>\$ (1,911,648)</u> | <u>\$ (831,271)</u>  | <u>\$ 1,175,612</u>  | <u>\$ (11,386,513)</u> | <u>\$ (12,252,122)</u> |
| <u>\$ 17,805,296</u>  | <u>\$ 17,195,034</u>  | <u>\$ 17,332,571</u> | <u>\$ 17,003,533</u> | <u>\$ 16,509,291</u>   | <u>\$ 16,447,718</u>   |
| <u>(15.55)%</u>       | <u>(11.12)%</u>       | <u>(4.80)%</u>       | <u>(6.91)%</u>       | <u>(68.97)%</u>        | <u>(74.49)%</u>        |
| <u>102.20%</u>        | <u>101.53%</u>        | <u>100.66%</u>       | <u>99.01%</u>        | <u>110.46%</u>         | <u>111.48%</u>         |
| <u>7.10%</u>          | <u>7.25%</u>          | <u>7.25%</u>         | <u>7.50%</u>         | <u>8.00%</u>           | <u>8.00%</u>           |
| 2020                  | 2019                  | 2018                 | 2017                 | 2016                   | 2015                   |
| <u>\$ 1,587,554</u>   | <u>\$ 1,892,562</u>   | <u>\$ 1,685,113</u>  | <u>\$ 2,031,377</u>  | <u>\$ 2,254,668</u>    | <u>\$ 2,894,079</u>    |
| <u>(1,587,554)</u>    | <u>(1,892,562)</u>    | <u>(1,685,113)</u>   | <u>(2,031,377)</u>   | <u>(2,254,668)</u>     | <u>(2,894,079)</u>     |
| <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>            | <u>\$ -</u>            |
| <u>\$ 17,918,217</u>  | <u>\$ 17,805,296</u>  | <u>\$ 17,195,034</u> | <u>\$ 17,332,571</u> | <u>\$ 17,003,533</u>   | <u>\$ 16,509,291</u>   |
| <u>8.86%</u>          | <u>10.62%</u>         | <u>9.80%</u>         | <u>11.72%</u>        | <u>13.26%</u>          | <u>17.53%</u>          |

# North Salem Central School District

Required Supplementary Information - Schedule of the  
New York State and Local Employees' Retirement System  
Last Ten Fiscal Years (1)

## Schedule of the School District's Proportionate Share of the Net Pension Liability (2)

|   | 2024                | 2023 (3)            | 2022 (4)              | 2021 (4)            |
|---|---------------------|---------------------|-----------------------|---------------------|
| School District's proportion of the net pension liability (asset)   | <u>0.0157658%</u>   | <u>0.0156837%</u>   | <u>0.0139719%</u>     | <u>0.0145171%</u>   |
| School District's proportionate share of the net pension liability (asset)  | <u>\$ 2,321,365</u> | <u>\$ 3,363,220</u> | <u>\$ (1,142,146)</u> | <u>\$ 14,455</u>    |
| School District's covered payroll   | <u>\$ 6,557,266</u> | <u>\$ 5,007,726</u> | <u>\$ 5,722,899</u>   | <u>\$ 5,185,328</u> |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <u>35.40%</u>       | <u>67.16%</u>       | <u>(19.96%)</u>       | <u>0.28%</u>        |
| Fiduciary net position as a percentage of the total pension liability   | <u>93.88%</u>       | <u>90.78%</u>       | <u>103.65%</u>        | <u>99.95%</u>       |
| Discount Rate   | <u>5.90%</u>        | <u>5.90%</u>        | <u>5.90%</u>          | <u>5.90%</u>        |

## Schedule of Contributions

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

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

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

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

See independent auditors' report.

| 2020 (3)            | 2019                | 2018                | 2017                | 2016                | 2015                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>0.0152513%</u>   | <u>0.0154731%</u>   | <u>0.0154754%</u>   | <u>0.0155721%</u>   | <u>0.0153166%</u>   | <u>0.0155537%</u>   |
| <u>\$ 4,038,640</u> | <u>\$ 1,096,315</u> | <u>\$ 499,460</u>   | <u>\$ 1,463,193</u> | <u>\$ 2,458,354</u> | <u>\$ 525,443</u>   |
| <u>\$ 5,610,710</u> | <u>\$ 5,447,185</u> | <u>\$ 5,073,119</u> | <u>\$ 5,036,810</u> | <u>\$ 4,835,160</u> | <u>\$ 4,550,520</u> |
| <u>71.98%</u>       | <u>20.13%</u>       | <u>9.85%</u>        | <u>29.05%</u>       | <u>50.84%</u>       | <u>11.55%</u>       |
| <u>86.39%</u>       | <u>96.27%</u>       | <u>98.24%</u>       | <u>94.70%</u>       | <u>90.70%</u>       | <u>97.90%</u>       |
| <u>6.80%</u>        | <u>7.00%</u>        | <u>7.00%</u>        | <u>7.00%</u>        | <u>7.00%</u>        | <u>7.50%</u>        |
| 2020                | 2019                | 2018                | 2017                | 2016                | 2015                |
| <u>\$ 765,917</u>   | <u>\$ 727,374</u>   | <u>\$ 754,926</u>   | <u>\$ 735,418</u>   | <u>\$ 833,908</u>   | <u>\$ 815,893</u>   |
| <u>(765,917)</u>    | <u>(727,374)</u>    | <u>(754,926)</u>    | <u>(735,418)</u>    | <u>(833,908)</u>    | <u>(815,893)</u>    |
| <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| <u>\$ 5,490,427</u> | <u>\$ 5,484,743</u> | <u>\$ 5,164,255</u> | <u>\$ 5,086,719</u> | <u>\$ 4,834,113</u> | <u>\$ 4,681,003</u> |
| <u>13.95%</u>       | <u>13.26%</u>       | <u>14.62%</u>       | <u>14.46%</u>       | <u>17.25%</u>       | <u>17.43%</u>       |

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**North Salem Central School District**

General Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended June 30, 2024

|  | Original<br>Budget | Final<br>Budget | Actual        | Encumbr-<br>ances | Variance with<br>Final Budget |
|--|--------------------|-----------------|---------------|-------------------|-------------------------------|
| <b>REVENUES</b>                                      |                    |                 |               |                   |                               |
| Real property taxes                                  | \$ 40,653,248      | \$ 40,653,248   | \$ 40,655,271 | \$                | \$ 2,023                      |
| Other tax items                                      | 1,464,696          | 1,464,696       | 1,468,921     |                   | 4,225                         |
| Non-property taxes                                   | 550,000            | 550,000         | 607,044       |                   | 57,044                        |
| Charges for services                                 | 822,474            | 888,474         | 1,568,233     |                   | 679,759                       |
| Use of money and property                            | 130,000            | 130,000         | 704,036       |                   | 574,036                       |
| Sale of property and<br>compensation for loss        | -                  | 66,059          | 86,623        |                   | 20,564                        |
| State aid  | 3,997,744          | 3,997,744       | 3,928,561     |                   | (69,183)                      |
| Miscellaneous  | 191,054            | 215,955         | 263,829       |                   | 47,874                        |
| Total Revenues                                       | 47,809,216         | 47,966,176      | 49,282,518    |                   | 1,316,342                     |
| <b>EXPENDITURES</b>                                  |                    |                 |               |                   |                               |
| Current  |                    |                 |               |                   |                               |
| General support                                      |                    |                 |               |                   |                               |
| Board of education                                   | 76,064             | 87,117          | 70,896        | -                 | 16,221                        |
| Central administration                               | 361,670            | 375,492         | 368,077       | -                 | 7,415                         |
| Finance  | 728,997            | 789,923         | 754,153       | 2,471             | 33,299                        |
| Staff  | 336,684            | 404,378         | 355,318       | -                 | 49,060                        |
| Central services                                     | 3,867,561          | 4,062,599       | 3,757,759     | 150,839           | 154,001                       |
| Special items  | 493,940            | 796,140         | 792,589       | 1,800             | 1,751                         |
| Total General Support                                | 5,864,916          | 6,515,649       | 6,098,792     | 155,110           | 261,747                       |
| Instruction  |                    |                 |               |                   |                               |
| Instruction, administration and<br>improvement       | 1,809,608          | 1,863,861       | 1,748,125     | 2,669             | 113,067                       |
| Teaching - Regular school                            | 12,861,361         | 12,438,856      | 12,300,389    | 34,383            | 104,084                       |
| Programs for students<br>with disabilities           | 8,159,656          | 8,362,681       | 7,970,719     | 179,756           | 212,206                       |
| Programs for English<br>language learners            | 504,444            | 454,843         | 398,637       | -                 | 56,206                        |
| Occupational education                               | 206,677            | 206,677         | 206,677       | -                 | -                             |
| Instructional media                                  | 1,563,490          | 1,509,873       | 1,418,596     | 47,703            | 43,574                        |
| Pupil services                                       | 2,641,210          | 2,670,683       | 2,545,036     | 22,150            | 103,497                       |
| Total Instruction                                    | 27,746,446         | 27,507,474      | 26,588,179    | 286,661           | 632,634                       |
| Pupil transportation                                 | 2,553,559          | 2,571,373       | 2,370,632     | 55,058            | 145,683                       |
| Employee benefits                                    | 11,413,340         | 11,423,276      | 9,905,183     | -                 | 1,518,093                     |
| Debt service   |                    |                 |               |                   |                               |
| Interest   | -                  | 119,461         | 119,461       | -                 | -                             |
| Total Expenditures                                   | 47,578,261         | 48,137,233      | 45,082,247    | 496,829           | 2,558,157                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 230,955            | (171,057)       | 4,200,271     | (496,829)         | 3,874,499                     |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>            |                    |                 |               |                   |                               |
| Transfers in   | 25,000             | 25,000          | 25,753        | -                 | 753                           |
| Transfers out  | (2,094,256)        | (2,070,524)     | (2,066,785)   | -                 | 3,739                         |
| Total Other Financing Uses                           | (2,069,256)        | (2,045,524)     | (2,041,032)   | -                 | 4,492                         |
| Net Change in Fund Balance                           | (1,838,301)        | (2,216,581)     | 2,159,239     | \$ (496,829)      | \$ 3,878,991                  |
| <b>FUND BALANCE</b>                                  |                    |                 |               |                   |                               |
| Beginning of Year                                    | 1,838,301          | 2,216,581       | 7,028,995     |                   |                               |
| End of Year  | \$ -               | \$ -            | \$ 9,188,234  |                   |                               |

See independent auditors' report.

## North Salem Central School District

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2024

|   | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| <b>REAL PROPERTY TAXES</b>                        | <u>\$ 40,653,248</u> | <u>\$ 40,653,248</u> | <u>\$ 40,655,271</u> | <u>\$ 2,023</u>               |
| <b>OTHER TAX ITEMS</b>                            |                      |                      |                      |                               |
| School tax relief reimbursement                   | 1,464,696            | 1,464,696            | 1,464,696            | -                             |
| Interest and penalties on real property taxes     | <u>-</u>             | <u>-</u>             | <u>4,225</u>         | <u>4,225</u>                  |
|   | <u>1,464,696</u>     | <u>1,464,696</u>     | <u>1,468,921</u>     | <u>4,225</u>                  |
| <b>NON-PROPERTY TAXES</b>                         |                      |                      |                      |                               |
| Non-property tax distribution from County         | <u>550,000</u>       | <u>550,000</u>       | <u>607,044</u>       | <u>57,044</u>                 |
| <b>CHARGES FOR SERVICES</b>                       |                      |                      |                      |                               |
| Other student fees and charges                    | 70,000               | 70,000               | 152,221              | 82,221                        |
| Non-resident tuition from other districts         | <u>752,474</u>       | <u>818,474</u>       | <u>1,416,012</u>     | <u>597,538</u>                |
|   | <u>822,474</u>       | <u>888,474</u>       | <u>1,568,233</u>     | <u>679,759</u>                |
| <b>USE OF MONEY AND PROPERTY</b>                  |                      |                      |                      |                               |
| Earnings on investments                           | 120,000              | 120,000              | 701,942              | 581,942                       |
| Rental of real property - Individuals             | <u>10,000</u>        | <u>10,000</u>        | <u>2,094</u>         | <u>(7,906)</u>                |
|   | <u>130,000</u>       | <u>130,000</u>       | <u>704,036</u>       | <u>574,036</u>                |
| <b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b> |                      |                      |                      |                               |
| Sale of equipment                                 | -                    | -                    | 11,750               | 11,750                        |
| Insurance recoveries                              | <u>-</u>             | <u>66,059</u>        | <u>74,873</u>        | <u>8,814</u>                  |
|   | <u>-</u>             | <u>66,059</u>        | <u>86,623</u>        | <u>20,564</u>                 |



**STATE AID**

|               |                  |                  |                  |                 |
|---------------|------------------|------------------|------------------|-----------------|
| Basic formula | 3,997,744        | 2,996,117        | 2,926,707        | (69,410)        |
| Cannabis      | -                | -                | 227              | 227             |
| Lottery aid   | -                | 229,062          | 229,062          | -               |
| BOCES         | -                | 704,306          | 704,306          | -               |
| Textbook aid  | -                | 44,245           | 44,245           | -               |
| Software aid  | -                | 17,808           | 17,808           | -               |
| Library aid   | -                | 6,206            | 6,206            | -               |
|               | <u>3,997,744</u> | <u>3,997,744</u> | <u>3,928,561</u> | <u>(69,183)</u> |

**MISCELLANEOUS**

|                                     |                |                |                |               |
|-------------------------------------|----------------|----------------|----------------|---------------|
| Refund of prior year's expenditures | 120,000        | 120,000        | 126,095        | 6,095         |
| Gifts and donations                 | 1,000          | 25,901         | 26,401         | 500           |
| Medicare Part D reimbursement       | -              | -              | 52,822         | 52,822        |
| Other                               | 70,054         | 70,054         | 58,511         | (11,543)      |
|                                     | <u>191,054</u> | <u>215,955</u> | <u>263,829</u> | <u>47,874</u> |

**TOTAL REVENUES**

|            |            |            |           |
|------------|------------|------------|-----------|
| 47,809,216 | 47,966,176 | 49,282,518 | 1,316,342 |
|------------|------------|------------|-----------|

**OTHER FINANCING SOURCES**

|                   |        |        |        |     |
|-------------------|--------|--------|--------|-----|
| Transfers in      |        |        |        |     |
| Special Aid Fund  | -      | -      | 753    | 753 |
| Debt Service Fund | 25,000 | 25,000 | 25,000 | -   |

**OTHER FINANCING SOURCES**

|               |               |               |            |
|---------------|---------------|---------------|------------|
| <u>25,000</u> | <u>25,000</u> | <u>25,753</u> | <u>753</u> |
|---------------|---------------|---------------|------------|

**TOTAL REVENUES AND OTHER  
FINANCING SOURCES**

|                      |                      |                      |                     |
|----------------------|----------------------|----------------------|---------------------|
| <u>\$ 47,834,216</u> | <u>\$ 47,991,176</u> | <u>\$ 49,308,271</u> | <u>\$ 1,317,095</u> |
|----------------------|----------------------|----------------------|---------------------|

See independent auditors' report.

**North Salem Central School District**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2024

|                                      | Original<br>Budget | Final<br>Budget | Actual    | Encumbrances | Variance with<br>Final Budget |
|--------------------------------------|--------------------|-----------------|-----------|--------------|-------------------------------|
| <b>GENERAL SUPPORT</b>               |                    |                 |           |              |                               |
| <b><i>BOARD OF EDUCATION</i></b>     |                    |                 |           |              |                               |
| Board of education                   | \$ 36,950          | \$ 39,453       | \$ 29,558 | \$ -         | \$ 9,895                      |
| District clerk                       | 22,374             | 22,374          | 21,676    | -            | 698                           |
| District meeting                     | 16,740             | 25,290          | 19,662    | -            | 5,628                         |
| Total Board of Education             | 76,064             | 87,117          | 70,896    | -            | 16,221                        |
| <b><i>CENTRAL ADMINISTRATION</i></b> |                    |                 |           |              |                               |
| Chief school administrator           | 361,670            | 375,492         | 368,077   | -            | 7,415                         |
| <b><i>FINANCE</i></b>                |                    |                 |           |              |                               |
| Business administration              | 545,368            | 601,194         | 580,546   | 2,471        | 18,177                        |
| Auditing                             | 65,700             | 65,200          | 51,174    | -            | 14,026                        |
| Treasurer                            | 101,929            | 102,529         | 102,490   | -            | 39                            |
| Tax collection                       | 2,500              | 2,500           | 1,443     | -            | 1,057                         |
| Fiscal agent fees                    | 13,500             | 18,500          | 18,500    | -            | -                             |
| Total Finance                        | 728,997            | 789,923         | 754,153   | 2,471        | 33,299                        |
| <b><i>STAFF</i></b>                  |                    |                 |           |              |                               |
| Legal                                | 165,000            | 225,011         | 188,137   | -            | 36,874                        |
| Personnel                            | 89,337             | 89,417          | 79,870    | -            | 9,547                         |
| Records Management Officer           | 3,850              | 3,850           | 3,775     | -            | 75                            |
| Public information and services      | 78,497             | 86,100          | 83,536    | -            | 2,564                         |
| Total Staff                          | 336,684            | 404,378         | 355,318   | -            | 49,060                        |

**CENTRAL SERVICES**

|                                    |           |           |           |         |         |
|------------------------------------|-----------|-----------|-----------|---------|---------|
| Operation and maintenance of plant | 3,852,561 | 4,049,654 | 3,747,066 | 150,839 | 151,749 |
| Central printing and mailing       | 15,000    | 12,945    | 10,693    | -       | 2,252   |
| Total Central Services             | 3,867,561 | 4,062,599 | 3,757,759 | 150,839 | 154,001 |

**SPECIAL ITEMS**

|  |           |           |           |         |         |
|--|-----------|-----------|-----------|---------|---------|
| Unallocated insurance                      | 204,050   | 206,250   | 202,700   | 1,800   | 1,750   |
| Judgements and claims                      | 6,755     | 306,755   | 306,755   | -       | -       |
| Administrative and capital charges - BOCES | 283,135   | 283,135   | 283,134   | -       | 1       |
| Total Special Items                        | 493,940   | 796,140   | 792,589   | 1,800   | 1,751   |
| Total General Support                      | 5,864,916 | 6,515,649 | 6,098,792 | 155,110 | 261,747 |

**INSTRUCTION****INSTRUCTION, ADMINISTRATION  
AND IMPROVEMENT**

|  |           |           |           |       |         |
|--|-----------|-----------|-----------|-------|---------|
| Curriculum development and supervision               | 510,540   | 532,137   | 425,719   | 2,669 | 103,749 |
| Supervision - Regular school                         | 1,299,068 | 1,331,724 | 1,322,406 | -     | 9,318   |
| Total Instruction, Administration<br>and Improvement | 1,809,608 | 1,863,861 | 1,748,125 | 2,669 | 113,067 |

**TEACHING - REGULAR SCHOOL**

|            |            |            |        |         |
|------------|------------|------------|--------|---------|
| 12,861,361 | 12,438,856 | 12,300,389 | 34,383 | 104,084 |
|------------|------------|------------|--------|---------|

**PROGRAMS FOR STUDENTS  
WITH DISABILITIES**

|           |           |           |         |         |
|-----------|-----------|-----------|---------|---------|
| 8,159,656 | 8,362,681 | 7,970,719 | 179,756 | 212,206 |
|-----------|-----------|-----------|---------|---------|

**PROGRAMS FOR ENGLISH  
LANGUAGE LEARNERS**

|         |         |         |   |        |
|---------|---------|---------|---|--------|
| 504,444 | 454,843 | 398,637 | - | 56,206 |
|---------|---------|---------|---|--------|

**OCCUPATIONAL EDUCATION**

|         |         |         |   |   |
|---------|---------|---------|---|---|
| 206,677 | 206,677 | 206,677 | - | - |
|---------|---------|---------|---|---|

**INSTRUCTIONAL MEDIA**

|                                |           |           |           |        |        |
|--------------------------------|-----------|-----------|-----------|--------|--------|
| School library and audiovisual | 436,868   | 446,448   | 432,672   | 6,879  | 6,897  |
| Computer assisted instruction  | 1,126,622 | 1,063,425 | 985,924   | 40,824 | 36,677 |
| Total Instructional Media      | 1,563,490 | 1,509,873 | 1,418,596 | 47,703 | 43,574 |

(Continued)

# North Salem Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2024

|  | Original<br>Budget | Final<br>Budget | Actual     | Encumbrances | Variance with<br>Final Budget |
|--|--------------------|-----------------|------------|--------------|-------------------------------|
| <b>INSTRUCTION (Continued)</b>             |                    |                 |            |              |                               |
| <b><i>PUPIL SERVICES</i></b>               |                    |                 |            |              |                               |
| Guidance - Regular school                  | \$ 795,327         | \$ 804,236      | \$ 768,761 | \$ -         | \$ 35,475                     |
| Health services - Regular school           | 316,440            | 317,640         | 293,997    | 12,068       | 11,575                        |
| Psychological services - Regular school    | 537,981            | 558,098         | 539,259    | 10,082       | 8,757                         |
| Co-curricular activities - Regular school  | 237,358            | 239,042         | 215,135    | -            | 23,907                        |
| Interscholastic athletics - Regular school | 754,104            | 751,667         | 727,884    | -            | 23,783                        |
| Total Pupil Services                       | 2,641,210          | 2,670,683       | 2,545,036  | 22,150       | 103,497                       |
| Total Instruction                          | 27,746,446         | 27,507,474      | 26,588,179 | 286,661      | 632,634                       |
| <b>PUPIL TRANSPORTATION</b>                |                    |                 |            |              |                               |
| District transportation services           | 2,553,559          | 2,571,373       | 2,370,632  | 55,058       | 145,683                       |
| <b>EMPLOYEE BENEFITS</b>                   |                    |                 |            |              |                               |
| State retirement                           | 791,830            | 768,330         | 660,194    | -            | 108,136                       |
| Teachers' retirement                       | 2,015,378          | 2,016,446       | 1,962,275  | -            | 54,171                        |
| Social security                            | 1,989,550          | 2,005,085       | 1,975,119  | -            | 29,966                        |
| Unemployment benefits                      | 10,000             | 5,500           | -          | -            | 5,500                         |
| Hospital, medical and dental insurance     | 6,111,837          | 6,111,837       | 4,827,235  | -            | 1,284,602                     |
| Workers' compensation benefits             | 180,165            | 180,165         | 168,402    | -            | 11,763                        |
| Life insurance                             | 7,920              | 7,920           | 7,283      | -            | 637                           |
| Other benefits                             | 90,986             | 112,319         | 107,788    | -            | 4,531                         |
| Union welfare benefits                     | 215,674            | 215,674         | 196,887    | -            | 18,787                        |
| Total Employee Benefits                    | 11,413,340         | 11,423,276      | 9,905,183  | -            | 1,518,093                     |

**DEBT SERVICE**

## Interest

Bond anticipation notes

|   |         |         |   |   |
|---|---------|---------|---|---|
| - | 119,461 | 119,461 | - | - |
|---|---------|---------|---|---|

**TOTAL EXPENDITURES**

|            |            |            |         |           |
|------------|------------|------------|---------|-----------|
| 47,578,261 | 48,137,233 | 45,082,247 | 496,829 | 2,558,157 |
|------------|------------|------------|---------|-----------|

**OTHER FINANCING USES**

## Transfers out

Capital Projects Fund

|   |         |         |   |   |
|---|---------|---------|---|---|
| - | 199,021 | 199,021 | - | - |
|---|---------|---------|---|---|

Special Aid Fund

|        |         |         |   |    |
|--------|---------|---------|---|----|
| 65,000 | 119,300 | 119,244 | - | 56 |
|--------|---------|---------|---|----|

Debt Service Fund

|           |           |           |   |       |
|-----------|-----------|-----------|---|-------|
| 2,029,256 | 1,749,142 | 1,745,527 | - | 3,615 |
|-----------|-----------|-----------|---|-------|

School Lunch Fund

|   |       |       |   |    |
|---|-------|-------|---|----|
| - | 3,061 | 2,993 | - | 68 |
|---|-------|-------|---|----|

**TOTAL OTHER FINANCING USES**

|           |           |           |   |       |
|-----------|-----------|-----------|---|-------|
| 2,094,256 | 2,070,524 | 2,066,785 | - | 3,739 |
|-----------|-----------|-----------|---|-------|

**TOTAL EXPENDITURES AND OTHER  
FINANCING USES**

|               |               |               |            |              |
|---------------|---------------|---------------|------------|--------------|
| \$ 49,672,517 | \$ 50,207,757 | \$ 47,149,032 | \$ 496,829 | \$ 2,561,896 |
|---------------|---------------|---------------|------------|--------------|

See independent auditors' report.

**North Salem Central School District**

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2024

| PROJECT                       | Authorization        | Expenditures and Transfers to Date |                     |                     |
|-------------------------------|----------------------|------------------------------------|---------------------|---------------------|
|                               |                      | Prior Years                        | Current Year        | Total               |
| Water Supply Project          | \$ 900,000           | \$ 798,900                         | \$ 46,524           | \$ 845,424          |
| Bus Garage and MS/HS Drainage | 177,384              | 177,384                            | -                   | 177,384             |
| MS/HS HVAC                    | 233,513              | 216,231                            | 17,282              | 233,513             |
| Turf Field                    | 6,738,319            | 5,258,864                          | 659,266             | 5,918,130           |
| MS/HS Ventilators Replacement | 447,828              | 393,344                            | 52,379              | 445,723             |
| MS/HS- Water Filter/Priming   | 451,601              | 447,432                            | 4,169               | 451,601             |
| Water Filtration Project PQ   | 1,512,530            | 33,756                             | 51,460              | 85,216              |
| Turf Field Press Box          | 97,934               | 93,388                             | 4,546               | 97,934              |
| PQ Field Renovation           | 160,878              | 4,507                              | -                   | 4,507               |
| Buses and Bucket Loader       | 1,085,000            | 995,360                            | -                   | 995,360             |
| Step Room                     | 100,000              | -                                  | 6,467               | 6,467               |
| Bus Garage Security           | 25,538               | -                                  | -                   | -                   |
| MS/HS Security                | 2,513,038            | -                                  | 157,881             | 157,881             |
| PQ System                     | 1,411,424            | -                                  | 93,695              | 93,695              |
| IT Equipment                  | 224,135              | -                                  | 224,135             | 224,135             |
| Leases                        | 189,307              | -                                  | 189,307             | 189,307             |
| Totals                        | <u>\$ 16,268,429</u> | <u>\$ 8,419,166</u>                | <u>\$ 1,507,111</u> | <u>\$ 9,926,277</u> |

See independent auditors' report.

| Unexpended<br>Balance | Methods of Financing          |                     |             |                     | Fund<br>Balance<br>(Deficit)<br>at<br>June 30, 2024 | Bond<br>Anticipation<br>Notes<br>Outstanding at<br>June 30, 2024 |
|-----------------------|-------------------------------|---------------------|-------------|---------------------|---|--|
|                       | Proceeds<br>of<br>Obligations | Transfers           | State Aid   | Totals              |   |  |
| \$ 54,576             | \$ -                          | \$ 900,000          | \$ -        | \$ 900,000          | \$ 54,576   | \$ -   |
| -                     | 173,259                       | -                   | -           | 173,259             | (4,125)   | 4,125  |
| -                     | 171,583                       | -                   | -           | 171,583             | (61,930)  | 61,930   |
| 820,189               | 5,070,658                     | 324,474             | -           | 5,395,132           | (522,998)   | 1,343,186  |
| 2,105                 | -                             | 344,854             | -           | 344,854             | (100,869)   | 100,869  |
| -                     | 235,006                       | 100,000             | -           | 335,006             | (116,595)   | 116,595  |
| 1,427,314             | 30,592                        | 230,455             | -           | 261,047             | 175,831   | 324,155  |
| -                     | 92,000                        | -                   | -           | 92,000              | (5,934)   | 5,934  |
| 156,371               | -                             | -                   | -           | -                   | (4,507)   | 115,163  |
| 89,640                | 1,085,000                     | -                   | -           | 1,085,000           | 89,640  | -  |
| 93,533                | -                             | -                   | -           | -                   | (6,467)   | -  |
| 25,538                | -                             | -                   | -           | -                   | -   | -  |
| 2,355,157             | -                             | -                   | -           | -                   | (157,881)   | 157,881  |
| 1,317,729             | -                             | -                   | -           | -                   | (93,695)  | 100,162  |
| -                     | 224,135                       | -                   | -           | 224,135             | -   | -  |
| -                     | 189,307                       | -                   | -           | 189,307             | -   | -  |
| <u>\$ 6,342,152</u>   | <u>\$ 7,271,540</u>           | <u>\$ 1,899,783</u> | <u>\$ -</u> | <u>\$ 9,171,323</u> | <u>\$ (754,954)</u>                                 | <u>\$ 2,330,000</u>  |

# North Salem Central School District

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2024

|                                      | School<br>Lunch   | Special<br>Purpose | Permanent        | Debt<br>Service   | Total<br>Non-Major<br>Governmental<br>Funds |
|--------------------------------------|-------------------|--------------------|------------------|-------------------|---|
| <b>ASSETS</b>                        |                   |                    |                  |                   |   |
| Cash and equivalents                 | \$ 114,524        | \$ 72,263          | \$ -             | \$ -              | \$ 186,787                                  |
| Investments                          | -                 | 53,678             | 88,841           | 607,784           | 750,303                                     |
| Receivables                          |                   |                    |                  |                   |   |
| Accounts                             | 57                | -                  | -                | -                 | 57  |
| State and Federal aid                | 8,224             | -                  | -                | -                 | 8,224                                       |
| Due from other funds                 | -                 | -                  | -                | 5,278             | 5,278                                       |
|                                      | 8,281             | -                  | -                | 5,278             | 13,559                                      |
| Inventories                          | 3,750             | -                  | -                | -                 | 3,750                                       |
| Total Assets                         | <u>\$ 126,555</u> | <u>\$ 125,941</u>  | <u>\$ 88,841</u> | <u>\$ 613,062</u> | <u>\$ 954,399</u>                           |
| <b>LIABILITIES AND FUND BALANCES</b> |                   |                    |                  |                   |   |
| Liabilities                          |                   |                    |                  |                   |   |
| Accounts payable                     | \$ 28,771         | \$ -               | \$ -             | \$ -              | \$ 28,771                                   |
| Due to other governments             | 59                | -                  | -                | -                 | 59  |
| Unearned revenues                    | 64,413            | -                  | -                | -                 | 64,413                                      |
| Total Liabilities                    | <u>93,243</u>     | <u>-</u>           | <u>-</u>         | <u>-</u>          | <u>93,243</u>                               |
| Fund balances                        |                   |                    |                  |                   |   |
| Nonspendable                         | 3,750             | -                  | 43,888           | -                 | 47,638                                      |
| Restricted                           | -                 | 125,941            | 44,953           | 613,062           | 783,956                                     |
| Assigned                             | 29,562            | -                  | -                | -                 | 29,562                                      |
| Total Fund Balances                  | <u>33,312</u>     | <u>125,941</u>     | <u>88,841</u>    | <u>613,062</u>    | <u>861,156</u>                              |
| Total Liabilities and Fund Balances  | <u>\$ 126,555</u> | <u>\$ 125,941</u>  | <u>\$ 88,841</u> | <u>\$ 613,062</u> | <u>\$ 954,399</u>                           |

See independent auditors' report.



# North Salem Central School District

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2024

|  | School<br>Lunch | Special<br>Purpose | Permanent | Debt<br>Service | Total<br>Non-Major<br>Governmental<br>Funds |
|--|-----------------|--------------------|-----------|-----------------|---|
| <b>REVENUES</b>                                      |                 |                    |           |                 |   |
| Use of money and property                            | \$ 1,071        | \$ 2,884           | \$ 4,571  | \$ 80,158       | \$ 88,684                                   |
| State aid  | 5,524           | -                  | -         | -               | 5,524                                       |
| Federal aid  | 174,685         | -                  | -         | -               | 174,685                                     |
| Food sales   | 341,667         | -                  | -         | -               | 341,667                                     |
| Miscellaneous  | 35              | 93,841             | -         | -               | 93,876                                      |
| Total Revenues                                       | 522,982         | 96,725             | 4,571     | 80,158          | 704,436                                     |
| <b>EXPENDITURES</b>                                  |                 |                    |           |                 |   |
| Current  |                 |                    |           |                 |   |
| Instruction  | -               | -                  | 1,000     | -               | 1,000                                       |
| Community services                                   | -               | 9,312              | -         | -               | 9,312                                       |
| Cost of food sales                                   | 505,545         | -                  | -         | -               | 505,545                                     |
| Other  | -               | 71,677             | -         | -               | 71,677                                      |
| Debt Service   |                 |                    |           |                 |   |
| Principal  | -               | -                  | -         | 1,284,594       | 1,284,594                                   |
| Interest   | -               | -                  | -         | 462,647         | 462,647                                     |
| Total Expenditures                                   | 505,545         | 80,989             | 1,000     | 1,747,241       | 2,334,775                                   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 17,437          | 15,736             | 3,571     | (1,667,083)     | (1,630,339)                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                 |                    |           |                 |   |
| Transfers in   | 2,993           | -                  | -         | 1,745,527       | 1,748,520                                   |
| Transfers out  | -               | -                  | -         | (25,000)        | (25,000)                                    |
| Total Other Financing Sources                        | 2,993           | -                  | -         | 1,720,527       | 1,723,520                                   |
| Net Change in Fund Balances                          | 20,430          | 15,736             | 3,571     | 53,444          | 93,181                                      |
| <b>FUND BALANCES</b>                                 |                 |                    |           |                 |   |
| Beginning of Year                                    | 12,882          | 110,205            | 85,270    | 559,618         | 767,975                                     |
| End of Year  | \$ 33,312       | \$ 125,941         | \$ 88,841 | \$ 613,062      | \$ 861,156                                  |

See independent auditors' report.

## North Salem Central School District

### Schedule of Net Investment in Capital Assets Year Ended June 30, 2024

|                                   |               |
|-----------------------------------|---------------|
| Capital Assets, net               | \$ 37,081,488 |
| Plus                              |               |
| Unexpended debt proceeds          | 1,296,482     |
| Less                              |               |
| General obligation bonds payable  | 11,895,000    |
| Installment purchase debt payable | 170,438       |
| Leases payable                    | 158,969       |
| Subscriptions payable             | 4,384         |
| Bond anticipation notes payable   | 2,330,000     |
|                                   | 14,558,791    |
| Net Investment in Capital Assets  | \$ 23,819,179 |

See independent auditors' report.

## North Salem Central School District

### General Fund

#### Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2024

|                          |                             |
|--------------------------|-----------------------------|
| Adopted Budget           | \$ 49,332,136               |
| Additions - Encumbrances | <u>340,381</u>              |
| Original Budget          | 49,672,517                  |
| Budget Amendments        | <u>535,240</u>              |
| Final Budget             | <u><u>\$ 50,207,757</u></u> |

### General Fund

#### Section 1318 of Real Property Tax Law Limit Calculation

|   |                             |
|---|-----------------------------|
| 2024-25 Expenditure Budget  | <u><u>\$ 50,536,388</u></u> |
| General Fund Fund Balance Subject to<br>Section 1318 of Real Property Tax Law |                             |
| Unrestricted fund balance   |                             |
| Assigned fund balance   | \$ 1,221,829                |
| Unassigned fund balance   | <u>2,018,504</u>            |
| Total Unrestricted Fund Balance   | <u>3,240,333</u>            |
| Less  |                             |
| Appropriated for subsequent year's budget                                     | 725,000                     |
| Encumbrances  | <u>496,829</u>              |
| Total Adjustments   | <u>1,221,829</u>            |
| General Fund Fund Balance Subject to<br>Section 1318 of Real Property Tax Law | <u><u>\$ 2,018,504</u></u>  |
| Actual Percentage   | <u><u>3.99%</u></u>         |

See independent auditors' report.

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

**Independent Auditors' Report**

**The Board of Education of the  
North Salem Central School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Salem Central School District, New York ("School District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 1, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of This Report

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 1, 2024



**Report on Compliance For Each Major Federal Program and Report  
on Internal Control Over Compliance Required by  
the Uniform Guidance**

**Independent Auditors' Report**

**The Board of Education of the  
North Salem Central School District, New York**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the North Salem Central School District, New York's ("School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on Internal Control Over Compliance***

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 1, 2024

**North Salem Central School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

| <u>Federal Grantor/Pass-Through Grantor/<br/>Program or Cluster Title</u>    | <u>Federal<br/>Assistance<br/>Listing<br/>Number</u> | <u>Pass-Through<br/>Entity<br/>Identifying<br/>Number</u> | <u>Passed<br/>Through<br/>to Sub-<br/>recipients</u> | <u>Federal<br/>Program<br/>Expenditures</u> |
|--|--|---|--|---|
| <u>U.S. Department of Agriculture</u>  |  |   |  |   |
| Indirect Programs - Passed through<br>New York State Department of Education |  |   |  |   |
| <i>Child Nutrition Cluster</i>   |  |   |  |   |
| School Breakfast Program   | 10.553   | N/A   | \$ -   | \$ 20,048                                   |
| National School Lunch Program - Commodities                                  | 10.555   | N/A   | -  | 31,629                                      |
| National School Lunch Program - Cash   | 10.555   | N/A   | -  | 123,005                                     |
| Subtotal Child Nutrition Cluster   |  |   | -  | 174,682                                     |
| <u>U.S. Department of Education</u>  |  |   |  |   |
| Indirect Programs - Passed through<br>New York State Department of Education |  |   |  |   |
| <i>Special Education Cluster (IDEA)</i>                                      |  |   |  |   |
| Special Education - Grants to States (IDEA, Part B)                          | 84.027   | 0032-24-1081  | -  | 301,715                                     |
| Special Education - Preschool Grants (IDEA Preschool)                        | 84.173   | 0033-24-1081  | -  | 9,435                                       |
| Subtotal Special Education Cluster   |  |   | -  | 311,150                                     |
| Title I Grants - Local Educational Agencies                                  | 84.010   | 0021-24-3760  | -  | 80,211                                      |
| Title II Supporting Effective Instruction State Grant                        | 84.367   | 0147-24-3760  | -  | 1,796                                       |
| Title IV Student Support and Academic Enrichment Grants                      | 84.424   | 0204-24-3760  | -  | 3,145                                       |
| Elementary and Secondary School<br>Emergency Relief (ARP ESSER)              | 84.425U  | 5880-21-3760  | -  | 226,818                                     |
| Total U.S. Department of Education   |  |   | -  | 623,120                                     |
| Total Expenditures of Federal Awards   |  |   | \$ -   | \$ 797,802                                  |

The accompanying notes are an integral part of this schedule.

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

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

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### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the North Salem Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2024. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

### **Note 3 - Indirect Cost Rate**

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

# North Salem Central School District, New York

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

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## Section I - Summary of Auditors' Results

### Financial Statements

Type of report the auditor issued on  
whether the financial statements audited were  
prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No  
☐ Yes ☒ None reported

Noncompliance material to financial statements  
noted?

☐ Yes ☒ No

### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No  
☐ Yes ☒ None reported

Type of auditors' report issued on compliance  
for major federal programs

Unmodified

Any audit findings disclosed that are  
required to be reported in accordance with  
2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

84.027

84.173

*Special Education Cluster (IDEA)*

Special Education - Grants to States (IDEA, Part B)

Special Education - Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

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

Schedule of Findings and Questioned Costs (Concluded)  
Year Ended June 30, 2024

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None