

Town of Kent, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2015

Town of Kent, New York

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet to the Government - Wide Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Highway and Special Districts Funds	19
Statement of Assets and Liabilities - Fiduciary Fund	21
Notes to Financial Statements	22
Required Supplemental Information	
Other Post Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	46
New York State and Local Employees Retirement System	
Schedule of the Town's Proportionate Share of the Net Pension Liability	
Schedule of Contributions	47
New York State and Local Police and Fire Retirement System	
Schedule of the Town's Proportionate Share of the Net Pension Liability	49
Schedule of Contributions	
Combining and Individual Fund Financial Statements and Schedules	
General Fund	
Comparative Balance Sheet	51
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	52
Schedule of Revenues Compared to Budget	54
Schedule of Expenditures and Other Financing Uses Compared to Budget	56
Highway Fund	
Comparative Balance Sheet	60
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61
Special Districts Fund	
Combining Balance Sheet - Sub Funds	63
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub Funds	65
Special Purpose Fund	
Comparative Balance Sheet	67
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	68
Capital Projects Fund	
Comparative Balance Sheet	69
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	70
Project-Length Schedule	71

(This page intentionally left blank)

Independent Auditors' Report

**The Honorable Supervisor and Town Board of the
Town of Kent, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Kent, New York ("Town") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2015, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 2D and Note 3D in the notes to financial statements which disclose the effects of the Town's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement Nos. 68 "Accounting and Financial Reporting for Pensions" and 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". Our opinion is not modified with respect to this matter.

Other Matters

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, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

July 25, 2016

Town of Kent, New York

Management's Discussion and Analysis December 31, 2015

The purpose of Management's Discussion and Analysis (MD&A) is to provide the reader with a summary overview of the financial activities of the Town of Kent, New York (Town) for the calendar year ending December 31, 2015. The MD&A is a summary and in no way is a substitute for the detailed information presented in the basic financial statements and other financial information and the accompanying notes to the financial statements that follow this section.

Financial Highlights for Calendar Year 2015

- On the government-wide financial statements, the Town had net position (assets, deferred outflows of resources exceeding liabilities and deferred inflows of resources) of \$16,817,948 at calendar year end 2015. Unrestricted net position, which is available to meet the ongoing obligations of the Town totaled a negative \$14,975,916. The Town's net position decreased by a total of \$5,482,630 from calendar year end 2014 to calendar year end 2015. The decrease is attributed to the following: current year's operations accounting for \$2,859,052 of the decrease, primarily related to the post employment benefit cost expense as actuarially determined in accordance with GASB 45; prior period adjustment of \$2,552,652 related to a receivable in the Capital Projects Fund outstanding in excess of one year; and a cumulative effect of change in accounting principle of \$70,926.
- The Town's governmental funds combined ending fund balances at December 31, 2015 were \$5,445,262. The total unassigned fund balances for governmental funds is \$1,495,030 at December 31, 2015. This balance includes negative unassigned fund balance in the Capital Projects Fund of \$2,968,165. As mentioned above \$2,552,652 of this amount relates to a prior period adjustment.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$4,463,195 or 46% of the total General Fund expenditures and other financing uses. This is an increase of \$448,025 from fiscal year 2014.
- For the year ended December 31, 2015, the Town implemented the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions". This pronouncement established new accounting and financial reporting requirements associated with the Town'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 and Local Police and Fire Retirement System ("PFRS"). Under the new standards, cost-sharing employers are required to report in their government-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 December 31, 2015, the Town reported in its Statement of Net Position a liability of \$670,808 for its proportionate share of the ERS and PFRS net pension liabilities. More detailed information about the Town'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 the notes to financial statements.

Overview of the Financial Statements

The Town's financial statements are composed of this MD&A and the basic financial statements. The MD&A serves as an introduction to the basic financial statements. The MD&A is an analysis and overview of the Town's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also includes other supplementary information as listed in the table of contents.

Government-wide Financial Statements

The government-wide financial statements are prepared using the accrual basis of accounting and are presented in a format similar to private sector financial statements.

The components of the government-wide financial statements are as follows:

- The statement of net position reports the Town's total assets, liabilities and deferred inflows/outflows of resources, and the difference, or net position. The intention is that, over time, the changes in net position will indicate whether the Town's financial position is improving or deteriorating.
- The statement of activities indicates how the Town's net position changed from the prior calendar year. Changes in net position are reported as soon as the underlying event occurs, without regard to the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes.

The statement of activities indicates the functions of the Town that are principally supported by taxes and intergovernmental revenues for governmental services. The governmental activities of the Town include: general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the Town funds can be divided into two categories: governmental funds and fiduciary funds. Governmental funds use the modified accrual basis of accounting.

Governmental Funds - are used to account for the same functions as governmental activities in the government-wide financial statements. However, unlike the government-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 calendar year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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 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 Town maintains the following governmental funds: General Fund, Special Revenue Funds (including Highway Fund, Special Districts Fund and the Special Purpose Fund) and Capital Projects Fund. Information is presented separately for each fund. Individual sub-fund data for the Special Districts Fund is provided in combining statements and schedules.

The Town adopts annual appropriated budgets for the General Fund, Highway Fund and the Special Districts Fund. Budgetary comparisons have been provided in the basic financial statements to demonstrate compliance with those budgets.

Fiduciary Funds - are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of these funds are not available to support the Town's own programs. The Town maintains one type of fiduciary fund, which is the Agency Fund. The Agency Fund maintains assets held for the benefit of others.

Notes to the Financial Statements - provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements.

Government-wide Financial Analysis

As indicated previously, net position and changes to net position over time are expected to be a useful indicator of a government's financial position. The Town's net position at calendar year end December 31, 2015 and 2014 were \$16,817,948 and \$22,300,578, respectively. Approximately 2.4% of the Town's 2015 net position is restricted for various purposes (repairs, future capital projects, debt service and special purpose). Investments in capital assets, less any outstanding debt used to acquire those assets, account for the majority of the total net position. The Town uses these assets to provide services to citizens. Consequently, the assets cannot be used for future spending. Although the Town'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 capital assets cannot be used to liquidate these liabilities.

A summary of the Town's net position, at December 31, 2015 and 2014 is as follows:

**Governmental Activities
Net Position**

	December 31, 2015	December 31, 2014
Current Assets	\$ 9,126,509	\$ 9,264,115
Capital Assets, Net	33,385,512	32,662,541
Total Assets	42,512,021	41,926,656
Deferred Outflows of Resources	1,170,272	132,696
Current Liabilities	3,695,440	599,413
Long-Term Liabilities	23,083,797	19,159,361
Total Liabilities	26,779,237	19,758,774
Deferred Inflows of Resources	85,108	-
Net Position		
Net Investment in Capital Assets	31,386,792	30,322,513
Restricted	407,072	462,940
Unrestricted	(14,975,916)	(8,484,875)
Total Net Position	\$ 16,817,948	\$ 22,300,578

Restricted assets, which represent resources that are subject to external constraints on how they may be used, are approximately two and half percent of the total net position. The unrestricted net position may be used to meet the Town's ongoing financial obligations. However, this amount is negative at December 31, 2015.

In 2015, The Town's net position, which relate solely to governmental activities, decreased by a total of \$5,482,630 and are discussed in the next section.

Governmental Activities - out of the total decrease above \$2,859,052 is attributed to the current year's operating results. A summary of the Town's change in net position, at December 31, 2015 and 2014 is as follows:

Changes in Net Position

	December 31, 2015	December 31, 2014
Revenues		
Program Revenues		
Charges for Services	\$ 1,424,142	\$ 882,722
Operating Grants and Contributions	93,068	144,419
Capital Grants and Contributions	404,269	3,318,809
General Revenues		
Real Property Taxes	15,148,844	15,057,730
Other Tax Items	44,933	65,885
Non-Property Taxes	280,587	271,513
Unrestricted Use of Money and Property	9,573	12,143
Sale of Property and Compensation for Loss	45,567	16,593
State Aid - unrestricted	299,111	308,419
Miscellaneous	82,716	102,212
Total Revenues	17,832,810	20,180,445
Program Expenses		
General Government Support	4,395,786	3,877,331
Public Safety	5,906,474	6,194,643
Health	7,105	8,312
Transportation	5,803,520	5,369,430
Economic Opportunity and Development	25,915	27,080
Culture and Recreation	2,035,146	2,069,231
Home and Community Services	2,449,813	2,181,258
Interest	68,103	74,808
Total Expenses	20,691,862	19,802,093
Increase (Decrease) in Net Position	\$ (2,859,052)	\$ 378,352

The major revenue categories are: Real Property Taxes 85%, State aid 2%, Charges for Services 8%, and Capital Grants and Contributions 2%. The major expenditure categories are: Public Safety 29%, Transportation 28%, General Government Support 21%, Culture and Recreation 10%, and Home and Community Services 12%.

The remainder of the decrease in net position is attributed to a prior period adjustment of \$2,552,652. This is a receivable recorded in 2014 as due from New York State for the Road Construction Route 52 Sewer Project. Since it has been outstanding in excess of one year, a prior period adjustment was needed to decrease fund balance in the Capital Projects Fund and decrease net position in the government-wide financial statements.

Financial Analysis of the Town's Funds

As previously indicated, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - are used to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financing requirements. The unassigned portion of fund balance can provide a useful measure of a government's net resources available for spending at the end of the calendar year. The Town's governmental funds reported total fund balances of \$5,445,262 and \$8,680,558 at December 31, 2015 and 2014, respectively. Approximately, \$1,495,030 or about 27% of the 2015 total constitutes unassigned fund balance. The reserved fund balances are not available for new spending, because they have been committed for 2015: non-spendable (\$748,604), restricted (\$407,072), and assigned (\$2,794,556).

The General Fund is the Town's primary operating fund. At the end of the calendar year, the unassigned fund balance was \$4,463,195 and the total fund balance was \$5,437,653. As a measure of the General Fund's liquidity, it is useful to compare both the unassigned fund balance and the total fund balance to total General Fund expenditures and other financing uses. The unassigned fund balance represents approximately 82% of the total fund balance and the unassigned represents approximately 46% of General Fund expenditures and other financing uses.

The fund balance in the Town's General Fund increased by \$448,025 during the current calendar year. The primary reasons for the increase were higher than anticipated departmental revenues as well as savings in expenditures primarily in public safety and culture and recreation.

The fund balance in the Town's Highway Fund decreased by \$636,726 during the current calendar year. The primary reason for the fund balance decrease was an increase in current year expenditures: snow removal expenditures and transfers out increased approximately \$300,000 in total when compared to 2014.

General Fund Budgetary Highlights

The difference between the original and final budgets for revenues and other financing sources is \$126,050 with the final amended budget more than the original budget. The increases relate to: Safety Inspection fees of \$19,140, Insurance Recoveries of \$74,896, State Aid of \$11,524, Federal aid of \$4,490 and Miscellaneous of \$16,000.

The difference between the original and final budgets for expenditures and other financing uses is also \$126,050 with the final amended budget more than the original budget. The differences relate to: General Government Support (increase \$773), Public Safety (increase \$56,266), Transportation (increase \$8,141), Culture and Recreation (decrease \$14,345), Home and Community Services (increase \$534) and employee benefits (increase \$74,681).

Capital Assets and Debt Administration

Capital Assets - capital assets balance at December 31, 2015 for governmental activities was \$33,385,512 net of accumulated depreciation of \$10,391,761. The investment in capital assets includes: land, buildings and improvements, machinery and equipment and infrastructure.

Capital Assets (Net of Accumulated Depreciation) December 31,

	2015	2014	Difference
Land	\$ 16,345,620	\$ 16,345,620	\$ -
Construction in progress	6,428,841	5,505,895	922,946
Buildings and Improvements	7,958,555	8,276,703	(318,148)
Machinery and Equipment	1,540,474	1,526,162	14,312
Infrastructure	1,112,022	1,008,161	103,861
Total Capital Assets	<u>\$ 33,385,512</u>	<u>\$ 32,662,541</u>	<u>\$ 722,971</u>

Additional information on the Town's capital assets is available in the Notes to Financial Statements.

Outstanding Debt - at the end of calendar year 2015, the Town had a total of \$2,078,740 general obligation bonds outstanding. All of the debt is backed by the full faith and credit of the Town.

New York State statutes place a limit on the maximum amount of total outstanding long-term debt that may be incurred by a local municipal entity at no more than seven percent of the five-year average full valuation of all real property. The Town's current constitutional debt limitation is \$105,109,914 and the Town has consumed 1.98% of the debt contracting capacity.

Additional information on the Town's debt is available in the Notes to Financial Statements.

Economic Factors and Next Year's Budget and Rates

The economic downturn of 2010 continues to effect resident of the Town of Kent. In consideration of this and in response to the Property Tax Cap, which established a tax levy limit, the Town of Kent kept property tax rate increase under 2% in 2014 and did not raise taxes in 2015 and 2016.

In preparing the Town's 2016 budget, management considered all the factors and were committed to no tax increase. While expenses for personnel increased all areas of expense were scrutinized for savings in order to balance the budget.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Town of Kent, New York. Questions about this report should be addressed to Maureen Fleming, Town Supervisor, Town of Kent, 25 Sybil's Crossing, Kent Lakes, New York 10512.

(This page intentionally left blank)

Town of Kent, New York

Statement of Net Position
December 31, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 5,064,795
Receivables	
Accounts	3,306,238
State and Federal aid	6,872
Inventories	198,640
Prepaid expenses	549,964
Capital assets	
Not being depreciated	22,774,461
Being depreciated, net	<u>10,611,051</u>
Total Assets	<u>42,512,021</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,170,272</u>
LIABILITIES	
Accounts payable	262,886
Accrued liabilities	261,304
Unearned revenue	3,020,392
Retainage payable	136,665
Accrued interest payable	14,193
Non-current liabilities	
Due within one year	353,620
Due in more than one year	<u>22,730,177</u>
Total Liabilities	<u>26,779,237</u>
DEFERRED INFLOWS OF RESOURCES	<u>85,108</u>
NET POSITION	
Net investment in capital assets	31,386,792
Restricted for	
Repairs	108,528
Future capital projects	131
Debt service	188,401
Special purpose	110,012
Unrestricted	<u>(14,975,916)</u>
Total Net Position	<u>\$ 16,817,948</u>

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

Town of Kent, New York

Statement of Activities
Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 4,395,786	\$ 534,754	\$ 16,637	\$ 5,000
Public safety	5,906,474	661,023	34,264	-
Health	7,105	4,225	-	-
Transportation	5,803,520	-	22,762	283,096
Economic opportunity and development	25,915	-	-	-
Culture and recreation	2,035,146	124,168	8,726	-
Home and community services	2,449,813	99,972	10,679	115,236
Interest	68,103	-	-	937
Total Governmental Activities	\$ 20,691,862	\$ 1,424,142	\$ 93,068	\$ 404,269

General revenues

Real property taxes

Other tax items

Interest and penalties on real property taxes

Non-property taxes

Franchise fees

Unrestricted use of money and property

Sale of property and compensation for loss

Unrestricted State aid

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning, as reported

Prior Period Adjustment

Cumulative Effect of Change in Accounting Principle

Net Position - Beginning, as restated

Net Position - Ending

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

<u>Net (Expense)</u>	
<u>Revenue and</u>	
<u>Changes in</u>	
<u>Net Assets</u>	
\$	(3,839,395)
	(5,211,187)
	(2,880)
	(5,497,662)
	(25,915)
	(1,902,252)
	(2,223,926)
	(67,166)
	<u>(18,770,383)</u>
	15,148,844
	44,933
	280,587
	9,573
	45,567
	299,111
	82,716
	<u>15,911,331</u>
	<u>(2,859,052)</u>
	22,300,578
	(2,552,652)
	(70,926)
	<u>19,677,000</u>
\$	<u><u>16,817,948</u></u>

Town of Kent, New York

Balance Sheet
 Governmental Funds
 December 31, 2015

	General	Highway	Special Districts	Special Purpose
ASSETS				
Cash and equivalents	\$ 2,074,117	\$ 1,201,642	\$ 1,679,024	\$ 110,012
Receivables				
Accounts	157,836	-	405	-
State and Federal aid	6,872	-	-	-
Due from other funds	2,983,809	-	-	-
	<u>3,148,517</u>	<u>-</u>	<u>405</u>	<u>-</u>
Inventories	<u>198,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prepaid expenditures	<u>354,751</u>	<u>133,025</u>	<u>62,188</u>	<u>-</u>
Total Assets	<u>\$ 5,776,025</u>	<u>\$ 1,334,667</u>	<u>\$ 1,741,617</u>	<u>\$ 110,012</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 154,769	\$ 22,974	\$ 70,286	\$ -
Accrued liabilities	169,125	55,370	36,809	-
Unearned revenue	14,478	-	-	-
Due to other funds	-	11,950	13,133	-
Retainage payable	-	-	-	-
Total Liabilities	<u>338,372</u>	<u>90,294</u>	<u>120,228</u>	<u>-</u>
Fund balances				
Nonspendable	553,391	133,025	62,188	-
Restricted	188,401	-	108,659	110,012
Assigned	232,666	1,111,348	1,450,542	-
Unassigned	4,463,195	-	-	-
Total Fund Balances	<u>5,437,653</u>	<u>1,244,373</u>	<u>1,621,389</u>	<u>110,012</u>
Total Liabilities and Fund Balances	<u>\$ 5,776,025</u>	<u>\$ 1,334,667</u>	<u>\$ 1,741,617</u>	<u>\$ 110,012</u>

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

Capital Projects	Total Governmental Funds
\$ -	\$ 5,064,795
3,147,997	3,306,238
-	6,872
-	2,983,809
<u>3,147,997</u>	<u>6,296,919</u>
-	198,640
-	549,964
<u>\$ 3,147,997</u>	<u>\$ 12,110,318</u>
\$ 14,857	\$ 262,886
-	261,304
3,005,914	3,020,392
2,958,726	2,983,809
136,665	136,665
<u>6,116,162</u>	<u>6,665,056</u>
-	748,604
-	407,072
-	2,794,556
<u>(2,968,165)</u>	<u>1,495,030</u>
<u>(2,968,165)</u>	<u>5,445,262</u>
<u>\$ 3,147,997</u>	<u>\$ 12,110,318</u>

(This page intentionally left blank)

Town of Kent, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
December 31, 2015

Fund Balances - Total Governmental Funds	<u>\$ 5,445,262</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>33,385,512</u>
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.	
Deferred amounts on refunding bonds	115,002
Deferred amounts on net pension liability	<u>970,162</u>
	<u>1,085,164</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(14,193)
Bonds payable	(2,113,722)
Compensated absences	(96,384)
Net pension liability	(670,808)
Judgments and claims	(466,000)
Other post employment benefit obligations payable	<u>(19,736,883)</u>
	<u>(23,097,990)</u>
Net Position of Governmental Activities	<u>\$ 16,817,948</u>

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

Town of Kent, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2015

	General	Highway	Special Districts	Special Purpose
REVENUES				
Real property taxes	\$ 7,882,261	\$ 3,570,420	\$ 3,696,163	\$ -
Other tax items	44,933	-	-	-
Non-property taxes	280,587	-	-	-
Departmental income	813,124	-	12,060	-
Use of money and property	75,373	3,459	2,547	126
Licenses and permits	3,346	-	-	-
Fines and forfeitures	526,029	-	-	-
Sale of property and compensation for loss	45,567	19,303	4,735	-
State aid	338,597	-	-	-
Federal aid	14,252	-	-	-
Miscellaneous	82,716	-	13,880	-
Total Revenues	10,106,785	3,593,182	3,729,385	126
EXPENDITURES				
Current				
General government support	3,278,631	-	-	-
Public safety	3,752,071	-	1,357,540	-
Health	5,526	-	-	-
Transportation	236,533	2,911,268	-	-
Economic opportunity and development	25,915	-	-	-
Culture and recreation	1,140,841	-	409,865	-
Home and community services	147,439	-	1,467,984	-
Employee benefits	726,441	1,041,132	494,345	-
Debt service				
Principal	285,000	57,120	11,500	-
Interest	54,363	2,388	703	-
Capital outlay	-	-	-	-
Total Expenditures	9,652,760	4,011,908	3,741,937	-
Excess (Deficiency) of Revenues Over Expenditures	454,025	(418,726)	(12,552)	126
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(6,000)	(218,000)	(6,000)	-
Total Other Financing Sources (Uses)	(6,000)	(218,000)	(6,000)	-
Net Change in Fund Balances	448,025	(636,726)	(18,552)	126
FUND BALANCES				
Beginning of Year, as reported	4,989,628	1,881,099	1,639,941	109,886
Prior Period Adjustment	-	-	-	-
Beginning of Year, as restated	4,989,628	1,881,099	1,639,941	109,886
End of Year	\$ 5,437,653	\$ 1,244,373	\$ 1,621,389	\$ 110,012

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

Capital Projects	Total Governmental Funds
\$ -	\$ 15,148,844
-	44,933
-	280,587
-	825,184
-	81,505
-	3,346
-	526,029
-	69,605
369,491	708,088
-	14,252
33,841	130,437
<u>403,332</u>	<u>17,832,810</u>
-	3,278,631
-	5,109,611
-	5,526
-	3,147,801
-	25,915
-	1,550,706
-	1,615,423
-	2,261,918
-	353,620
-	57,454
1,108,849	1,108,849
<u>1,108,849</u>	<u>18,515,454</u>
<u>(705,517)</u>	<u>(682,644)</u>
230,000	230,000
-	(230,000)
<u>230,000</u>	<u>-</u>
<u>(475,517)</u>	<u>(682,644)</u>
60,004	8,680,558
<u>(2,552,652)</u>	<u>(2,552,652)</u>
<u>(2,492,648)</u>	<u>6,127,906</u>
<u>\$ (2,968,165)</u>	<u>\$ 5,445,262</u>

(This page intentionally left blank)

Town of Kent, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2015

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

Net Change in Fund Balances - Total Governmental Funds \$ (682,644)

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 charged as depreciation expense in the current period.

Capital outlay expenditures	1,443,615
Depreciation expense	<u>(720,644)</u>
	<u>722,971</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.

Principal paid on bonds	353,620
Amortization of loss on refunding and issuance premium	<u>(12,312)</u>
	<u>341,308</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	1,663
Compensated absences	7,505
Pension assets (obligations)	370,280
Judgments and claims	(466,000)
Other post employment benefit obligations	<u>(3,154,135)</u>
	<u>(3,240,687)</u>

Change in Net Position of Governmental Activities \$ (2,859,052)

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

Town of Kent, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General, Highway and Special Districts Funds
Year Ended December 31, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 7,882,261	\$ 7,882,261	\$ 7,882,261	\$ -
Other tax items	40,000	40,000	44,933	4,933
Non-property taxes	260,500	260,500	280,587	20,087
Departmental income	597,900	617,040	813,124	196,084
Use of money and property	74,300	74,300	75,373	1,073
Licenses and permits	3,500	3,500	3,346	(154)
Fines and forfeitures	550,000	550,000	526,029	(23,971)
Sale of property and compensation for loss	-	74,896	45,567	(29,329)
State aid	332,100	343,624	338,597	(5,027)
Federal aid	-	4,490	14,252	9,762
Miscellaneous	68,000	84,000	82,716	(1,284)
Total Revenues	9,808,561	9,934,611	10,106,785	172,174
EXPENDITURES				
Current				
General government support	3,320,585	3,321,358	3,278,631	42,727
Public safety	3,865,562	3,921,828	3,752,071	169,757
Health	6,524	6,524	5,526	998
Transportation	228,922	237,063	236,533	530
Economic opportunity and development	27,500	27,500	25,915	1,585
Culture and recreation	1,223,396	1,209,051	1,140,841	68,210
Home and community services	185,169	185,703	147,439	38,264
Employee benefits	658,430	733,111	726,441	6,670
Debt service				
Principal	285,000	285,000	285,000	-
Interest	54,363	54,363	54,363	-
Total Expenditures	9,855,451	9,981,501	9,652,760	328,741
Excess (Deficiency) of Revenues Over Expenditures	(46,890)	(46,890)	454,025	500,915
OTHER FINANCING USES				
Transfers out	(6,000)	(6,000)	(6,000)	-
Net Change in Fund Balances	(52,890)	(52,890)	448,025	500,915
FUND BALANCES				
Beginning of Year	52,890	52,890	4,989,628	4,936,738
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,437,653</u>	<u>\$ 5,437,653</u>

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

Highway Fund				Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -	\$ 3,697,105	\$ 3,697,105	\$ 3,696,163	\$ (942)
-	-	-	-	-	-	-	-
-	-	-	-	6,500	6,500	12,060	5,560
5,500	5,500	3,459	(2,041)	3,977	3,977	2,547	(1,430)
-	-	-	-	-	-	-	-
2,000	13,334	19,303	5,969	7,000	7,000	4,735	(2,265)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,000	12,123	13,880	1,757
<u>3,577,920</u>	<u>3,589,254</u>	<u>3,593,182</u>	<u>3,928</u>	<u>3,719,582</u>	<u>3,726,705</u>	<u>3,729,385</u>	<u>2,680</u>
-	-	-	-	-	-	-	-
-	-	-	-	1,366,946	1,372,146	1,357,540	14,606
-	-	-	-	-	-	-	-
2,608,316	2,918,746	2,911,268	7,478	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	468,202	474,102	409,865	64,237
-	-	-	-	1,463,392	1,527,667	1,467,984	59,683
1,041,484	1,042,388	1,041,132	1,256	567,820	532,968	494,345	38,623
57,120	57,120	57,120	-	12,222	12,222	12,203	19
3,000	3,000	2,388	612	-	-	-	-
<u>3,709,920</u>	<u>4,021,254</u>	<u>4,011,908</u>	<u>9,346</u>	<u>3,878,582</u>	<u>3,919,105</u>	<u>3,741,937</u>	<u>177,168</u>
(132,000)	(432,000)	(418,726)	13,274	(159,000)	(192,400)	(12,552)	179,848
<u>(218,000)</u>	<u>(218,000)</u>	<u>(218,000)</u>	<u>-</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
(350,000)	(650,000)	(636,726)	13,274	(165,000)	(198,400)	(18,552)	179,848
<u>350,000</u>	<u>650,000</u>	<u>1,881,099</u>	<u>1,231,099</u>	<u>165,000</u>	<u>198,400</u>	<u>1,639,941</u>	<u>1,441,541</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,373</u>	<u>\$ 1,244,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,621,389</u>	<u>\$ 1,621,389</u>

Town of Kent, New York

Statement of Assets and Liabilities

Fiduciary Fund

December 31, 2015

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 715,862</u>
LIABILITIES	
Deposits payable	<u>\$ 715,862</u>

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

Note 1 - Summary of Significant Accounting Policies

The Town of Kent, New York ("Town") was established in 1817 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as both the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to 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 following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Town, b) organizations for which the Town is financially accountable and c) other organizations for which the nature and significance of their relationship with the Town 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 Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town'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.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government 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.

The Statement of Net Position presents the financial position of the Town 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 Town does not allocate indirect expenses to functions in the Statement of Activities.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Town 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 Town 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 explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town'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 are the Town's major governmental funds.

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

Special Revenue Funds - Special revenue funds are used 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 funds of the Town are as follows:

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenue of this fund is real property taxes.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's fire protection, park, water, sewer and sanitation districts. The major revenue of this fund is real property taxes.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with terms of a trust agreement.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - Fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Fund has no measurement focus but utilizes 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 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 as soon as 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. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. 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 liability, judgments and claims and other post employment benefit obligations payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Deposits and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Town's deposit and investment policies are governed by State statutes. The Town 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 Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the Town's policy provides for no credit risk on investments.

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 Town 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.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40 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 Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2015.

The Town was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special districts taxes which are levied and due January 1st and payable without penalty to January 31st. The Town retains the total amount of town, highway and special districts taxes from the total collections and returns the balance plus the uncollected items to the County which assumes collection responsibility.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Due From/To Other Funds - During the course of its operations, the Town 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 December 31, 2015 balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventory - Inventories in the General Fund consists of materials at a stated value which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by a 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 the consumption methods in both the government wide and the fund financial statements. Prepaid expenses/expenditures consist of 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 will benefit such periods. Reported amounts in the fund financial statements 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.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities, the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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. Property, plant and equipment of the Town are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20-50
Machinery and equipment	5-20
Infrastructure	50

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned amounts consist of amounts received in advance and/or revenue 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 Town has reported unearned revenues of \$14,478 for the advance collection of recreation fees in the General Fund and \$3,005,914 in the Capital Projects Fund to offset a long term receivable from the State for the Road Construction Route 52 Sewer Project.

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

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

The Town reported deferred outflows of resources of \$115,002 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in carrying value of the refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Town also reported deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Town's pension plans in Note 3D.

Long-Term Liabilities - In the government-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 the 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 Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide statement of net position as current and

Note 1 - Summary of Significant Accounting Policies (Continued)

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 - The net pension liability represents the Town's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire 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."

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets, restricted for repairs, capital projects, future capital projects, debt service and special purpose. The balance is classified as unrestricted.

Fund Balances - 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 Town 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, advances) 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 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 Town Board is the highest level of decision making authority for the Town 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 Town 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 Town Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by

Note 1 - Summary of Significant Accounting Policies (Continued)

policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Supervisor 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 other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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 amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

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 the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town'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, Town Outside Villages, Special Districts and Highway funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities. The Town has not yet implemented an encumbrance system.

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

Management 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 July 25, 2016.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before September 30th, the Supervisor shall submit a tentative budget to the Town Clerk.
- b) On or before October 5th, the Town Clerk shall present the tentative budget to the Town Board.
- c) Once the tentative budget is approved by the Town Board, it becomes the preliminary budget. The Town Board files the preliminary budget with the Town Clerk where it is available for inspection. In addition, the Board shall cause to be published a notice specifying a time and place for a public hearing.
- d) At the public hearing, taxpayers may comment on the preliminary budget.
- e) On or before November 20th, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.
- f) Formal budgetary integration is employed during the year as a management control device for the General, Highway and Special Districts funds.
- g) Budgets for the General, Highway and Special District funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund.
- h) The Town Board 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 Town Board. Any modifications 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, Highway and Special District 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 as promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Town Board.

B. Property Tax Limitation

The Town is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

Note 2 - Stewardship, Compliance and Accountability (Continued)

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Town in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

C. Fund Deficits

The following Special District reflects a deficit at December 31, 2015:

Lake Carmel Fire Protection District	\$	8,068
--------------------------------------	----	-------

D. Capital Projects Fund Deficit

The unassigned deficit in the Capital Projects Fund of \$2,968,165 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. Other deficits where no bond anticipation notes exist arise because of expenditures exceeding current financing on the project. These deficits will be eliminated with the subsequent receipt of authorized financing.

E. Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2015, the Town implemented 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". These statements seek to improve accounting and financial reporting by state and local governments for pensions by

Note 2 - Stewardship, Compliance and Accountability (Continued)

establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of (\$70,926).

F. Prior Period Adjustment

The Town, in the prior year had recorded a receivable from New York State for the Road Construction Route 52 Sewer Project. This receivable has been on the books in excess of one year, therefore a prior period adjustment of \$2,552,652 was recorded as of January 1, 2015 to record this receivable as unearned revenue and to decrease fund balance in the Capital Projects Fund and decrease net position in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2015 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 2,983,809	\$ -
Highway Fund	-	11,950
Special Districts Fund	-	13,133
Capital Projects Fund	-	2,958,726
	<u>\$ 2,983,809</u>	<u>\$ 2,983,809</u>

The outstanding balances between funds results 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.

B. Capital Assets

Changes in the Town's capital assets are as follows:

<u>Class</u>	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2015</u>
Capital Assets, not being depreciated				
Land	\$ 16,345,620	\$ -	\$ -	\$ 16,345,620
Construction-in-progress	5,505,895	956,051	33,105	6,428,841
Total Capital Assets, not being depreciated	<u>\$ 21,851,515</u>	<u>\$ 956,051</u>	<u>\$ 33,105</u>	<u>\$ 22,774,461</u>

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Capital Assets, being depreciated				
Buildings and improvements	\$ 13,772,109	\$ 25,000	\$ -	\$ 13,797,109
Machinery and equipment	5,486,143	365,169	8,067	5,843,245
Infrastructure	1,231,958	130,500	-	1,362,458
Total Capital Assets, being depreciated	<u>20,490,210</u>	<u>520,669</u>	<u>8,067</u>	<u>21,002,812</u>
Less Accumulated Depreciation for				
Building and improvements	5,495,406	343,148	-	5,838,554
Machinery and equipment	3,959,981	350,857	8,067	4,302,771
Infrastructure	223,797	26,639	-	250,436
Total Accumulated Depreciation	<u>9,679,184</u>	<u>720,644</u>	<u>8,067</u>	<u>10,391,761</u>
Total Capital Assets, being depreciated, net	<u>\$ 10,811,026</u>	<u>\$ (199,975)</u>	<u>\$ -</u>	<u>\$ 10,611,051</u>
Capital Assets, net	<u>\$ 32,662,541</u>	<u>\$ 756,076</u>	<u>\$ 33,105</u>	<u>\$ 33,385,512</u>

Depreciation expense was charged to the Town's functions and programs as follows:

General Government Support	\$ 165,889
Public Safety	151,553
Transportation	205,118
Culture and Recreation	109,147
Home and Community Support	<u>88,937</u>
Total Depreciation Expense	<u>\$ 720,644</u>

C. Accrued Liabilities

Accrued liabilities at December 31, 2015 were as follows:

	Fund			Total
	General	Highway	Special Districts	
Payroll and Employee Benefits	\$ 109,430	\$ 55,370	\$ 34,599	\$ 199,399
Other	59,695	-	2,210	61,905
	<u>\$ 169,125</u>	<u>\$ 55,370</u>	<u>\$ 36,809</u>	<u>\$ 261,304</u>

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

D. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2015:

	Balance January 1, 2015 As Reported	Cumulative Effect of Change in Accounting Principle	Balance January 1, 2015 As Reported	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2015	Due Within One Year
Bonds Payable	\$ 2,432,360	\$ -	\$ 2,432,360	\$ -	\$ 353,620	\$ 2,078,740	\$ 343,620
Plus - Issuance premium	40,364	-	40,364	-	5,382	34,982	-
	2,472,724	-	2,472,724	-	359,002	2,113,722	343,620
Other Non-Current Liabilities							
Compensated Absences	103,889	-	103,889	2,495	10,000	96,384	10,000
Net Pension Liability	-	923,003	923,003	-	252,195	670,808	-
Judgments and Claims	-	-	-	466,000	-	466,000	-
Other Post Employment Benefit Obligations Payable	16,582,748	-	16,582,748	4,018,892	864,757	19,736,883	-
	<u>\$ 19,159,361</u>	<u>\$ 923,003</u>	<u>\$ 20,082,364</u>	<u>\$ 4,487,387</u>	<u>\$ 1,485,954</u>	<u>\$ 23,083,797</u>	<u>\$ 353,620</u>

Each governmental fund's liability for bonds, compensated absences, net pension liability, judgments and claims and other post employment benefit obligations payable is liquidated by the General, Highway and Special Districts funds.

Bonds Payable

Bonds payable at December 31, 2015 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2015
Refunding Bonds	2011	\$ 2,875,000	September, 2022	2.00 - 3.00 %	\$ 1,930,000
Generator	2013	57,500	March, 2018	1.75	34,500
Two Highway Vehicles	2013	285,600	September, 2017	1.40	114,240
					<u>\$ 2,078,740</u>

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$57,454 were recorded in the fund financial statements in the following funds.

<u>Fund</u>	<u>Amount</u>
General	\$ 54,363
Highway	2,388
Special Districts	703
	<u>\$ 57,454</u>

Interest expense of \$68,103 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2015, including interest payments of \$211,328 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 343,620	\$ 51,002
2017	363,620	44,490
2018	296,500	37,586
2019	280,000	30,850
2020	270,000	23,850
2021-2022	525,000	23,550
	<u>\$ 2,078,740</u>	<u>\$ 211,328</u>

Judgments and claims

Judgments and claims reflect a liability of \$466,000 for a construction claim in which a vendor is asking for additional payment for change orders submitted during construction of a sewer district. This amount has been recorded in the government-wide financial statements.

Compensated Absences

Police officers may accumulate 180 days of sick leave. Any employee may elect to be paid for unused sick time at the end of each calendar year. Such payment will be for the time accumulated during that year only and will be paid at the current rate of pay. Vacation time must be taken in the year earned. Certain employees may elect to add up to 125 days of sick time to their retirement time under Section 41j of the New York State Employee's Retirement System. The Town is liable to the System for such elections. The value of all compensated absences has been recorded in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

New York State and Local Retirement System

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. 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 System, 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 Town also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System 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/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who 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 determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS-Town	1 75I	25.2 %
	3 A14	18.8
	4 A15	18.8
	5 A15	15.5
	6 A15	10.5
	6 A15	10.6
PFRS	2 384D	24.7 %
	5 384D	20.1
	6 384D	14.3

At December 31, 2015, the Town's reported a liability of \$523,738 for its proportionate share of the net pension liability of ERS and a liability of 147,070 for its proportionate share of the net pension liability of PFRS. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a computation of

Note 3 - Detailed Notes on All Funds (Continued)

the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At December 31, 2015, the Town's proportion was .0155033% for ERS and .0534296% for PFRS. For this first year of implementation, the System reported no change in the allocation percentage measured as of March 31, 2015.

For the year ended December 31, 2015, the Town recognized pension expense in the government-wide financial statements of \$367,810 for ERS and \$398,011 for PFRS. Pension expenditures of \$749,899 for ERS and \$414,552 for PFRS were recorded in the fund financial statements and were charged to the following funds:

Fund	ERS	PFRS
General	\$ 353,434	\$ 414,552
Special Districts	113,824	-
Highway	282,641	-
	<u>\$ 749,899</u>	<u>\$ 414,552</u>

At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,765	\$ -	\$ 17,736	-
Changes of assumptions	-	76,554	-	8,554
Net difference between projected and actual earnings on pension plan investments	90,967	-	49,376	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-	-	-
Town contributions subsequent to the measurement date	584,185	-	296,241	-
	<u>\$ 691,917</u>	<u>\$ 76,554</u>	<u>\$ 363,353</u>	<u>\$ 8,554</u>

\$584,185 and \$296,241 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the Town's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Note 3 - Detailed Notes on All Funds (Continued)

Year Ended March 31,	ERS	PFRS
2016	\$ 7,794	\$ 14,180
2017	7,794	14,180
2018	7,794	14,180
2019	7,796	14,180
2020	-	1,838

The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liabilities to March 31, 2015. The total pension liabilities for the March 31, 2014 measurement date were determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.9% in ERS, 6.0% in PFRS indexed by service
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.4% annually

Annuitant mortality rates are based on the April 1, 2005 - March 31, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

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 equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below.

Note 3 - Detailed Notes on All Funds (Continued)

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	<u>2</u>	4.00
	<u>100 %</u>	

The discount rate used to calculate the total pension liability was 7.5%. 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 Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town'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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
Town's proportionate share of the ERS net pension liability (asset)	<u>\$ 3,490,943</u>	<u>\$ 523,738</u>	<u>\$ (1,981,318)</u>
Town's proportionate share of the PFRS net pension liability (asset)	<u>\$ 1,958,159</u>	<u>\$ 147,070</u>	<u>\$ (1,370,732)</u>

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability as of the March 31, 2015 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 164,591,504,000	\$ 28,474,417,000	\$ 193,065,921,000
Fiduciary net position	161,213,259,000	28,199,157,000	189,412,416,000
Employers' net pension liability	<u>\$ 3,378,245,000</u>	<u>\$ 275,260,000</u>	<u>\$ 3,653,505,000</u>
Fiduciary net position as a percentage of total pension liability	<u>97.9%</u>	<u>99.0%</u>	<u>98.1%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2015 represent the employer contribution for the period of April 1, 2015 through December 31, 2015 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2015 were \$584,185 and \$296,241 respectively.

Voluntary Defined Contribution Plan

The Town also offers 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 6% depending on salary and the Town will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing other post employment benefit obligations payable is shared between the Town and the retired employees. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. The cost of other post employment benefit obligations payable is recognized as an expenditure in the fund financial statements as claims are paid. The Town has recognized revenues and expenditures of \$66,716 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be accounted for under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that,

Note 3 - Detailed Notes on All Funds (Continued)

if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rate of increase in postretirement benefits is presented below:

Fiscal Year	Pre 65	Post 65
2016	8.50 %	8.50 %
2017	8.00	8.00
2018	7.50	7.50
2019	7.00	7.00
2020	6.50	6.50
2021	6.00	6.00
2022	5.50	5.50
2023	5.00	5.00
2024+	4.50	4.50

The amortization basis is the level dollar of payroll method with an open amortization approach with 23 years remaining in the amortization period. The actuarial assumptions included a 4.0% annual discount rate. The Town currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of January 1, 2015 was as follows:

Active Employees	90
Retired Employees and Dependents	<u>51</u>
Total	<u><u>141</u></u>

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of January 1, 2015	\$ 32,675,362
Assets at Market Value	-
	<u>32,675,362</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 32,675,362</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 5,862,469</u>
UAAL as a Percentage of Covered Payroll	<u>557.37%</u>
Annual Required Contribution	\$ 2,946,074
Interest on Net OPEB Obligation	663,310
Adjustment to Annual Required Contribution	<u>409,508</u>
Annual OPEB Cost	4,018,892
Contributions Made	<u>(864,757)</u>
Increase in Net OPEB Obligation	3,154,135
Net OPEB Obligation - Beginning of Year	<u>16,582,748</u>
Net OPEB Obligation - End of Year	<u>\$ 19,736,883</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 4,018,892	20.05 %	\$ 19,736,883
2014	3,776,000	20.52	16,582,748
2013	3,546,250	16.30	13,612,644

The Schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

F. Revenues and Expenditures

Interfund Transfers

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

Note 3 - Detailed Notes on All Funds (Continued)

<u>Transfer Out</u>	<u>Transfers In Capital Projects Fund</u>
General Fund	\$ 6,000
Highway Fund	218,000
Special Districts Fund	6,000
	<u>\$ 230,000</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for 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, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Repairs - the component of net position that has been established in accordance with the General Municipal Law of the State of New York. The amount may only be used for repairs in the Town's Park and Water Districts and only with approval of the Town Board.

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

Restricted for Future Capital Projects - the component of net position that has been established in accordance with General Municipal Law. The amount may only be used for capital projects and only with the approval of the Town Board.

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

Restricted for Special Purpose - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

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

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2015						2014					
	General Fund	Highway Fund	Special Districts Fund	Special Purpose Fund	Capital Projects Fund	Total	General Fund	Highway Fund	Special Districts Fund	Special Purpose Fund	Capital Projects Fund	Total
Nonspendable												
Inventories	\$ 198,640	\$ -	\$ -	\$ -	\$ -	\$ 198,640	\$ 180,272	\$ -	\$ -	\$ -	\$ -	\$ 180,272
Prepaid expenditures	354,751	133,025	62,188	-	-	549,964	317,804	106,417	50,887	-	-	475,108
Total Nonspendable	553,391	133,025	62,188	-	-	748,604	498,076	106,417	50,887	-	-	655,380
Restricted												
Repairs	-	-	108,528	-	-	108,528	-	-	105,455	-	-	105,455
Special purpose	-	-	-	110,012	-	110,012	-	-	-	109,886	-	109,886
Debt service	188,401	-	-	-	-	188,401	187,464	-	-	-	-	187,464
Capital projects	-	-	-	-	-	-	-	-	-	-	60,004	60,004
Future capital projects	-	-	131	-	-	131	-	-	131	-	-	131
Total Restricted	188,401	-	108,659	110,012	-	407,072	187,464	-	105,586	109,886	60,004	462,940
Assigned												
Future recycling projects	162,666	-	-	-	-	162,666	142,947	-	-	-	-	142,947
Subsequent year's expenditures	70,000	630,000	-	-	-	700,000	52,890	350,000	-	-	-	402,890
Major Funds	-	481,348	1,450,542	-	-	1,931,890	-	1,424,682	1,483,468	-	-	2,908,150
Total Assigned	232,666	1,111,348	1,450,542	-	-	2,794,556	195,837	1,774,682	1,483,468	-	-	3,453,987
Unassigned	4,463,195	-	-	-	(2,968,165)	1,495,030	4,108,251	-	-	-	-	4,108,251
Total Fund Balances	\$ 5,437,653	\$ 1,244,373	\$ 1,621,389	\$ 110,012	\$ (2,968,165)	\$ 5,445,262	\$ 4,989,628	\$ 1,881,099	\$ 1,639,941	\$ 109,886	\$ 60,004	\$ 8,680,558

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.

Inventories have been established to account for purchased goods which will be expended when consumed. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

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

Amounts assigned for future recycling projects represent the Town's intention to use these funds for recycling programs in the future. These amounts have been set aside by the Town Board.

Subsequent years' expenditures represent that at December 31, 2015, the Town Board has assigned the above amounts to be appropriated for the ensuing year's budget.

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, property damage or personal injury. All the claims currently pending have been referred to the insurance carrier and none are expected to have a material effect on the Town's financial position, if adversely settled.

There are also currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Town if existing assessment rolls are modified based upon the outcome of the litigation proceedings. The amount of possible refunds cannot be determined at the present time and any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Risk Management

The Town purchases conventional insurance coverages to reduce its exposure to loss. The Town maintains general liability and umbrella policies with coverage up to \$2 million and \$20 million, respectively. Workers' compensation coverage is secured at statutory levels. Settled claims resulting from these risks have not exceeded commercial coverage in 2015. The Town also purchases conventional health insurance coverage for employees from various providers.

C. Contingencies

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

Town of Kent, New York

Required Supplementary Information - Schedule of Funding Progress
 Other Post Employment Benefits
 Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2015	\$ -	\$ 32,675,362	\$ 32,675,362	- %	5,862,469	557.37 %
January 1, 2014	-	31,232,264	31,232,264	-	5,978,291	522.43
January 1, 2013	-	29,851,879	29,851,879	-	5,619,485	531.22

Town of Kent, New York

Required Supplementary Information - Schedule of the
Town's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	<u>2015</u>
Town's proportion of the net pension liability (asset)	<u>0.0155033%</u>
Town's proportionate share of the net pension liability (asset)	<u>\$ 523,738</u>
Town's covered-employee payroll	<u>\$ 3,811,981</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>13.74%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

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

Town of Kent, New York

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

	<u>2015</u>
Contractually required contribution	\$ 778,912
Contributions in relation to the contractually required contribution	<u>(778,912)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 3,787,875</u>
Contributions as a percentage of covered-employee payroll	<u>20.56%</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*.

Town of Kent, New York

Required Supplementary Information - Schedule of the
Town's Proportionate Share of the Net Pension Liability
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)

	<u>2015</u>
Town's proportion of the net pension liability (asset)	<u>0.0534296%</u>
Town's proportionate share of the net pension liability (asset)	<u>\$ 147,070</u>
Town's covered-employee payroll	<u>\$ 1,800,008</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>8.17%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.00%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

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

Town of Kent, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)

	<u>2015</u>
Contractually required contribution	\$ 394,988
Contributions in relation to the contractually required contribution	<u>(394,988)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 2,113,512</u>
Contributions as a percentage of covered-employee payroll	<u>18.69%</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*.

(This page intentionally left blank)

Town of Kent, New York

General Fund
Comparative Balance Sheet
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	\$ 2,074,117	\$ 1,849,985
Receivables		
Accounts	157,836	140,912
State and Federal aid	6,872	26,443
Due from other funds	<u>2,983,809</u>	<u>2,733,999</u>
	<u>3,148,517</u>	<u>2,901,354</u>
Inventories	<u>198,640</u>	<u>180,272</u>
Prepaid expenditures	<u>354,751</u>	<u>317,804</u>
Total Assets	<u><u>\$ 5,776,025</u></u>	<u><u>\$ 5,249,415</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 154,769	\$ 117,738
Accrued liabilities	169,125	129,172
Unearned revenue	<u>14,478</u>	<u>12,877</u>
Total Liabilities	<u>338,372</u>	<u>259,787</u>
Fund balance		
Nonspendable	553,391	498,076
Restricted	188,401	187,464
Assigned	232,666	195,837
Unassigned	<u>4,463,195</u>	<u>4,108,251</u>
Total Fund Balance	<u>5,437,653</u>	<u>4,989,628</u>
Total Liabilities and Fund Balance	<u><u>\$ 5,776,025</u></u>	<u><u>\$ 5,249,415</u></u>

Town of Kent, New York

General Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 7,882,261	\$ 7,882,261	\$ 7,882,261	\$ -
Other tax items	40,000	40,000	44,933	4,933
Non-property taxes	260,500	260,500	280,587	20,087
Departmental income	597,900	617,040	813,124	196,084
Use of money and property	74,300	74,300	75,373	1,073
Licenses and permits	3,500	3,500	3,346	(154)
Fines and forfeitures	550,000	550,000	526,029	(23,971)
Sale of property and compensation for loss	-	74,896	45,567	(29,329)
State aid	332,100	343,624	338,597	(5,027)
Federal aid	-	4,490	14,252	9,762
Miscellaneous	68,000	84,000	82,716	(1,284)
Total Revenues	9,808,561	9,934,611	10,106,785	172,174
EXPENDITURES				
Current				
General government support	3,320,585	3,321,358	3,278,631	42,727
Public safety	3,865,562	3,921,828	3,752,071	169,757
Health	6,524	6,524	5,526	998
Transportation	228,922	237,063	236,533	530
Economic opportunity and development	27,500	27,500	25,915	1,585
Culture and recreation	1,223,396	1,209,051	1,140,841	68,210
Home and community services	185,169	185,703	147,439	38,264
Employee benefits				
Undistributed	658,430	733,111	726,441	6,670
Debt service				
Principal	285,000	285,000	285,000	-
Interest	54,363	54,363	54,363	-
Total Expenditures	9,855,451	9,981,501	9,652,760	328,741
Excess (Deficiency) of Revenues Over Expenditures	(46,890)	(46,890)	454,025	500,915
OTHER FINANCING USES				
Transfers out	(6,000)	(6,000)	(6,000)	-
Net Change in Fund Balance	(52,890)	(52,890)	448,025	500,915
FUND BALANCE				
Beginning of Year	52,890	52,890	4,989,628	4,936,738
End of Year	\$ -	\$ -	\$ 5,437,653	\$ 5,437,653

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 7,882,261	\$ 7,882,261	\$ 7,882,262	\$ 1
40,000	40,000	65,885	25,885
245,750	245,750	271,513	25,763
600,050	600,050	719,120	119,070
16,260	16,260	39,916	23,656
3,100	3,100	3,546	446
525,000	525,000	524,141	(859)
-	5,825	16,593	10,768
332,100	332,100	376,040	43,940
-	11,620	17,580	5,960
-	67,136	102,212	35,076
<u>9,644,521</u>	<u>9,729,102</u>	<u>10,018,808</u>	<u>289,706</u>
3,667,253	3,492,340	3,201,350	290,990
3,785,249	3,819,194	3,746,364	72,830
6,497	6,497	6,450	47
229,613	223,757	223,203	554
27,500	27,500	27,080	420
1,243,558	1,243,558	1,164,390	79,168
187,188	193,337	173,493	19,844
591,500	817,172	689,479	127,693
290,000	290,000	290,000	-
60,163	60,163	60,163	-
<u>10,088,521</u>	<u>10,173,518</u>	<u>9,581,972</u>	<u>591,546</u>
(444,000)	(444,416)	436,836	881,252
-	(14,368)	(14,368)	-
(444,000)	(458,784)	422,468	881,252
<u>444,000</u>	<u>458,784</u>	<u>4,567,160</u>	<u>4,108,376</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,989,628</u>	<u>\$ 4,989,628</u>

Town of Kent, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended December 31, 2015

(With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
REAL PROPERTY TAXES	\$ 7,882,261	\$ 7,882,261	\$ 7,882,261	\$ -	\$ 7,882,262
OTHER TAX ITEMS					
Interest and penalties on real property taxes	40,000	40,000	44,933	4,933	65,885
NON-PROPERTY TAXES					
Franchise fees	260,500	260,500	280,587	20,087	271,513
DEPARTMENTAL INCOME					
Town Clerk and other fees	10,200	10,200	7,912	(2,288)	9,012
Interdepartmental charges	303,200	303,200	462,120	158,920	415,950
Police and dog pound fees	3,200	3,200	5,483	2,283	5,112
Safety inspection fees	80,000	99,140	126,215	27,075	89,459
Vital statistics fees	3,000	3,000	4,225	1,225	4,156
Culture and recreation fees	100,050	100,050	111,016	10,966	103,869
Planning board and other fees	6,000	6,000	11,060	5,060	6,900
Recycling fees	90,000	90,000	81,627	(8,373)	81,607
Other service fees	2,250	2,250	3,466	1,216	3,055
	597,900	617,040	813,124	196,084	719,120
USE OF MONEY AND PROPERTY					
Earnings on investments	14,300	14,300	10,651	(3,649)	13,076
Rental of real property	60,000	60,000	64,722	4,722	26,840
	74,300	74,300	75,373	1,073	39,916

LICENSES AND PERMITS

Dog and other licenses	3,500	3,500	3,296	(204)	3,521
Permits	-	-	50	50	25
	<u>3,500</u>	<u>3,500</u>	<u>3,346</u>	<u>(154)</u>	<u>3,546</u>

FINES AND FORFEITURES

Fines and forfeited bail	550,000	550,000	526,029	(23,971)	524,141
--------------------------	---------	---------	---------	----------	---------

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Insurance recoveries	-	74,896	45,567	(29,329)	16,593
----------------------	---	--------	--------	----------	--------

STATE AID

Per capita	60,000	60,000	58,361	(1,639)	58,361
Mortgage tax	250,000	250,000	240,750	(9,250)	250,058
DARE program	20,000	20,000	20,000	-	20,000
Youth programs	2,100	2,100	2,849	749	4,350
Recycling projects	-	-	-	-	36,802
Other	-	11,524	16,637	5,113	6,469
	<u>332,100</u>	<u>343,624</u>	<u>338,597</u>	<u>(5,027)</u>	<u>376,040</u>

FEDERAL AID

COPS grant	-	-	-	-	17,124
Disaster assistance	-	4,490	14,252	9,762	456
	<u>-</u>	<u>4,490</u>	<u>14,252</u>	<u>9,762</u>	<u>17,580</u>

MISCELLANEOUS

Refund of prior year's expenditures	-	16,000	16,000	-	35,076
Medicare Part D reimbursements	68,000	68,000	66,716	(1,284)	67,136
	<u>68,000</u>	<u>84,000</u>	<u>82,716</u>	<u>(1,284)</u>	<u>102,212</u>

TOTAL REVENUES

	<u>\$ 9,808,561</u>	<u>\$ 9,934,611</u>	<u>\$ 10,106,785</u>	<u>\$ 172,174</u>	<u>\$ 10,018,808</u>
--	---------------------	---------------------	----------------------	-------------------	----------------------

Town of Kent, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2015

(With Comparative Actuals for 2014)

56

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 83,717	\$ 83,717	\$ 82,427	\$ 1,290	\$ 87,369
Town Justice	551,544	585,314	581,583	3,731	534,164
Supervisor	147,789	147,889	146,878	1,011	145,354
Finance	201,682	206,082	205,819	263	198,601
Audit	36,000	36,000	36,000	-	35,400
Tax collection	52,425	52,425	50,401	2,024	51,533
Budget Director	12,191	12,192	12,190	2	12,434
Assessor	200,911	189,911	187,205	2,706	185,978
Town Clerk	250,327	262,356	261,182	1,174	245,331
Town Attorney	155,000	167,930	160,205	7,725	173,839
Personnel	1,000	1,000	738	262	103
Engineering	-	-	-	-	23
Records management	31,680	28,480	28,112	368	27,806
Buildings	252,858	279,652	278,054	1,598	250,614
Central garage	890,950	932,800	927,097	5,703	900,321
Central communications	3,500	2,000	1,000	1,000	14,974
Central printing and mailing	42,500	24,250	24,242	8	33,134
Central data processing	71,300	73,860	73,857	3	77,502
Unallocated insurance	210,000	195,000	194,421	579	193,884
Municipal association dues	1,500	1,500	1,500	-	1,500
Judgments and claims	10,000	18,000	11,822	6,178	11,628
Town code	7,000	7,000	1,193	5,807	6,705
Metropolitan commuter transportation mobility tax	14,000	14,000	12,705	1,295	13,153
Contingency	92,711	-	-	-	-
	<u>3,320,585</u>	<u>3,321,358</u>	<u>3,278,631</u>	<u>42,727</u>	<u>3,201,350</u>

PUBLIC SAFETY

Police	3,662,674	3,682,760	3,551,456	131,304	3,546,791
Traffic control	8,000	8,000	7,785	215	13,487
Fire prevention and control	25,412	25,412	13,182	12,230	15,620
Animal control	27,882	27,882	10,623	17,259	24,096
Safety inspection	141,594	158,634	149,885	8,749	133,470
Other	-	19,140	19,140	-	12,900
	<u>3,865,562</u>	<u>3,921,828</u>	<u>3,752,071</u>	<u>169,757</u>	<u>3,746,364</u>

HEALTH

Registrar of Vital Statistics	5,524	5,524	5,426	98	5,482
DARE program	1,000	1,000	100	900	968
	<u>6,524</u>	<u>6,524</u>	<u>5,526</u>	<u>998</u>	<u>6,450</u>

TRANSPORTATION

Highway Administration	143,422	138,563	138,377	186	131,998
Garage	72,500	84,900	84,602	298	78,944
Street lighting	13,000	13,600	13,554	46	12,261
	<u>228,922</u>	<u>237,063</u>	<u>236,533</u>	<u>530</u>	<u>223,203</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Veterans' services	1,000	1,000	435	565	580
Programs for the aging	24,000	24,000	22,980	1,020	24,000
Outreach program	2,500	2,500	2,500	-	2,500
	<u>27,500</u>	<u>27,500</u>	<u>25,915</u>	<u>1,585</u>	<u>27,080</u>

CULTURE AND RECREATION

Parks	369,495	365,701	316,828	48,873	326,838
Recreation administration	180,801	181,522	172,657	8,865	172,475
Recreation buildings operations	1,550	5,050	4,267	783	14,238
Youth programs	62,800	62,420	55,008	7,412	58,312
Library	572,150	557,150	557,150	-	564,321
Historian	1,000	1,128	1,128	-	797
Celebrations	17,000	17,000	14,881	2,119	14,371
Adult recreation	18,600	19,080	18,922	158	13,038
	<u>1,223,396</u>	<u>1,209,051</u>	<u>1,140,841</u>	<u>68,210</u>	<u>1,164,390</u>

(Continued)

Town of Kent, New York

General Fund

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

Year Ended December 31, 2015

(With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
HOME AND COMMUNITY SERVICES					
Zoning and appeals	\$ 12,000	\$ 12,400	\$ 12,398	\$ 2	\$ 11,476
Planning Board	26,855	26,489	25,920	569	30,312
Stormwater contractual	9,000	9,000	7,610	1,390	13,374
Landfill	12,000	12,000	6,636	5,364	9,197
Recycling	90,000	90,000	62,049	27,951	77,006
Beautification	2,500	2,500	1,841	659	1,457
Code enforcement	28,314	28,314	25,985	2,329	26,171
Cemeteries	4,500	5,000	5,000	-	4,500
	<u>185,169</u>	<u>185,703</u>	<u>147,439</u>	<u>38,264</u>	<u>173,493</u>
EMPLOYEE BENEFITS - UNDISTRIBUTED					
State retirement	-	35,400	34,098	1,302	-
Workers' compensation benefits	150,000	139,581	139,581	-	141,511
Unemployment benefits	5,000	5,000	-	5,000	4,445
Disability	2,000	2,300	2,178	122	2,230
Health insurance	499,930	549,330	549,296	34	539,913
Other	1,500	1,500	1,288	212	1,380
	<u>658,430</u>	<u>733,111</u>	<u>726,441</u>	<u>6,670</u>	<u>689,479</u>
DEBT SERVICE					
Serial bonds					
Principal	285,000	285,000	285,000	-	290,000
Interest	54,363	54,363	54,363	-	60,163
	<u>339,363</u>	<u>339,363</u>	<u>339,363</u>	<u>-</u>	<u>350,163</u>
TOTAL EXPENDITURES	<u>9,855,451</u>	<u>9,981,501</u>	<u>9,652,760</u>	<u>328,741</u>	<u>9,581,972</u>

OTHER FINANCING USES

Transfers out

Capital Projects Fund

Highway Fund

6,000	6,000	6,000	-	12,668
-	-	-	-	1,700

TOTAL OTHER FINANCING USES

6,000	6,000	6,000	-	14,368
-------	-------	-------	---	--------

**TOTAL EXPENDITURES AND
OTHER FINANCING USES**

<u>\$ 9,861,451</u>	<u>\$ 9,987,501</u>	<u>\$ 9,658,760</u>	<u>\$ 328,741</u>	<u>\$ 9,596,340</u>
---------------------	---------------------	---------------------	-------------------	---------------------

(This page intentionally left blank)

Town of Kent, New York

Highway Fund
Comparative Balance Sheet
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	\$ 1,201,642	\$ 1,890,387
Prepaid expenditures	<u>133,025</u>	<u>106,417</u>
Total Assets	<u>\$ 1,334,667</u>	<u>\$ 1,996,804</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 22,974	\$ 76,265
Accrued liabilities	55,370	39,440
Due to other funds	<u>11,950</u>	<u>-</u>
Total Liabilities	<u>90,294</u>	<u>115,705</u>
Fund balance		
Nonspendable	133,025	106,417
Assigned	<u>1,111,348</u>	<u>1,774,682</u>
Total Fund Balance	<u>1,244,373</u>	<u>1,881,099</u>
Total Liabilities and Fund Balance	<u>\$ 1,334,667</u>	<u>\$ 1,996,804</u>

Town of Kent, New York

Highway Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -
Use of money and property	5,500	5,500	3,459	(2,041)
Sale of property and compensation for loss	2,000	13,334	19,303	5,969
Miscellaneous	-	-	-	-
Total Revenues	<u>3,577,920</u>	<u>3,589,254</u>	<u>3,593,182</u>	<u>3,928</u>
EXPENDITURES				
Current				
Transportation				
Repairs and maintenance	1,718,594	1,667,924	1,667,178	746
Snow removal	881,722	1,247,505	1,240,773	6,732
Brush and weeds	8,000	3,317	3,317	-
	<u>2,608,316</u>	<u>2,918,746</u>	<u>2,911,268</u>	<u>7,478</u>
Employee benefits	<u>1,041,484</u>	<u>1,042,388</u>	<u>1,041,132</u>	<u>1,256</u>
Debt service				
Principal	57,120	57,120	57,120	-
Interest	3,000	3,000	2,388	612
	<u>60,120</u>	<u>60,120</u>	<u>59,508</u>	<u>612</u>
Total Expenditures	<u>3,709,920</u>	<u>4,021,254</u>	<u>4,011,908</u>	<u>9,346</u>
Deficiency of Revenues Over Expenditures	(132,000)	(432,000)	(418,726)	13,274
OTHER FINANCING USES				
Transfers out	<u>(218,000)</u>	<u>(218,000)</u>	<u>(218,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>(350,000)</u>	<u>(650,000)</u>	<u>(636,726)</u>	<u>13,274</u>
FUND BALANCE				
Beginning of Year	<u>350,000</u>	<u>650,000</u>	<u>1,881,099</u>	<u>1,231,099</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,373</u>	<u>\$ 1,244,373</u>

2014

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -
6,500	6,500	4,590	(1,910)
1,000	43,121	43,121	-
-	1,326	1,326	-
<u>3,577,920</u>	<u>3,621,367</u>	<u>3,619,457</u>	<u>(1,910)</u>
1,508,791	1,588,500	1,588,324	176
882,058	1,094,521	1,093,592	929
11,500	4,305	4,112	193
<u>2,402,349</u>	<u>2,687,326</u>	<u>2,686,028</u>	<u>1,298</u>
<u>1,115,252</u>	<u>1,069,039</u>	<u>1,021,037</u>	<u>48,002</u>
57,120	57,120	57,120	-
3,199	3,199	3,190	9
<u>60,319</u>	<u>60,319</u>	<u>60,310</u>	<u>9</u>
<u>3,577,920</u>	<u>3,816,684</u>	<u>3,767,375</u>	<u>49,309</u>
-	(195,317)	(147,918)	47,399
-	(71,311)	(71,311)	-
-	(266,628)	(219,229)	47,399
<u>-</u>	<u>266,628</u>	<u>2,100,328</u>	<u>1,833,700</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,881,099</u>	<u>\$ 1,881,099</u>

Town of Kent, New York

Special Districts Fund
 Combining Balance Sheet - Sub Funds
 Year Ended December 31, 2015
 (With Comparative Actuals for 2014)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
ASSETS				
Cash and equivalents	\$ -	\$ 18,352	\$ 574,229	\$ 183,689
Accounts receivable	-	-	405	-
Prepaid expenditures	-	-	15,247	-
Total Assets	\$ -	\$ 18,352	\$ 589,881	\$ 183,689
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 18,277	\$ 311
Accrued liabilities	-	4,386	7,185	-
Due to other funds	8,068	-	2,704	-
Total Liabilities	8,068	4,386	28,166	311
Fund balances (deficits)				
Nonspendable	-	-	15,247	-
Restricted	-	-	74,349	34,051
Assigned	(8,068)	13,966	472,119	149,327
Total Fund Balances (Deficits)	(8,068)	13,966	561,715	183,378
Total Liabilities and Fund Balances (Deficits)	\$ -	\$ 18,352	\$ 589,881	\$ 183,689

Water Districts		Lake Carmel Sanitation District	Kent Sewer District	Totals	
Romanoff	Leeside			2015	2014
\$ 31,665	\$ 96,629	\$ 745,484	\$ 28,976	\$ 1,679,024	\$ 1,668,302
-	-	-	-	405	668
-	-	46,941	-	62,188	50,887
<u>\$ 31,665</u>	<u>\$ 96,629</u>	<u>\$ 792,425</u>	<u>\$ 28,976</u>	<u>\$ 1,741,617</u>	<u>\$ 1,719,857</u>
\$ 7,245	\$ 4,182	\$ 38,882	1,389	\$ 70,286	\$ 23,792
-	-	25,238	-	36,809	30,737
-	-	2,361	-	13,133	25,387
<u>7,245</u>	<u>4,182</u>	<u>66,481</u>	<u>1,389</u>	<u>120,228</u>	<u>79,916</u>
-	-	46,941	-	62,188	50,887
128	131	-	-	108,659	105,586
<u>24,292</u>	<u>92,316</u>	<u>679,003</u>	<u>27,587</u>	<u>1,450,542</u>	<u>1,483,468</u>
<u>24,420</u>	<u>92,447</u>	<u>725,944</u>	<u>27,587</u>	<u>1,621,389</u>	<u>1,639,941</u>
<u>\$ 31,665</u>	<u>\$ 96,629</u>	<u>\$ 792,425</u>	<u>\$ 28,976</u>	<u>\$ 1,741,617</u>	<u>\$ 1,719,857</u>

Town of Kent, New York

Special Districts Fund
 Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Sub Funds
 Year Ended December 31, 2015
 (With Comparative Totals for 2014)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
REVENUES				
Real property taxes	\$ 912,296	\$ 454,650	\$ 569,597	\$ 10,000
Departmental income	-	-	12,060	-
Use of money and property	-	12	696	131
Sale of property and compensation for loss	-	-	-	-
Miscellaneous	-	-	5,050	-
Total Revenues	<u>912,296</u>	<u>454,662</u>	<u>587,403</u>	<u>10,131</u>
EXPENDITURES				
Current				
Public safety	900,827	456,713	-	-
Culture and recreation	-	-	407,851	2,014
Home and community services	-	-	-	-
Employee benefits	-	-	120,410	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>900,827</u>	<u>456,713</u>	<u>528,261</u>	<u>2,014</u>
Excess (Deficiency) of Revenues Over Expenditures	11,469	(2,051)	59,142	8,117
Other Financing Uses				
Transfers out	-	-	(600)	-
Net Change in Fund Balances	11,469	(2,051)	58,542	8,117
FUND BALANCES (DEFICITS)				
Beginning of Year	<u>(19,537)</u>	<u>16,017</u>	<u>503,173</u>	<u>175,261</u>
End of Year	<u>\$ (8,068)</u>	<u>\$ 13,966</u>	<u>\$ 561,715</u>	<u>\$ 183,378</u>

Water Districts		Lake Carmel Sanitation District	Kent Sewer District	Totals	
Romanoff	Leeside			2015	2014
\$ 53,372	\$ 26,413	\$ 1,550,777	\$ 119,058	\$ 3,696,163	\$ 3,605,048
-	-	-	-	12,060	11,005
64	85	1,495	64	2,547	3,323
-	-	4,735	-	4,735	9,170
8,830	-	-	-	13,880	6,873
<u>62,266</u>	<u>26,498</u>	<u>1,557,007</u>	<u>119,122</u>	<u>3,729,385</u>	<u>3,635,419</u>
-	-	-	-	1,357,540	1,333,392
-	-	-	-	409,865	403,258
65,464	37,040	1,273,945	91,535	1,467,984	1,192,686
-	-	373,935	-	494,345	479,815
11,500	-	-	-	11,500	11,500
703	-	-	-	703	834
<u>77,667</u>	<u>37,040</u>	<u>1,647,880</u>	<u>91,535</u>	<u>3,741,937</u>	<u>3,421,485</u>
(15,401)	(10,542)	(90,873)	27,587	(12,552)	213,934
-	-	(5,400)	-	(6,000)	(14,368)
(15,401)	(10,542)	(96,273)	27,587	(18,552)	199,566
<u>39,821</u>	<u>102,989</u>	<u>822,217</u>	<u>-</u>	<u>1,639,941</u>	<u>1,440,375</u>
<u>\$ 24,420</u>	<u>\$ 92,447</u>	<u>\$ 725,944</u>	<u>\$ 27,587</u>	<u>\$ 1,621,389</u>	<u>\$ 1,639,941</u>

Town of Kent, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	<u>\$ 110,012</u>	<u>\$ 109,886</u>
FUND BALANCE		
Restricted	<u>\$ 110,012</u>	<u>\$ 109,886</u>

Town of Kent, New York

Special Purpose Fund

Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance

Years Ended December 31,

	<u>2015</u>	<u>2014</u>
REVENUES		
Use of money and property	\$ 126	\$ 242
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	126	242
FUND BALANCE		
Beginning of Year	<u>109,886</u>	<u>109,644</u>
End of Year	<u>\$ 110,012</u>	<u>\$ 109,886</u>

Town of Kent, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Accounts receivable	\$ 3,147,997	\$ 2,922,152
	<u>3,147,997</u>	<u>2,922,152</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 14,857	\$ 16,871
Due to other funds	2,958,726	2,708,612
Unearned revenues	3,005,914	-
Retainage payable	136,665	136,665
	<u>6,116,162</u>	<u>2,862,148</u>
Total Liabilities	6,116,162	2,862,148
Fund balance		
Restricted	-	60,004
Unassigned	(2,968,165)	-
	<u>(2,968,165)</u>	<u>-</u>
Total Fund Balance	(2,968,165)	60,004
Total Liabilities and Fund Balance	\$ 3,147,997	\$ 2,922,152
	<u>3,147,997</u>	<u>2,922,152</u>

Town of Kent, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,

	<u>2015</u>	<u>2014</u>
REVENUES		
State aid	\$ 369,491	\$ 270,741
Miscellaneous	<u>33,841</u>	<u>3,047,135</u>
Total Revenues	403,332	3,317,876
EXPENDITURES		
Capital outlay	<u>1,108,849</u>	<u>3,454,820</u>
Deficiency of Revenues Over Expenditures	(705,517)	(136,944)
OTHER FINANCING SOURCES		
Transfers in	<u>230,000</u>	<u>100,047</u>
Net Change in Fund Balance	<u>(475,517)</u>	<u>(36,897)</u>
FUND BALANCE		
Beginning of Year, as reported	60,004	96,901
Prior Period Adjustment	<u>(2,552,652)</u>	<u>-</u>
Beginning of Year, as restated	<u>(2,492,648)</u>	<u>96,901</u>
End of Year	<u><u>\$ (2,968,165)</u></u>	<u><u>\$ 60,004</u></u>

Town of Kent, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through December 31, 2015

<u>PROJECT</u>	<u>Project Budget</u>	<u>Expenditures and Transfers</u>	<u>Unexpended Balance</u>
Road Construction Route 52 Sewer Gateway	\$ 6,000,000	\$ 5,941,099	\$ 58,901
Little Fill Causeway	100,000	13,793	86,207
Municipal Repairs Renovation	130,000	100,000	30,000
311 Salt Shed	30,000	1,500	28,500
	230,000	218,194	11,806
Totals	<u>\$ 6,515,000</u>	<u>\$ 6,299,586</u>	<u>\$ 215,414</u>

Revenues and Other Financing Sources	Fund Balance at December 31, 2015
\$ 2,935,185	\$ (3,005,914)
13,793	-
100,000	-
30,000	28,500
227,443	9,249
<u>\$ 3,331,421</u>	<u>\$ (2,968,165)</u>