

# **Town of Kent, New York**

Financial Statements and  
Supplementary Information

Year Ended December 31, 2018



## Town of Kent, New York

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## **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, 2018, 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 adverse and unmodified audit opinions.

### ***Basis for Adverse Opinion on the Discretely Presented Component Unit***

As more fully disclosed in Note 1A, the financial statements referred to above do not include financial data of the Town's legally separate component unit, the Kent Public Library. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the Town's primary government unless the Town also issues financial statements for the financial reporting entity that includes the financial data for its component unit. The Town has not issued such reporting entity financial statements. The effect of this departure on assets, liabilities, net position, revenues and expenses is not known, since the audited financial statements are not available.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly, the financial position of the discretely presented component unit of the Town, as of December 31, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respect, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town as of and 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 2C and 3D in the notes to financial statements which disclose the effects of the Town's adoption of the provisions of Governmental Accounting Standards Board Statement ("GASB") No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America the basic financial statements of the Town as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated July 13, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 for the year ended December 31, 2017.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 23, 2019

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## Town of Kent, New York

### Management's Discussion and Analysis December 31, 2018

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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, 2018. 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 2018

- The Town's governmental funds combined ending fund balances at December 31, 2018 were \$6,611,836. The total unassigned fund balances for governmental funds is \$3,736,748 at December 31, 2018, of which General Fund represents \$4,021,747 or 38% of the total General Fund expenditures and other financing uses. This is a decrease of \$552,654 from fiscal year 2017.
- On the government-wide financial statements, the liabilities and deferred inflows of the Town exceeded its assets and deferred outflows of resources at the close of fiscal year 2018 by \$11,204,016, which represents a decrease of \$1,167,396. Unrestricted net position, which is available to meet the ongoing obligations of the Town totaled a negative \$44,999,438. This deficit results primarily from the accrual of certain operating liabilities pursuant to various Governmental Accounting Standards Board ("GASB") pronouncements discussed below. These obligations will be satisfied in future years.
- For the year ended December 31, 2018, the Town implemented the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("OPEB"). This statement addresses accounting and financial reporting for OPEB by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to 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. This statement supersedes the provisions of GASB Statement No. 45, *"Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions"*. The primary distinction between the two standards is that since no mechanism exists under current New York State law for New York municipalities and school districts to pre-fund these obligations in an irrevocable trust, entities must now report their *total* OPEB liability as opposed to the *net* OPEB liability that has been reported under the prior standard. As a result, the net position for governmental activities on the government-wide financial statements reflects a cumulative effect of change in accounting principle adjustment of \$(23,512,778) to the opening net position originally reported as of January 1, 2018 of \$13,476,158, thereby restating the opening net position to a deficit balance of \$(10,036,620).
- In addition to the impact of the Town's OPEB obligations, the government-wide financial statements for the year ended December 31, 2018 are also significantly impacted by the provisions of the GASB Statement No. 68. This pronouncement established 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, 2018, the Town reported in its Statement of Net Position a liability of \$1,008,708 for its proportionate share of the ERS and PFRS net pension liabilities as compared to \$2,429,069 reported at December 31, 2017. 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. The notes can be found following the basic financial statements section of this report.

### **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. In the case of the Town of Kent, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,204,016 for fiscal year 2018. The largest component of the Town's net position is invested in capital assets (net of related debt) of \$33,184,660. 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, 2018 and 2017 is as follows:

<b>Governmental Activities Net Position</b>		
	December 31, 2018	December 31, 2017
Current Assets	\$ 8,146,463	\$ 8,330,463
Capital Assets, Net	34,510,372	34,144,591
Total Assets	42,656,835	42,475,054
Deferred Outflows of Resources	1,983,583	2,504,706
Current Liabilities	1,543,625	894,071
Long-Term Liabilities	52,797,079	30,089,583
Total Liabilities	54,340,704	30,983,654
Deferred Inflows of Resources	1,503,730	519,948
Net Position		
Net Investment in Capital Assets	33,184,660	32,828,487
Restricted	610,762	795,926
Unrestricted	(44,999,438)	(20,148,255)
Total Net Position	\$ (11,204,016)	\$ 13,476,158

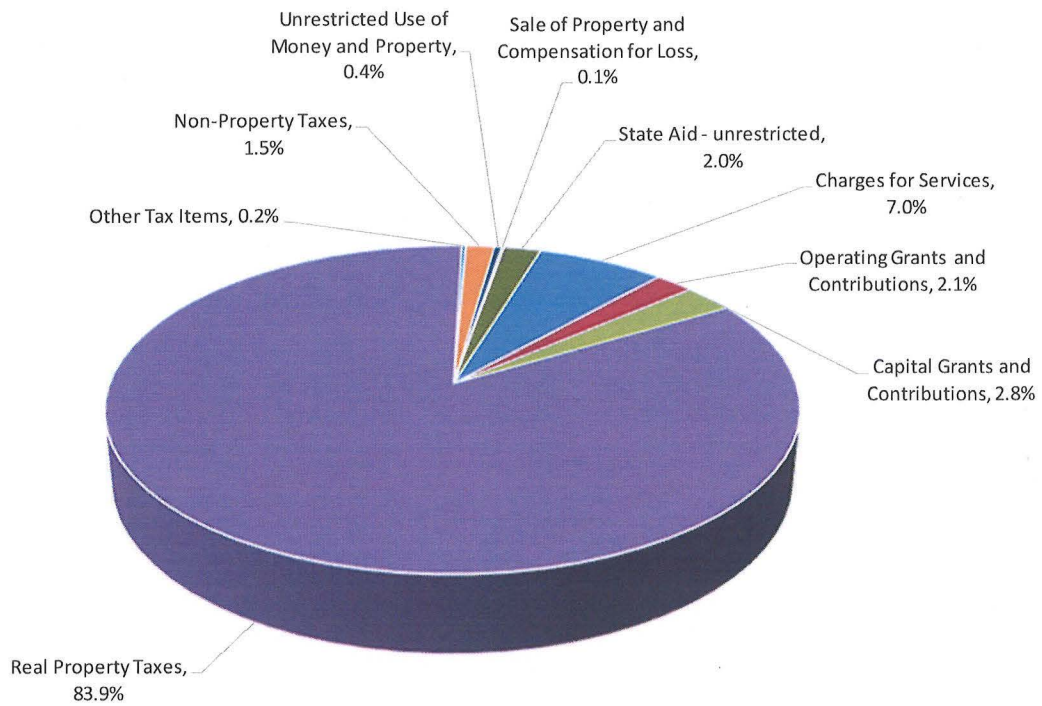
Restricted net position of \$610,762 represents resources that are subject to external constraints on how they may be used.

The remaining balance is an unrestricted deficit of \$(44,999,438) which must be financed from future operations. The deficit does not mean the Town does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including compensated absences (\$80,045), net pension liability (\$1,008,708) and OPEB obligations (\$50,320,694) that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payment will be made.

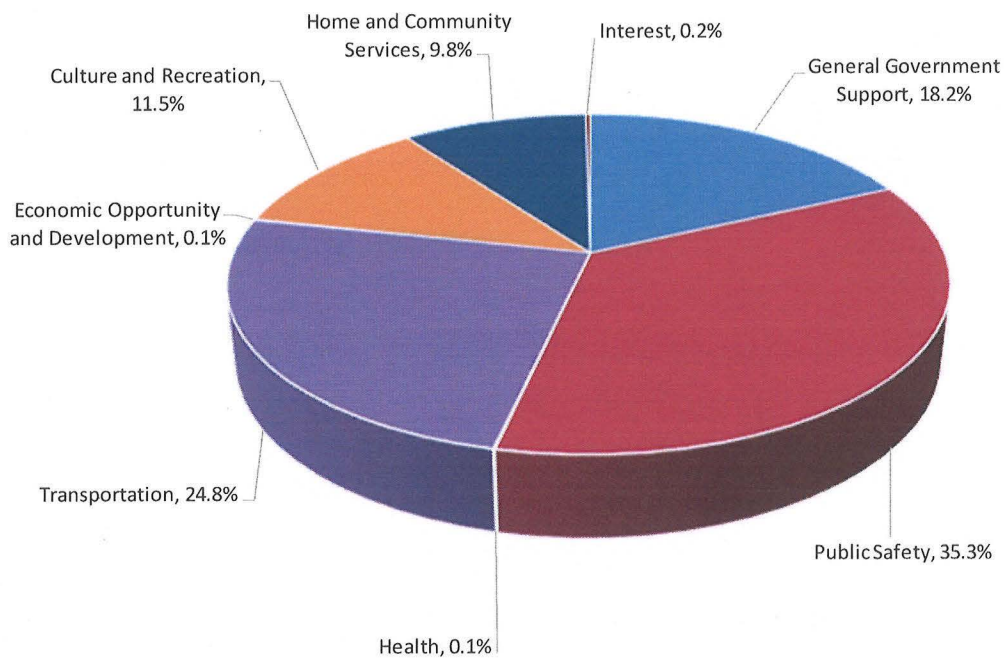
## Changes in Net Position

	December 31, 2018	December 31, 2017
Revenues		
Program Revenues		
Charges for Services	\$ 1,271,024	\$ 1,051,528
Operating Grants and Contributions	383,734	94,747
Capital Grants and Contributions	502,687	303,237
General Revenues		
Real Property Taxes	15,259,351	15,197,205
Other Tax Items	42,899	51,031
Non-Property Taxes	278,773	292,549
Unrestricted Use of Money and Property	71,943	14,084
Sale of Property and Compensation for Loss	22,346	28,843
State Aid - unrestricted	365,112	372,964
Miscellaneous	115	1,719
Total Revenues	<u>18,197,984</u>	<u>17,407,907</u>
Program Expenses		
General Government Support	3,524,669	3,850,833
Public Safety	6,835,267	7,131,652
Health	11,337	7,820
Transportation	4,810,776	5,203,993
Economic Opportunity and Development	26,038	26,511
Culture and Recreation	2,218,605	2,418,670
Home and Community Services	1,890,882	2,546,166
Interest	47,806	54,847
Total Expenses	<u>19,365,380</u>	<u>21,240,492</u>
Change in Net Position	<u>(1,167,396)</u>	<u>(3,832,585)</u>
Net Position		
Beginning, as reported	13,476,158	17,308,743
Cumulative Effect of Change in Accounting Principle	<u>(23,512,778)</u>	<u>-</u>
Net Position - Beginning, as restated	<u>(10,036,620)</u>	<u>17,308,743</u>
Net Position - ending	<u><u>\$ (11,204,016)</u></u>	<u><u>\$ 13,476,158</u></u>

### Sources of Revenues for Fiscal Year 2018 Governmental Activities



### Expenses for Fiscal Year 2018 Governmental Activities



## **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 \$6,611,836 and \$7,447,260 at December 31, 2018 and 2017, respectively. Approximately, \$3,700,000 or about 57% of the 2018 total constitutes unassigned fund balance. The reserved fund balances are not available for new spending, because they have been committed for 2018: non-spendable (\$775,509), restricted (\$416,929), committed (\$59,000) and assigned (\$1,623,650).

The General Fund is the Town's primary operating fund. At the end of the calendar year, the unassigned fund balance was \$4,021,747 and the total fund balance was \$5,312,898. 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 76% of the total fund balance and approximately 38% of the General Fund expenditures and other financing uses.

The fund balance in the Town's General Fund decreased by \$552,654 during the current calendar year. The primary reason for the decrease was emergency resources of approximately \$370,000 allocated to the clean-up of the aftermath of the May tornado.

The fund balance in the Town's Highway Fund decreased by \$23,755 during the current calendar year.

The fund balance in the Town's Special Districts Fund increased slightly by \$12,399, during the current calendar year.

## **General Fund Budgetary Highlights**

The difference between the original and final budgets for revenues and other financing sources is \$140,076 with the final amended budget more than the original budget. The increases relate to: Fines and forfeitures of \$75,898, department income of \$53,223 for code violation charges and insurance recoveries of \$10,955.

The difference between the original and final budgets for expenditures and other financing uses is \$584,132 with the final amended budget more than the original budget. The differences relate to: Other Financing Uses - Transfers out of \$385,475 was increased for emergency tornado clean-up work, General Government Support (increase \$95,486), Public safety (increase \$78,789), Transportation (increase \$8,489), Culture and recreation (decrease \$40,011), Home and community services (increase \$64,784) and employee benefits (decrease \$10,811).

## Capital Assets and Debt Administration

Capital Assets - capital assets balance at December 31, 2018 for governmental activities was \$34,510,372 net of accumulated depreciation of \$12,978,752. The investment in capital assets includes: land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure.

### Capital Assets (Net of Accumulated Depreciation) December 31,

	2018	2017	Difference
Land	\$ 16,345,620	\$ 16,345,620	\$ -
Construction in progress	105,289	175,348	(70,059)
Buildings and Improvements	7,499,314	7,654,743	(155,429)
Machinery and Equipment	2,253,987	2,181,260	72,727
Infrastructure	8,306,162	7,787,620	518,542
Total Capital Assets	<u>\$ 34,510,372</u>	<u>\$ 34,144,591</u>	<u>\$ 365,781</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 2018, the Town had a total of \$1,075,000 in general obligation bonds outstanding. The Town also had a total of \$293,796 in capital lease notes outstanding at December 31, 2018. 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 \$98,960,357 and the Town has consumed 1.09% 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 periodic economic downturns as well as the rising cost of living continue to affect residents of the Town. In consideration of this and in response to the Property Tax Cap, which established a tax levy limit, the Town kept property tax rate increases under 2% in 2014 and did not raise taxes in 2015, 2016, 2017, 2018 and 2019.

In preparing the Town's 2019 budget, management considered all the factors and were committed to no tax increase. While expenditures for personnel services increased, all areas of expenditures 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.

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**Town of Kent, New York**Statement of Net Position  
December 31, 2018

	Governmental Activities
<hr/>	
<b>ASSETS</b>	
Cash and equivalents	\$ 2,161,686
Investments	4,559,255
Receivables	
Accounts	478,141
State and Federal aid	171,872
Inventories	241,332
Prepaid expenses	534,177
Capital assets	
Not being depreciated	16,450,909
Being depreciated, net	18,059,463
	<hr/>
Total Assets	42,656,835
	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	1,983,583
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	710,444
Accrued liabilities	792,568
Unearned revenues	31,615
Accrued interest payable	8,998
Non-current liabilities	
Due within one year	354,122
Due in more than one year	52,442,957
	<hr/>
Total Liabilities	54,340,704
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,503,730
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	33,184,660
Restricted for	
Capital projects	193,833
Repairs	110,561
Future capital projects	128
Debt service	189,534
Special purpose	116,706
Unrestricted	(44,999,438)
	<hr/>
Total Net Position	\$ (11,204,016)
	<hr/>

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 3,524,669	\$ 91,440	\$ 3,026	\$ -
Public safety	6,835,267	681,289	26,933	-
Health	11,337	4,443	-	-
Transportation	4,810,776	-	89,058	334,620
Economic opportunity and development	26,038	-	-	-
Culture and recreation	2,218,605	144,220	243,354	167,500
Home and community services	1,890,882	349,632	21,363	-
Interest	47,806	-	-	567
Total Governmental Activities	<u>\$ 19,365,380</u>	<u>\$ 1,271,024</u>	<u>\$ 383,734</u>	<u>\$ 502,687</u>

### 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

Cumulative Effect of a Change in Accounting Principle

Beginning, as restated

Ending

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

<hr/> Net (Expense) Revenue and Changes in Net Position	
\$	(3,430,203)
	(6,127,045)
	(6,894)
	(4,387,098)
	(26,038)
	(1,663,531)
	(1,519,887)
	(47,239)
	<hr/>
	(17,207,935)
	<hr/>
	15,259,351
	42,899
	278,773
	71,943
	22,346
	365,112
	115
	<hr/>
	16,040,539
	<hr/>
	(1,167,396)
	<hr/>
	13,476,158
	(23,512,778)
	<hr/>
	(10,036,620)
	<hr/>
\$	<u><u>(11,204,016)</u></u>

**Town of Kent, New York**

Balance Sheet  
Governmental Funds  
December 31, 2018

	General	Highway	Special Districts	Special Purpose
<b>ASSETS</b>				
Cash and equivalents	\$ 639,680	\$ 22,548	\$ 1,382,752	\$ 116,706
Investment	4,559,255	-	-	-
Receivables				
Accounts	210,633	37,508	230,000	-
State and Federal aid	21,872	-	-	-
Due from other funds	261,378	372,219	20,723	-
	493,883	409,727	250,723	-
Inventories	241,332	-	-	-
Prepaid expenditures	344,125	121,014	69,038	-
Total Assets	<u>\$ 6,278,275</u>	<u>\$ 553,289</u>	<u>\$ 1,702,513</u>	<u>\$ 116,706</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities				
Accounts payable	\$ 465,751	\$ 159,761	\$ 84,932	\$ -
Accrued liabilities	209,962	75,930	39,574	-
Due to other funds	258,049	211,340	231,790	-
Unearned revenues	31,615	-	-	-
Total Liabilities	965,377	447,031	356,296	-
Fund balances (deficits)				
Nonspendable	585,457	121,014	69,038	-
Restricted	189,534	-	110,689	116,706
Committed	-	-	59,000	-
Assigned	516,160	-	1,107,490	-
Unassigned	4,021,747	(14,756)	-	-
Total Fund Balances (Deficits)	<u>5,312,898</u>	<u>106,258</u>	<u>1,346,217</u>	<u>116,706</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 6,278,275</u>	<u>\$ 553,289</u>	<u>\$ 1,702,513</u>	<u>\$ 116,706</u>

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

Capital Projects	Total Governmental Funds
\$ -	\$ 2,161,686
-	4,559,255
-	478,141
150,000	171,872
46,859	701,179
196,859	1,351,192
-	241,332
-	534,177
\$ 196,859	\$ 8,847,642
\$ -	\$ 710,444
467,102	792,568
-	701,179
-	31,615
467,102	2,235,806
-	775,509
-	416,929
-	59,000
-	1,623,650
(270,243)	3,736,748
(270,243)	6,611,836
\$ 196,859	\$ 8,847,642

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## Town of Kent, New York

### Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position December 31, 2018

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Fund Balances - Total Governmental Funds	\$ 6,611,836
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.	34,510,372
Governmental funds do not reflect the effect of assets or liabilities related to net pension liabilities or the effect of losses on refunded bonds, whereas these amounts are deferred and amortized in the statement of net position.	
Deferred amounts on refunding bonds	61,920
Deferred amounts on net pension liability	417,933
	479,853
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(8,998)
Bonds payable	(1,093,836)
Notes payable	(293,796)
Compensated absences	(80,045)
Net pension liability	(1,008,708)
Other post employment benefit obligations payable	(50,320,694)
	(52,806,077)
Net Position of Governmental Activities	\$ (11,204,016)

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, 2018

	General	Highway	Special Districts	Special Purpose
<b>REVENUES</b>				
Real property taxes	\$ 7,874,589	\$ 3,570,420	\$ 3,814,342	\$ -
Other tax items	42,899	-	-	-
Non-property taxes	278,773	-	-	-
Departmental income	782,786	-	7,410	-
Use of money and property	151,908	2,815	12,193	111
Licenses and permits	4,890	-	-	-
Fines and forfeitures	675,898	-	-	-
Sale of property and compensation for loss	22,346	70,140	243,255	-
State aid	387,961	-	-	-
Federal aid	6,737	-	-	-
Miscellaneous	3,141	16,103	-	6,380
<b>Total Revenues</b>	<b>10,231,928</b>	<b>3,659,478</b>	<b>4,077,200</b>	<b>6,491</b>
<b>EXPENDITURES</b>				
Current				
General government support	3,251,003	-	-	-
Public safety	4,240,169	-	1,442,480	-
Health	8,986	-	-	-
Transportation	234,134	3,278,606	-	-
Economic opportunity and development	26,038	-	-	-
Culture and recreation	1,127,849	-	640,191	-
Home and community services	227,829	-	1,365,767	-
Employee benefits	644,281	971,141	604,762	-
Debt service				
Principal	285,000	55,705	11,500	-
Interest	37,263	-	101	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>10,082,552</b>	<b>4,305,452</b>	<b>4,064,801</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>149,376</b>	<b>(645,974)</b>	<b>12,399</b>	<b>6,491</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Notes issued	-	-	-	-
Transfers in	-	622,219	-	-
Transfers out	(702,030)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(702,030)</b>	<b>622,219</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(552,654)</b>	<b>(23,755)</b>	<b>12,399</b>	<b>6,491</b>
<b>FUND BALANCES (DEFICITS)</b>				
Beginning of Year	5,865,552	130,013	1,333,818	110,215
End of Year	\$ 5,312,898	\$ 106,258	\$ 1,346,217	\$ 116,706

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

Capital Projects	Governmental Funds
\$ -	\$ 15,259,351
-	42,899
-	278,773
-	790,196
-	167,027
-	4,890
-	675,898
-	335,741
484,620	872,581
-	6,737
17,500	43,124
502,120	18,477,217
-	3,251,003
-	5,682,649
-	8,986
-	3,512,740
-	26,038
-	1,768,040
-	1,593,596
-	2,220,184
-	352,205
-	37,364
1,209,337	1,209,337
1,209,337	19,662,142
(707,217)	(1,184,925)
349,501	349,501
79,811	702,030
-	(702,030)
429,312	349,501
(277,905)	(835,424)
7,662	7,447,260
\$ (270,243)	\$ 6,611,836

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## 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, 2018

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

Net Change in Fund Balances - Total Governmental Funds	\$ (835,424)
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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.

Capital outlay expenditures	1,493,762
Depreciation expense	<u>(1,127,981)</u>
	<u>365,781</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.

Notes issued	(349,501)
Principal paid on bonds	296,500
Principal paid on notes	55,705
Amortization of loss on refunding and issuance premium	<u>(12,312)</u>
	<u>(9,608)</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	1,870
Compensated absences	26,383
Pension obligations	(66,850)
Judgments and claims	466,000
Other post employment benefit obligations	<u>(1,115,548)</u>
	<u>(688,145)</u>

Change in Net Position of Governmental Activities	<u>\$ (1,167,396)</u>
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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, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 7,882,261	\$ 7,882,261	\$ 7,874,589	\$ (7,672)
Other tax items	40,000	40,000	42,899	2,899
Non-property taxes	275,500	275,500	278,773	3,273
Departmental income	778,410	831,633	782,786	(48,847)
Use of money and property	85,150	85,150	151,908	66,758
Licenses and permits	3,500	3,500	4,890	1,390
Fines and forfeitures	600,000	675,898	675,898	-
Sale of property and compensation for loss	-	10,955	22,346	11,391
State aid	341,210	341,210	387,961	46,751
Federal aid	-	-	6,737	6,737
Miscellaneous	68,000	68,000	3,141	(64,859)
<b>Total Revenues</b>	<b>10,074,031</b>	<b>10,214,107</b>	<b>10,231,928</b>	<b>17,821</b>
<b>EXPENDITURES</b>				
Current				
General government support	3,200,633	3,296,119	3,251,003	45,116
Public safety	4,200,529	4,279,318	4,240,169	39,149
Health	7,902	9,833	8,986	847
Transportation	225,650	234,139	234,134	5
Economic opportunity and development	27,500	27,500	26,038	1,462
Culture and recreation	1,232,613	1,192,602	1,127,849	64,753
Home and community services	166,485	231,269	227,829	3,440
Employee benefits	690,456	679,645	644,281	35,364
Debt service				
Principal	285,000	285,000	285,000	-
Interest	37,263	37,263	37,263	-
<b>Total Expenditures</b>	<b>10,074,031</b>	<b>10,272,688</b>	<b>10,082,552</b>	<b>190,136</b>
Excess (Deficiency) of Revenues Over Expenditures	-	(58,581)	149,376	207,957
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(324,000)	(709,475)	(702,030)	7,445
<b>Total Other Financing Sources (Uses)</b>	<b>(324,000)</b>	<b>(709,475)</b>	<b>(702,030)</b>	<b>7,445</b>
<b>Net Change in Fund Balances</b>	<b>(324,000)</b>	<b>(768,056)</b>	<b>(552,654)</b>	<b>215,402</b>
<b>FUND BALANCES</b>				
Beginning of Year	324,000	768,056	5,865,552	5,097,496
End of Year	\$ -	\$ -	\$ 5,312,898	\$ 5,312,898

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	\$ -	\$ 3,814,529	\$ 3,814,529	\$ 3,814,342	\$ (187)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,500	6,500	7,410	910
3,800	3,800	2,815	(985)	3,182	5,842	12,193	6,351
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,000	70,140	70,140	-	10,500	185,494	243,255	57,761
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	16,103	16,103	-	-	-	-	-
3,576,220	3,660,463	3,659,478	(985)	3,834,711	4,012,365	4,077,200	64,835
-	-	-	-	-	-	-	-
-	-	-	-	1,442,320	1,442,480	1,442,480	-
-	-	-	-	-	-	-	-
2,786,295	3,278,614	3,278,606	8	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	573,679	775,166	640,191	134,975
-	-	-	-	1,300,187	1,346,209	1,365,767	(19,558)
1,007,000	971,143	971,141	2	617,200	605,107	604,762	345
55,705	55,705	55,705	-	11,500	11,500	11,500	-
-	-	-	-	302	302	101	201
3,849,000	4,305,462	4,305,452	10	3,945,188	4,180,764	4,064,801	115,963
(272,780)	(644,999)	(645,974)	(975)	(110,477)	(168,399)	12,399	180,798
250,000	622,219	622,219	-	-	-	-	-
-	-	-	-	-	-	-	-
250,000	622,219	622,219	-	-	-	-	-
(22,780)	(22,780)	(23,755)	(975)	(110,477)	(168,399)	12,399	180,798
22,780	22,780	130,013	107,233	110,477	168,399	1,333,818	1,165,419
\$ -	\$ -	\$ 106,258	\$ 106,258	\$ -	\$ -	\$ 1,346,217	\$ 1,346,217

**Town of Kent, New York**

Statement of Assets and Liabilities

Fiduciary Fund

December 31, 2018

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 633,600
Accounts receivable	<u>115,947</u>
Total Assets	<u><u>749,547</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 19,870
Deposits payable	<u>729,677</u>
Total Liabilities	<u><u>\$ 749,547</u></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. The following component unit is included in the Town's reporting entity because of its operational or financial relationship.

Kent Public Library ("Library") was created to benefit the residents of the community. The Library was incorporated in 1964 as the Kent Literary Association. In 1988, the Library became a town public library and was granted a permanent Charter by the Education Department of the State of New York. The Library serves the cultural, educational, recreational and informational needs of the Town residents. The Board of Trustees shall be approved by the Kent Town Board for a term limited to five years. Board members have complete responsibility for the management of the Library and accountability for fiscal matters. Financial support in the form of a contribution has been provided by the Town. Since the Library does not provide services entirely or almost entirely to the Town, the financial statements of the Library have been reflected as a discretely presented component unit. Financial statements are not available for this entity.

**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.

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

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.

**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:

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

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.

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. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, certain judgments and claims and other post-employment benefit

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

obligations 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.

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

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

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

The Town's deposits 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.

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.

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

The Town follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and established a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Town also participates in the New York Liquid Assets Fund ("NYLAF"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. NYLAF has designated RBC Global Asset Management, Inc. as its registered investment advisor.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amounts represent the amortized cost of the cooperative shares and are

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

considered to approximate fair value. The Town's position in the pool is equal to the value of the pool shares.

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

Additional information concerning the NYLAF is presented in the annual report, which may be obtained from the Governing Board c/o PMA Financial Network, 2135 City Gate Lane, 7<sup>th</sup> Floor, Naperville, IL 60563.

**Risk Disclosure**

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

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the 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, 2018.

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

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

**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 of Putnam ("County") which assumes collection responsibility.

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

**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.

**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, 2018 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 acquisition 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.

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

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

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 \$31,615 for the advance collection of recreation fees in the General Fund.

**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 \$61,920 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.

Deferred outflows and inflows of resources have been reported on the government-wide Statement of Net Position for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 975,961	\$ 873,684
New York State and Local Police and Fire Retirement System	945,702	630,046
Deferred loss on refunding bonds	61,920	-
	<u>\$ 1,983,583</u>	<u>\$ 1,503,730</u>

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

**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 expended 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 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 capital projects, repairs, 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



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

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 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, Highway and Special Districts 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.

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

**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 September 23, 2019.

**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.

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

- 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**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. 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 Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board first enacts, by a vote of at least sixty percent of the total voting power of the Board, a local law to override such limit for such coming fiscal year.

**C. Cumulative Effect of Change in Accounting Principle**

For the year ended December 31, 2018, the Town implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")". This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are

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

required to 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 \$(23,512,778).

**D. Fund Deficits**

The Highway Fund reflects an unassigned deficit of \$14,756 at December 31, 2018. The Romanoff Water District sub-fund in the Special Districts Fund reflects an assigned deficit of \$55,532 at December 31, 2018 as a result of emergency repairs and improvements. The Town will address these deficits in the ensuing year.

**E. Capital Projects Fund Deficit**

The deficits in various individual projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing. In addition, the Road construction Route 52 Sewer and the All-Inclusive Playground capital projects exceeded their budgetary provision by \$273,535 and \$6,848, respectively.

**F. Expenditures in Excess of Budget**

The following categories of expenditures and capital projects exceeded their budgetary provisions by the amounts indicated:

Special Districts Fund	
Home and Community Services	\$ 19,558
Capital Projects Fund	
Road Construction Route 52 Sewer Project	273,535
All-Inclusive Playground Project	6,848

**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, 2018 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 261,378	\$ 258,049
Highway	372,219	211,340
Special Districts	20,723	231,790
Capital Projects	46,859	-
	<u>\$ 701,179</u>	<u>\$ 701,179</u>

**Town of Kent, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

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

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:

Class	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital Assets, not being depreciated				
Land	\$ 16,345,620	\$ -	\$ -	\$ 16,345,620
Construction-in-progress	175,348	114,289	184,348	105,289
Total Capital Assets, not being depreciated	<u>\$ 16,520,968</u>	<u>\$ 114,289</u>	<u>\$ 184,348</u>	<u>\$ 16,450,909</u>
Capital Assets, being depreciated				
Buildings and improvements	\$ 14,190,966	\$ 200,383	\$ -	\$ 14,391,349
Machinery and equipment	7,352,241	672,086	363,657	7,660,670
Infrastructure	8,294,844	691,352	-	8,986,196
Total Capital Assets, being depreciated	<u>29,838,051</u>	<u>1,563,821</u>	<u>363,657</u>	<u>31,038,215</u>
Less Accumulated Depreciation for				
Building and improvements	6,536,223	355,812	-	6,892,035
Machinery and equipment	5,170,981	599,359	363,657	5,406,683
Infrastructure	507,224	172,810	-	680,034
Total Accumulated Depreciation	<u>12,214,428</u>	<u>1,127,981</u>	<u>363,657</u>	<u>12,978,752</u>
Total Capital Assets, being depreciated, net	<u>\$ 17,623,623</u>	<u>\$ 435,840</u>	<u>\$ -</u>	<u>\$ 18,059,463</u>
Capital Assets, net	<u>\$ 34,144,591</u>	<u>\$ 550,129</u>	<u>\$ 184,348</u>	<u>\$ 34,510,372</u>

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

General Government Support	\$ 165,135
Public Safety	168,193
Transportation	427,299
Culture and Recreation	141,021
Home and Community Support	<u>226,333</u>
Total Depreciation Expense	<u>\$ 1,127,981</u>

**Town of Kent, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

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

**C. Accrued Liabilities**

Accrued liabilities at December 31, 2018 were as follows:

	Fund				
	General	Highway	Special Districts	Capital	Total
Payroll and Employee Benefits	\$ 163,569	\$ 75,930	\$ 39,224	\$ -	\$ 278,723
Other	46,393	-	350	467,102	513,845
	<u>\$ 209,962</u>	<u>\$ 75,930</u>	<u>\$ 39,574</u>	<u>\$ 467,102</u>	<u>\$ 792,568</u>

**D. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2018:

	Balance As Reported January 1, 2018	Cumulative Effect of Change in Accounting Principle*	Balance As Restated January 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2018	Due Within One Year
General Obligation Bonds Payable	\$ 1,371,500	\$ -	\$ 1,371,500	\$ -	\$ 296,500	\$ 1,075,000	\$ 280,000
Plus - Issuance premium	24,218	-	24,218	-	5,382	18,836	-
	<u>1,395,718</u>	<u>-</u>	<u>1,395,718</u>	<u>-</u>	<u>301,882</u>	<u>1,093,836</u>	<u>280,000</u>
Notes Payable	-	-	-	349,501	55,705	293,796	66,122
Other Non-Current Liabilities							
Compensated Absences	106,428	-	106,428	6,708	33,091	80,045	8,000
Net Pension Liability	2,429,069	-	2,429,069	-	1,420,361	1,008,708	-
Judgments and Claims	466,000	-	466,000	-	466,000	-	-
Other Post Employment Benefit Obligations Payable	<u>25,692,368</u>	<u>23,512,778</u>	<u>49,205,146</u>	<u>2,300,737</u>	<u>1,185,189</u>	<u>50,320,694</u>	<u>-</u>
Total Other Non-Current Liabilities	<u>28,693,865</u>	<u>23,512,778</u>	<u>52,206,643</u>	<u>2,307,445</u>	<u>3,104,641</u>	<u>51,409,447</u>	<u>8,000</u>
Total Long-Term Liabilities	<u>\$ 30,089,583</u>	<u>\$ 23,512,778</u>	<u>\$ 53,602,361</u>	<u>\$ 2,656,946</u>	<u>\$ 3,462,228</u>	<u>\$ 52,797,079</u>	<u>\$ 354,122</u>

\*See Note 2D

Each governmental fund's liability for general obligation bonds, notes payable, 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.

**General Obligation Bonds Payable**

General obligation bonds payable at December 31, 2018 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2018
General Obligation Refunding Bonds	2011	\$ 2,875,000	September, 2022	2.00 - 3.00 %	<u>\$ 1,075,000</u>

Interest expenditures of \$37,364 were recorded in the fund financial statements in the following funds.

**Town of Kent, New York**

Notes to Financial Statements (Continued)  
 December 31, 2018

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

<u>Fund</u>	<u>Amount</u>
General	\$ 37,263
Special Districts	101
	<u>\$ 37,364</u>

Interest expense of \$47,806 was recorded in the government-wide financial statements.

**Notes Payable**

During 2018, the Town entered into a lease agreement to finance the purchase of two tractors for the Highway Fund. The terms of this agreement provided for the repayment of the principal amount of \$258,793, with annual installments of \$55,705, including interest, to maturity in 2022.

During 2018, the Town entered into a lease agreement to finance the purchase of a Backhoe for the Lake Carmel Park District. The terms of this agreement provided for the repayment of the principal amount of \$90,708, with annual installments of \$20,143, including interest, to maturity in 2023.

There were no Interest expenses/expenditures recorded in the Fund financial statements or the government-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2018, including interest payments of \$107,987 are as follows:

Year Ending December 31,	Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 280,000	\$ 30,850	\$ 66,122	\$ 9,726	\$ 346,122	\$ 40,576
2020	270,000	23,850	66,784	9,062	336,784	32,912
2021	265,000	15,750	69,421	6,426	334,421	22,176
2022	260,000	7,800	72,162	3,686	332,162	11,486
2023	-	-	19,307	837	19,307	837
	<u>\$ 1,075,000</u>	<u>\$ 78,250</u>	<u>\$ 293,796</u>	<u>\$ 29,737</u>	<u>\$ 1,368,796</u>	<u>\$ 107,987</u>

The above general obligation bonds and notes are direct obligations of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

**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

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

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.

**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](http://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 2018 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I	21.7 %
	3 A14	16.0
	4 A15	16.0
	5 A15	13.1
	6 A15	9.3
	6 A15	9.3
	<u>Tier/Plan/Option</u>	<u>Rate</u>
PFRS	2 384D	24.6 %
	5 384D	19.9



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

6 384D

14.8

At December 31, 2018, the Town's reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	ERS	PFRS
Measurement date	March 31, 2018	March 31, 2018
Net pension liability	\$ 477,446	\$ 531,262
Town's proportion of the net pension liability	0.0147933%	0.0525608%
Change in proportion since the prior measurement date	0.0003250%	0.0009556%

The net pension liability was measured as of March 31, 2018, 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 the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2018, the Town recognized pension expense in the government-wide financial statements of \$573,237 for ERS and \$499,313 for PFRS. Pension expenditures of \$581,430 for ERS and \$424,270 for PFRS were recorded in the fund financial statements and were charged to the following funds:

Fund	ERS	PFRS
General	\$ 257,272	\$ 424,270
Special Districts	114,422	-
Highway	209,736	-
	<u>\$ 581,430</u>	<u>\$ 424,270</u>

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 170,290	\$ 140,721	\$ 218,662	\$ 141,168	\$ 388,952	\$ 281,889
Changes of assumptions	316,586	-	402,527	-	719,113	-
Net difference between projected and actual earnings on pension plan investments	-	675,353	-	435,991	-	1,111,344
Changes in proportion and differences between Town contributions and proportionate share of contributions	64,436	57,610	8,689	52,887	73,125	110,497
Town contributions subsequent to the measurement date	424,649	-	315,824	-	740,473	-
	<u>\$ 975,961</u>	<u>\$ 873,684</u>	<u>\$ 945,702</u>	<u>\$ 630,046</u>	<u>\$ 1,921,663</u>	<u>\$ 1,503,730</u>

\$424,649 and \$315,824 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources

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

related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2019	\$ 98,236	\$ 100,603
2020	91,675	88,460
2021	(354,677)	(122,244)
2022	(157,606)	(85,235)
2023	-	18,248

The total pension liability for the ERS and PFRS measurement date was determined by using an actuarial valuation as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the April 1, 2017 valuation were as follows:

Year Ended March 31,	ERS	PFRS
Measurement date	March 31, 2018	March 31, 2018
Actuarial valuation date	April 1, 2017	April 1, 2017
Investment rate of return	7.0% *	7.0% *
Salary scale	3.8%	4.5%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

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

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

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

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Assets	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.25
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

The discount rate used to calculate the total pension liability was 7.0%. 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 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the ERS net pension liability (asset)	<u>\$ 3,612,486</u>	<u>\$ 477,446</u>	<u>\$ (2,174,672)</u>
Town's proportionate share of the PFRS net pension liability (asset)	<u>\$ 2,602,264</u>	<u>\$ 531,262</u>	<u>\$ (1,205,823)</u>

## Town of Kent, New York

Notes to Financial Statements (Continued)  
December 31, 2018

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

The components of the collective net pension liability as of the March 31, 2018 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 183,400,590,000	\$ 32,914,423,000	\$ 216,315,013,000
Fiduciary net position	180,173,145,000	31,903,666,000	212,076,811,000
Employers' net pension liability	<u>\$ 3,227,445,000</u>	<u>\$ 1,010,757,000</u>	<u>\$ 4,238,202,000</u>
Fiduciary net position as a percentage of total pension liability	<u>98.24%</u>	<u>96.93%</u>	<u>98.04%</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 31<sup>st</sup>. Retirement contributions as of December 31, 2018 represent the employer contribution for the period of April 1, 2018 through December 31, 2018 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, 2018 were \$424,649 and \$315,824, respectively.

#### *Voluntary Defined Contribution Plan*

The Town can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 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 ("OPEB")**

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post employment health care benefits is shared between the Town and the retired employee as noted below. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	55
Active employees	<u>79</u>
	<u>134</u>

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

The Town's total OPEB liability of \$50,320,694 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018.

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

Inflation	3.00%
Salary increases	3.00%
Discount rate	3.80%
Healthcare cost trend rates	8.0% for 2020, decreasing by up to .5% per year to an ultimate rate of 5.0% for 2026 and later years
Retirees' share of benefit-related costs	Varies from 0% to 20%, depending on applicable retirement year and bargaining unit

The discount rate was based on the Fidelity General Obligation 20-year AA Municipal Bond Index.

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2018 mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the January 1, 2018 valuation for turnover and retirement for ERS and PFRS were based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report.

The Town's change in the total OPEB liability for the year ended December 31, 2018 is as follows:

Total OPEB Liability - Beginning of Year	\$ 49,205,146
Service cost	453,460
Interest	1,847,277
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	(1,185,189)
Total OPEB Liability - End of Year	<u>\$ 50,320,694</u>

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.80%) or 1 percentage point higher (4.80%) than the current discount rate:

	1% Decrease (2.8%)	Current Assumption (3.8%)	1% Increase (4.8%)
Total OPEB Liability	<u>\$ 63,560,809</u>	<u>\$ 50,320,694</u>	<u>\$ 40,942,844</u>

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 40,401,200</u>	<u>\$ 50,320,694</u>	<u>\$ 65,146,482</u>

For the year ended December 31, 2018, the Town recognized OPEB expense of \$2,300,737 in the government-wide financial statements.

**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:

Transfer Out	Transfers In		Total
	Highway Fund	Capital Projects Fund	
General Fund	<u>\$ 622,219</u>	<u>\$ 79,811</u>	<u>\$ 702,030</u>

Transfers are used to move amounts earmarked in the General Fund to fulfill commitments for Capital Projects Fund expenditures and emergency snow removal and storm clean up in the Highway Fund.

**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.

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

*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 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, 2018

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

#### H. Fund Balances

	2018						2017					
	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	\$ 241,332	\$ -	\$ -	\$ -	\$ -	\$ 241,332	\$ 218,657	\$ -	\$ -	\$ -	\$ -	\$ 218,657
Prepaid expenditures	344,125	121,014	69,038	-	-	534,177	313,294	105,472	64,587	-	-	483,353
Total Nonspendable	585,457	121,014	69,038	-	-	775,509	531,951	105,472	64,587	-	-	702,010
Restricted:												
Repairs	-	-	110,561	-	-	110,561	-	-	110,448	-	-	110,448
Special purpose	-	-	-	116,706	-	116,706	-	-	-	110,215	-	110,215
Debt service	189,534	-	-	-	-	189,534	188,967	-	-	-	-	188,967
Capital projects	-	-	-	-	-	-	-	-	-	-	7,662	7,662
Future capital projects	-	-	128	-	-	128	-	-	131	-	-	131
Total Restricted	189,534	-	110,689	116,706	-	416,929	188,967	-	110,579	110,215	7,662	417,423
Committed -												
Tree replanting	-	-	59,000	-	-	59,000	-	-	-	-	-	-
Assigned:												
Future recycling projects	89,878	-	-	-	-	89,878	89,373	-	-	-	-	89,373
Police tuition	38,350	-	-	-	-	38,350	28,350	-	-	-	-	28,350
Subsequent year's expenditures	387,932	-	75,056	-	-	462,988	324,000	22,780	82,154	-	-	428,934
Major Funds	-	-	1,032,434	-	-	1,032,434	-	1,761	1,076,498	-	-	1,078,259
Total Assigned	516,160	-	1,107,490	-	-	1,623,650	441,723	24,541	1,158,652	-	-	1,624,916
Unassigned	4,021,747	(14,756)	-	-	(270,243)	3,736,748	4,702,911	-	-	-	-	4,702,911
Total Fund Balances	\$ 5,312,898	\$ 106,258	\$ 1,346,217	\$ 116,706	\$ (270,243)	\$ 6,611,836	\$ 5,865,552	\$ 130,013	\$ 1,333,818	\$ 110,215	\$ 7,662	\$ 7,447,260



**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.

The Town has committed \$59,000 for tree replanting in the Special Districts sub fund – the Lake Carmel Park District.

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.

Amounts assigned for police tuition represent the Town's intention to use these funds for tuition reimbursement for college credits earned in the Police Science Curriculum and for those courses related to the curriculum in which the police officer is assigned to special duties.

Subsequent years' expenditures represent that at December 31, 2018, 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 balances in the Highway, Special Districts and Capital Funds represent 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.

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

**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 2018. 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 Uniform Guidance. 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.

**Note 5 - Subsequent Event**

The Town, on August 2, 2019, issued a \$1,500,000 bond anticipation note for the construction of road improvements and a roof canopy at the highway yard. The note matures on July 31, 2020 and bears interest at a rate of 2.00% per annum.

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## Town of Kent, New York

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

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 453,460
Interest	1,847,277
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	<u>(1,185,189)</u>
Net Change in Total OPEB Liability	1,115,548
Total OPEB Liability – Beginning of Year	<u>49,205,146</u> (3)
Total OPEB Liability – End of Year	<u><u>\$ 50,320,694</u></u>
Town's covered-employee payroll	<u><u>\$ 5,821,811</u></u>
Total OPEB liability as a percentage of covered-employee payroll	<u><u>864%</u></u>

#### Notes to Schedule:

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

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

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

## 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)

	2018	2017	2016 (2)	2015
Town's proportion of the net pension liability	<u>0.0147933%</u>	<u>0.0144683%</u>	<u>0.0150330%</u>	<u>0.0155033%</u>
Town's proportionate share of the net pension liability	<u>\$ 477,446</u>	<u>\$ 1,359,473</u>	<u>\$ 2,412,837</u>	<u>\$ 523,738</u>
Town's covered payroll	<u>\$ 4,134,636</u>	<u>\$ 3,951,104</u>	<u>\$ 3,698,482</u>	<u>\$ 3,811,981</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>11.55%</u>	<u>34.41%</u>	<u>65.24%</u>	<u>13.74%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<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*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

# **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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 581,355	\$ 581,661	\$ 542,271	\$ 778,912
Contributions in relation to the contractually required contribution	<u>(581,355)</u>	<u>(581,661)</u>	<u>(542,271)</u>	<u>(778,912)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 4,259,917</u>	<u>\$ 4,192,977</u>	<u>\$ 3,844,214</u>	<u>\$ 3,787,875</u>
Contributions as a percentage of covered payroll	<u>13.65%</u>	<u>13.87%</u>	<u>14.11%</u>	<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)

	2018	2017	2016 (2)	2015
Town's proportion of the net pension liability	<u>0.0525608%</u>	<u>0.0516052%</u>	<u>0.0509014%</u>	<u>0.0534296%</u>
Town's proportionate share of the net pension liability	<u>\$ 531,262</u>	<u>\$ 1,069,596</u>	<u>\$ 1,507,082</u>	<u>\$ 147,070</u>
Town's covered payroll	<u>\$ 1,947,748</u>	<u>\$ 1,921,032</u>	<u>\$ 1,841,551</u>	<u>\$ 1,800,008</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>27.28%</u>	<u>55.68%</u>	<u>81.84%</u>	<u>8.17%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.93%</u>	<u>93.50%</u>	<u>90.20%</u>	<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*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

## 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 421,099	\$ 433,784	\$ 398,668	\$ 394,988
Contributions in relation to the contractually required contribution	<u>(421,099)</u>	<u>(433,784)</u>	<u>(398,668)</u>	<u>(394,988)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 1,940,364</u>	<u>\$ 1,931,966</u>	<u>\$ 1,804,596</u>	<u>\$ 2,113,512</u>
Contributions as a percentage of covered payroll	<u>21.70%</u>	<u>22.45%</u>	<u>22.09%</u>	<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*.

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**Town of Kent, New York**

General Fund  
Comparative Balance Sheet  
December 31,

	2018	2017
<b>ASSETS</b>		
Cash and equivalents	\$ 639,680	\$ 4,447,321
Investments	4,559,255	-
Receivables		
Accounts	210,633	209,087
State and Federal aid	21,872	21,872
Due from other funds	261,378	1,052,712
	493,883	1,283,671
Inventories	241,332	218,657
Prepaid expenditures	344,125	313,294
Total Assets	<u>\$ 6,278,275</u>	<u>\$ 6,262,943</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 465,751	\$ 177,230
Accrued liabilities	209,962	197,416
Due to other funds	258,049	-
Unearned revenue	31,615	22,745
Total Liabilities	965,377	397,391
Fund balance		
Nonspendable	585,457	531,951
Restricted	189,534	188,967
Assigned	516,160	441,723
Unassigned	4,021,747	4,702,911
Total Fund Balance	5,312,898	5,865,552
Total Liabilities and Fund Balance	<u>\$ 6,278,275</u>	<u>\$ 6,262,943</u>

See independent auditors' report.

**Town of Kent, New York**

## General Fund

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

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 7,882,261	\$ 7,882,261	\$ 7,874,589	\$ (7,672)
Other tax items	40,000	40,000	42,899	2,899
Non-property taxes	275,500	275,500	278,773	3,273
Departmental income	778,410	831,633	782,786	(48,847)
Use of money and property	85,150	85,150	151,908	66,758
Licenses and permits	3,500	3,500	4,890	1,390
Fines and forfeitures	600,000	675,898	675,898	-
Sale of property and compensation for loss	-	10,955	22,346	11,391
State aid	341,210	341,210	387,961	46,751
Federal aid	-	-	6,737	6,737
Miscellaneous	68,000	68,000	3,141	(64,859)
Total Revenues	10,074,031	10,214,107	10,231,928	17,821
<b>EXPENDITURES</b>				
Current				
General government support	3,200,633	3,296,119	3,251,003	45,116
Public safety	4,200,529	4,279,318	4,240,169	39,149
Health	7,902	9,833	8,986	847
Transportation	225,650	234,139	234,134	5
Economic opportunity and development	27,500	27,500	26,038	1,462
Culture and recreation	1,232,613	1,192,602	1,127,849	64,753
Home and community services	166,485	231,269	227,829	3,440
Employee benefits - Undistributed	690,456	679,645	644,281	35,364
Debt service				
Principal	285,000	285,000	285,000	-
Interest	37,263	37,263	37,263	-
Total Expenditures	10,074,031	10,272,688	10,082,552	190,136
Excess (Deficiency) of Revenues Over Expenditures	-	(58,581)	149,376	207,957
<b>OTHER FINANCING USES</b>				
Transfers out	(324,000)	(709,475)	(702,030)	7,445
Net Change in Fund Balance	(324,000)	(768,056)	(552,654)	215,402
<b>FUND BALANCE</b>				
Beginning of Year	324,000	768,056	5,865,552	5,097,496
End of Year	\$ -	\$ -	\$ 5,312,898	\$ 5,312,898

See independent auditors' report.

2017			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 7,882,261	\$ 7,882,261	\$ 7,866,618	\$ (15,643)
40,000	40,000	51,031	11,031
270,500	270,500	292,549	22,049
725,260	726,126	616,872	(109,254)
85,791	85,791	91,502	5,711
3,500	3,500	4,263	763
550,000	581,340	581,349	9
-	5,891	28,843	22,952
331,500	331,500	410,813	79,313
-	5,000	6,393	1,393
68,000	68,000	1,719	(66,281)
9,956,812	9,999,909	9,951,952	(47,957)
3,213,349	3,275,249	3,186,010	89,239
4,053,323	4,077,166	4,014,958	62,208
6,404	6,404	5,353	1,051
227,045	247,463	247,241	222
27,500	27,500	26,511	989
1,206,612	1,218,471	1,166,514	51,957
167,863	301,284	288,112	13,172
716,553	700,137	639,287	60,850
295,000	295,000	295,000	-
43,163	43,163	43,163	-
9,956,812	10,191,837	9,912,149	279,688
-	(191,928)	39,803	231,731
(140,000)	(140,000)	(140,000)	-
(140,000)	(331,928)	(100,197)	231,731
140,000	331,928	5,965,749	5,633,821
\$ -	\$ -	\$ 5,865,552	\$ 5,865,552

# Town of Kent, New York

## General Fund

### Schedule of Revenues Compared to Budget

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
<b>REAL PROPERTY TAXES</b>	\$ 7,882,261	\$ 7,882,261	\$ 7,874,589	\$ (7,672)	\$ 7,866,618
<b>OTHER TAX ITEMS</b>					
Interest and penalties on real property taxes	40,000	40,000	42,899	2,899	51,031
<b>NON-PROPERTY TAXES</b>					
Franchise fees	275,500	275,500	278,773	3,273	292,549
<b>DEPARTMENTAL INCOME</b>					
Town Clerk and other fees	8,200	8,200	7,277	(923)	7,780
Interdepartmental charges	402,500	402,500	279,233	(123,267)	236,146
Police and dog pound fees	4,300	4,300	2,645	(1,655)	4,050
Safety inspection fees	125,000	125,000	201,332	76,332	140,785
Code violation charges	-	53,223	53,224	1	-
Vital statistics fees	4,500	4,500	4,443	(57)	3,340
Culture and recreation fees	122,660	122,660	136,810	14,150	129,637
Planning board and other fees	9,000	9,000	12,600	3,600	8,175
Recycling fees	100,000	100,000	82,476	(17,524)	83,931
Other service fees	2,250	2,250	2,746	496	3,028
	778,410	831,633	782,786	(48,847)	616,872
<b>USE OF MONEY AND PROPERTY</b>					
Earnings on investments	10,150	10,150	72,635	62,485	14,537
Rental of real property	75,000	75,000	79,273	4,273	76,965
	85,150	85,150	151,908	66,758	91,502

**LICENSES AND PERMITS**

Dog and other licenses	3,500	3,500	2,440	(1,060)	2,563
Permits	-	-	2,450	2,450	1,700
	<u>3,500</u>	<u>3,500</u>	<u>4,890</u>	<u>1,390</u>	<u>4,263</u>

**FINES AND FORFEITURES**

Fines and forfeited bail	<u>600,000</u>	<u>675,898</u>	<u>675,898</u>	<u>-</u>	<u>581,349</u>
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**SALE OF PROPERTY AND COMPENSATION  
FOR LOSS**

Minor sales	-	-	2,600	2,600	-
Sales of equipment	-	-	2,790	2,790	6,880
Insurance recoveries	<u>-</u>	<u>10,955</u>	<u>16,956</u>	<u>6,001</u>	<u>21,963</u>
	<u>-</u>	<u>10,955</u>	<u>22,346</u>	<u>11,391</u>	<u>28,843</u>

**STATE AID**

Per capita	58,361	58,361	58,361	-	58,361
Mortgage tax	260,000	260,000	306,751	46,751	314,603
DARE program	20,000	20,000	20,000	-	20,000
Youth programs	2,849	2,849	2,849	-	2,849
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
	<u>341,210</u>	<u>341,210</u>	<u>387,961</u>	<u>46,751</u>	<u>410,813</u>

**FEDERAL AID**

Department of Justice grant	<u>-</u>	<u>-</u>	<u>6,737</u>	<u>6,737</u>	<u>6,393</u>
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**MISCELLANEOUS**

Refund of prior year's expenditures	-	-	3,026	3,026	1,575
Other	-	-	115	115	144
Medicare Part D reimbursements	<u>68,000</u>	<u>68,000</u>	<u>-</u>	<u>(68,000)</u>	<u>-</u>
	<u>68,000</u>	<u>68,000</u>	<u>3,141</u>	<u>(64,859)</u>	<u>1,719</u>

**TOTAL REVENUES**

	<u>\$ 10,074,031</u>	<u>\$ 10,214,107</u>	<u>\$ 10,231,928</u>	<u>\$ 17,821</u>	<u>\$ 9,951,952</u>
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See independent auditors' report.

**Town of Kent, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
<b>GENERAL GOVERNMENT SUPPORT</b>					
Town Board	\$ 77,565	\$ 77,565	\$ 76,774	\$ 791	\$ 75,378
Town Justice	615,552	685,146	665,706	19,440	633,998
Supervisor	158,307	143,307	142,038	1,269	151,528
Finance	174,382	174,382	170,672	3,710	175,962
Audit	36,700	36,700	36,700	-	36,700
Tax collection	57,980	66,193	65,963	230	55,035
Budget Director	12,219	12,219	12,143	76	11,933
Assessor	158,444	170,999	168,992	2,007	132,642
Town Clerk	278,772	259,138	256,682	2,456	264,800
19 Town Attorney	155,000	149,399	143,477	5,922	151,856
Personnel	1,000	5,338	5,338	-	4,328
Records management	36,127	36,127	32,750	3,377	30,112
Buildings	259,813	276,347	273,289	3,058	324,270
Central garage	844,051	882,624	882,131	493	808,572
Central communications	3,500	5,100	5,100	-	3,500
Central printing and mailing	30,000	32,896	32,896	-	29,887
Central data processing	69,121	82,219	80,674	1,545	68,321
Unallocated insurance	201,100	175,220	175,220	-	208,341
Municipal association dues	1,500	1,500	1,500	-	1,500
Judgments and claims	10,000	6,300	6,297	3	-
Town code	5,000	2,900	2,871	29	3,922
Metropolitan commuter transportation mobility tax	14,500	14,500	13,790	710	13,425
	<u>3,200,633</u>	<u>3,296,119</u>	<u>3,251,003</u>	<u>45,116</u>	<u>3,186,010</u>

**PUBLIC SAFETY**

Police	3,963,226	3,966,573	3,944,927	21,646	3,801,243
Traffic control	8,000	8,000	5,563	2,437	8,795
Fire prevention and control	21,795	21,795	16,047	5,748	13,363
Animal control	17,565	17,565	9,843	7,722	10,615
Safety inspection	189,943	209,751	208,155	1,596	175,762
Other	-	55,634	55,634	-	5,180
	<u>4,200,529</u>	<u>4,279,318</u>	<u>4,240,169</u>	<u>39,149</u>	<u>4,014,958</u>

**HEALTH**

Registrar of Vital Statistics	6,902	8,833	8,678	155	5,353
DARE program	1,000	1,000	308	692	-
	<u>7,902</u>	<u>9,833</u>	<u>8,986</u>	<u>847</u>	<u>5,353</u>

**TRANSPORTATION**

Highway Administration	140,150	142,361	142,358	3	140,193
Garage	72,500	78,229	78,228	1	92,486
Street lighting	13,000	13,549	13,548	1	14,562
	<u>225,650</u>	<u>234,139</u>	<u>234,134</u>	<u>5</u>	<u>247,241</u>

**ECONOMIC OPPORTUNITY AND DEVELOPMENT**

Veterans' services	1,000	1,000	480	520	307
Programs for the aging	24,000	24,000	23,058	942	23,704
Outreach program	2,500	2,500	2,500	-	2,500
	<u>27,500</u>	<u>27,500</u>	<u>26,038</u>	<u>1,462</u>	<u>26,511</u>

**CULTURE AND RECREATION**

Parks	352,826	366,407	345,443	20,964	336,474
Recreation administration	218,825	165,033	130,606	34,427	182,255
Recreation buildings operations	1,402	1,402	1,028	374	993
Youth programs	67,360	73,489	69,548	3,941	63,409
Library	554,150	554,150	553,735	415	552,001
Historian	1,000	1,000	-	1,000	474
Celebrations	17,000	17,271	15,395	1,876	13,766
Adult recreation	20,050	13,850	12,094	1,756	17,142
	<u>1,232,613</u>	<u>1,192,602</u>	<u>1,127,849</u>	<u>64,753</u>	<u>1,166,514</u>

(Continued)

**Town of Kent, New York**

General Fund

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

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
<b>HOME AND COMMUNITY SERVICES</b>					
Zoning and appeals	\$ 12,000	\$ 17,601	\$ 17,600	\$ 1	\$ 15,851
Planning Board	28,710	47,846	47,844	2	29,908
Stormwater contractual	9,000	16,521	16,520	1	10,509
Lake consultant	9,000	9,000	9,000	-	9,000
Landfill	10,000	21,031	21,031	-	22,544
Recycling	60,805	82,098	82,096	2	166,877
Beautification	2,000	2,202	2,201	1	1,656
Code enforcement	29,970	29,970	26,537	3,433	26,767
Cemeteries	5,000	5,000	5,000	-	5,000
	<u>166,485</u>	<u>231,269</u>	<u>227,829</u>	<u>3,440</u>	<u>288,112</u>
<b>EMPLOYEE BENEFITS - UNDISTRIBUTED</b>					
Workers' compensation benefits	123,000	120,300	120,236	64	129,347
Unemployment benefits	2,786	375	3	372	1,834
Disability	2,200	2,200	2,073	127	2,123
Health insurance	560,970	556,770	521,969	34,801	505,983
Other	1,500	-	-	-	-
	<u>690,456</u>	<u>679,645</u>	<u>644,281</u>	<u>35,364</u>	<u>639,287</u>
<b>DEBT SERVICE</b>					
Serial bonds					
Principal	285,000	285,000	285,000	-	295,000
Interest	37,263	37,263	37,263	-	43,163
	<u>322,263</u>	<u>322,263</u>	<u>322,263</u>	<u>-</u>	<u>338,163</u>
<b>TOTAL EXPENDITURES</b>	<u>10,074,031</u>	<u>10,272,688</u>	<u>10,082,552</u>	<u>190,136</u>	<u>9,912,149</u>



**OTHER FINANCING USES**

Transfers out

Highway Fund

Capital Projects Fund

250,000	622,219	622,219	-	-
<u>74,000</u>	<u>87,256</u>	<u>79,811</u>	<u>7,445</u>	<u>140,000</u>
<u>324,000</u>	<u>709,475</u>	<u>702,030</u>	<u>7,445</u>	<u>140,000</u>
<u>\$ 10,398,031</u>	<u>\$ 10,982,163</u>	<u>\$ 10,784,582</u>	<u>\$ 197,581</u>	<u>\$ 10,052,149</u>

**TOTAL EXPENDITURES AND  
OTHER FINANCING USES**

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**Town of Kent, New York**Highway Fund  
Comparative Balance Sheet  
December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 22,548</u>	<u>\$ 568,419</u>
Receivables		
Accounts	37,508	868
Due from other funds	<u>372,219</u>	<u>87,060</u>
	<u>409,727</u>	<u>87,928</u>
Prepaid expenditures	<u>121,014</u>	<u>105,472</u>
Total Assets	<u><u>\$ 553,289</u></u>	<u><u>\$ 761,819</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 159,761	\$ 73,165
Accrued liabilities	75,930	86,980
Due to other funds	<u>211,340</u>	<u>471,661</u>
Total Liabilities	<u>447,031</u>	<u>631,806</u>
Fund balance		
Nonspendable	121,014	105,472
Assigned	-	24,541
Unassigned	<u>(14,756)</u>	<u>-</u>
Total Fund Balance	<u>106,258</u>	<u>130,013</u>
Total Liabilities and Fund Balance	<u><u>\$ 553,289</u></u>	<u><u>\$ 761,819</u></u>

See independent auditors' report.

**Town of Kent, New York**

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

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -
Use of money and property	3,800	3,800	2,815	(985)
Sale of property and compensation for loss	2,000	70,140	70,140	-
Miscellaneous	-	16,103	16,103	-
Total Revenues	3,576,220	3,660,463	3,659,478	(985)
<b>EXPENDITURES</b>				
Current				
Transportation				
Repairs and maintenance	1,801,195	2,061,898	2,061,893	5
Snow removal	977,100	1,205,854	1,205,851	3
Brush and weeds	8,000	10,862	10,862	-
	2,786,295	3,278,614	3,278,606	8
Employee benefits	1,007,000	971,143	971,141	2
Debt service				
Principal	55,705	55,705	55,705	-
Interest	-	-	-	-
	55,705	55,705	55,705	-
Total Expenditures	3,849,000	4,305,462	4,305,452	10
Deficiency of Revenues Over Expenditures	(272,780)	(644,999)	(645,974)	(975)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	622,219	622,219	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	250,000	622,219	622,219	-
Net Change in Fund Balance	(22,780)	(22,780)	(23,755)	(975)
<b>FUND BALANCE</b>				
Beginning of Year	22,780	22,780	130,013	107,233
End of Year	\$ -	\$ -	\$ 106,258	\$ 106,258

See independent auditors' report.

2017			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -
3,800	3,800	2,623	(1,177)
2,000	27,863	27,864	1
-	-	-	-
3,576,220	3,602,083	3,600,907	(1,176)
2,024,469	2,019,533	2,019,526	7
955,281	1,087,890	1,087,887	3
8,000	5,748	5,748	-
2,987,750	3,113,171	3,113,161	10
1,049,500	950,769	950,767	2
57,120	57,120	57,120	-
800	800	795	5
57,920	57,920	57,915	5
4,095,170	4,121,860	4,121,843	17
(518,950)	(519,777)	(520,936)	(1,159)
-	-	-	-
(50,000)	(50,000)	(50,000)	-
(50,000)	(50,000)	(50,000)	-
(568,950)	(569,777)	(570,936)	(1,159)
568,950	569,777	700,949	131,172
\$ -	\$ -	\$ 130,013	\$ 130,013

**Town of Kent, New York**

Special Districts Fund  
Combining Balance Sheet - Sub Funds  
Year Ended December 31, 2018  
(With Comparative Actuals for 2017)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
<b>ASSETS</b>				
Cash and equivalents	\$ 35,429	\$ 35,771	\$ 331,595	\$ 192,317
Accounts receivable	-	-	230,000	-
Due from other funds	-	-	-	-
Prepaid expenditures	-	-	20,480	-
<b>Total Assets</b>	<u>\$ 35,429</u>	<u>\$ 35,771</u>	<u>\$ 582,075</u>	<u>\$ 192,317</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities				
Accounts payable	\$ 110	\$ -	\$ 25,347	\$ 568
Accrued liabilities	-	-	8,882	-
Due to other funds	23,247	22,703	5,015	80,358
<b>Total Liabilities</b>	<u>23,357</u>	<u>22,703</u>	<u>39,244</u>	<u>80,926</u>
Fund balances (deficits)				
Nonspendable	-	-	20,480	-
Restricted	-	-	76,277	34,153
Committed	-	-	59,000	-
Assigned	12,072	13,068	387,074	77,238
<b>Total Fund Balances (Deficits)</b>	<u>12,072</u>	<u>13,068</u>	<u>542,831</u>	<u>111,391</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 35,429</u>	<u>\$ 35,771</u>	<u>\$ 582,075</u>	<u>\$ 192,317</u>

See independent auditors' report.

Water Districts		Lake Carmel Sanitation District	Kent Sewer District	Totals	
Romanoff	Leeside			2018	2017
\$ 31,665	\$ 96,630	\$ 608,725	\$ 50,620	\$ 1,382,752	\$ 2,230,880
-	-	-	-	230,000	-
-	-	20,156	567	20,723	348,106
-	-	48,558	-	69,038	64,587
<u>\$ 31,665</u>	<u>\$ 96,630</u>	<u>\$ 677,439</u>	<u>\$ 51,187</u>	<u>\$ 1,702,513</u>	<u>\$ 2,643,573</u>
\$ 101	\$ 843	\$ 57,293	\$ 670	\$ 84,932	\$ 61,223
-	-	30,692	-	39,574	84,487
86,968	13,499	-	-	231,790	1,164,045
<u>87,069</u>	<u>14,342</u>	<u>87,985</u>	<u>670</u>	<u>356,296</u>	<u>1,309,755</u>
-	-	48,558	-	69,038	64,587
128	131	-	-	110,689	110,579
-	-	-	-	59,000	-
(55,532)	82,157	540,896	50,517	1,107,490	1,158,652
<u>(55,404)</u>	<u>82,288</u>	<u>589,454</u>	<u>50,517</u>	<u>1,346,217</u>	<u>1,333,818</u>
<u>\$ 31,665</u>	<u>\$ 96,630</u>	<u>\$ 677,439</u>	<u>\$ 51,187</u>	<u>\$ 1,702,513</u>	<u>\$ 2,643,573</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, 2018  
(With Comparative Totals for 2017)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
<b>REVENUES</b>				
Real property taxes	\$ 965,413	\$ 476,875	\$ 569,553	\$ 62,050
Departmental income	-	-	7,410	-
Use of money and property	95	101	3,332	682
Sale of property and compensation for loss	-	-	230,000	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>965,508</u>	<u>476,976</u>	<u>810,295</u>	<u>62,732</u>
<b>EXPENDITURES</b>				
Current				
Public safety	965,524	476,956	-	-
Culture and recreation	-	-	614,504	25,687
Home and community services	-	-	-	-
Employee benefits	-	-	168,448	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total Expenditures</b>	<u>965,524</u>	<u>476,956</u>	<u>782,952</u>	<u>25,687</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(16)	20	27,343	37,045
<b>FUND BALANCES (DEFICITS)</b>				
Beginning of Year	<u>12,088</u>	<u>13,048</u>	<u>515,488</u>	<u>74,346</u>
End of Year	<u>\$ 12,072</u>	<u>\$ 13,068</u>	<u>\$ 542,831</u>	<u>\$ 111,391</u>

See independent auditors' report.



Water Districts		Lake Carmel Sanitation District	Kent Sewer District	Totals	
Romanoff	Leeside			2018	2017
\$ 53,372	\$ 26,413	\$ 1,550,666	\$ 110,000	\$ 3,814,342	\$ 3,760,167
-	-	-	-	7,410	8,225
-	681	6,885	417	12,193	3,570
-	-	13,255	-	243,255	9,769
-	-	-	-	-	6,416
<u>53,372</u>	<u>27,094</u>	<u>1,570,806</u>	<u>110,417</u>	<u>4,077,200</u>	<u>3,788,147</u>
-	-	-	-	1,442,480	1,434,060
-	-	-	-	640,191	576,878
88,089	27,988	1,163,341	86,349	1,365,767	1,347,437
-	-	436,314	-	604,762	596,578
11,500	-	-	-	11,500	11,500
101	-	-	-	101	298
<u>99,690</u>	<u>27,988</u>	<u>1,599,655</u>	<u>86,349</u>	<u>4,064,801</u>	<u>3,966,751</u>
(46,318)	(894)	(28,849)	24,068	12,399	(178,604)
<u>(9,086)</u>	<u>83,182</u>	<u>618,303</u>	<u>26,449</u>	<u>1,333,818</u>	<u>1,512,422</u>
<u>\$ (55,404)</u>	<u>\$ 82,288</u>	<u>\$ 589,454</u>	<u>\$ 50,517</u>	<u>\$ 1,346,217</u>	<u>\$ 1,333,818</u>

**Town of Kent, New York**

Special Purpose Fund  
Comparative Balance Sheet  
December 31,

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 116,706</u>	<u>\$ 110,215</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 116,706</u>	<u>\$ 110,215</u>

See independent auditors' report.

**Town of Kent, New York**

## Special Purpose Fund

Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended December 31,

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Use of money and property	\$ 111	\$ 93
Miscellaneous	<u>6,380</u>	<u>-</u>
	6,491	93
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	6,491	93
<b>FUND BALANCE</b>		
Beginning of Year	<u>110,215</u>	<u>110,122</u>
End of Year	<u><u>\$ 116,706</u></u>	<u><u>\$ 110,215</u></u>

See independent auditors' report.

**Town of Kent, New York**Capital Projects Fund  
Comparative Balance Sheet  
December 31,

	2018	2017
<b>ASSETS</b>		
Receivables		
Accounts	\$ -	\$ 39,791
State and Federal aid	150,000	-
Due from other funds	46,859	147,828
Total Assets	<u>\$ 196,859</u>	<u>\$ 187,619</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ -	\$ 140,166
Accrued liabilities	467,102	-
Unearned revenues	-	39,791
Total Liabilities	<u>467,102</u>	<u>179,957</u>
Fund balance (deficit)		
Restricted	-	7,662
Unassigned	(270,243)	-
Total Fund Balance (Deficit)	<u>(270,243)</u>	<u>7,662</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 196,859</u>	<u>\$ 187,619</u>

See independent auditors' report.

**Town of Kent, New York**

## Capital Projects Fund

Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended December 31,

	2018	2017
<b>REVENUES</b>		
State aid	\$ 484,620	\$ 292,954
Miscellaneous	17,500	10,000
Total Revenues	502,120	302,954
<b>EXPENDITURES</b>		
Capital outlay	1,209,337	512,454
Deficiency of Revenues Over Expenditures	(707,217)	(209,500)
<b>OTHER FINANCING SOURCES</b>		
Notes issued	349,501	-
Transfers in	79,811	190,000
Total Other Financing Sources	429,312	190,000
Net Change in Fund Balance	(277,905)	(19,500)
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	7,662	27,162
End of Year	\$ (270,243)	\$ 7,662

See independent auditors' report.

**Town of Kent, New York**

Capital Projects Fund

Project-Length Schedule

Inception of Project Through December 31, 2018

PROJECT	Project Budget	Expenditures and Transfers	Unexpended Balance
Road Construction Route 52 Sewer Gateway	\$ 6,000,000	\$ 6,273,535	\$ (273,535)
Municipal Repairs Renovation	100,000	13,793	86,207
Separation Tank	49,325	31,492	17,833
All-Inclusive Playground	30,000	-	30,000
Ryan's Field Retaining Wall	177,500	184,348	(6,848)
Kent Shore Bridge project	140,000	10,000	130,000
Parks - field renovations	16,680	16,680	-
Lake Carmel Dam Remediation	6,000	-	6,000
Library Steps Repair	68,320	68,320	-
Huestis Park Entrance Paving	10,000	-	10,000
Huestis Park Parking Lot Paving	33,811	33,811	-
Road Resurfacing - CHIPS	30,000	30,000	-
Highway Truck	297,105	297,105	-
Two John Deere Tractors	37,514	37,514	-
Lake Carmel Backhoe	258,793	258,793	-
	90,708	90,708	-
Totals	<u>\$ 7,345,756</u>	<u>\$ 7,346,099</u>	<u>\$ (343)</u>

See independent auditors' report.

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2018
\$ 5,901,307	\$ (372,228)
13,793	-
49,325	17,833
30,000	30,000
177,500	(6,848)
140,000	130,000
-	(16,680)
6,000	6,000
-	(68,320)
10,000	10,000
33,811	-
30,000	-
297,105	-
37,514	-
258,793	-
90,708	-
<u>\$ 7,075,856</u>	<u>\$ (270,243)</u>