

Town of Kent, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2020, 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 respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2020, and the respective changes in financial position, and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

We draw attention to Note 2E in the notes to financial statements which disclose the effects of the Town's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84 "Fiduciary Activities." Our opinion is not modified with respect to this matter.

As discussed in Note 4C in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2020.

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, 2019 (not presented herein), and have issued our report thereon dated December 8, 2020, 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, 2019 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 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 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 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 28, 2021

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Town of Kent, New York

Management's Discussion and Analysis December 31, 2020

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, 2020. 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 2020

- The Town's governmental funds combined ending fund balances at December 31, 2020 were \$3,481,463. The total unassigned fund balances for governmental funds (exclusive of the capital projects fund) is \$3,916,289 at December 31, 2020, of which General Fund represents \$3,456,456 or 33% of the total General Fund expenditures and other financing uses. This is a decrease of \$141,206 from fiscal year 2019.
- 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 2020 by \$16,390,611, which represents a decrease of \$3,475,643. Unrestricted net position, which is available to meet the ongoing obligations of the Town totaled a negative \$50,525,344. 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.
- The government-wide financial statements must report certain items in accordance with the pronouncements of the GASB. The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of these standards, GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", requires the Town to recognize the financial impact associated with OPEB liabilities. These liabilities include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. This standard requires the Town to report the *total*, rather than *net*, OPEB liability related to its employees, since New York State has not authorized the establishment of an irrevocable trust to set aside assets for this purpose. The prior standard under the provisions of GASB Statement No. 45 allowed for the amortization of prior service costs over a thirty-year period. As a result of the provisions of GASB Statement No. 75, the Town's total OPEB liability as of December 31, 2020 is \$51,775,799. The OPEB liability is reflected on the government-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the Town's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75 is presented in Note 3E in the notes to financial statements. Also noteworthy is that this standard parallels the pension standard under the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*", presented in Note 3E as well.
- As mentioned, in addition to the impact of the Town's OPEB obligations, the government-wide financial statements for the year ended December 31, 2020 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, 2020, the Town reported in its Statement of Net Position a liability of \$6,471,877 for its proportionate share of the ERS and PFRS net pension liabilities as compared to \$1,849,706 reported at December 31, 2019. 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 a Custodial Fund which is used to account for real property taxes collected for other governments.

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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16,390,611 for fiscal year 2020. The largest component of the Town's net position is invested in capital assets (net of related debt) of \$33,101,896. 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, 2020 and 2019 is as follows:

Governmental Activities Net Position		
	December 31, 2020	December 31, 2019
Current Assets	\$ 7,816,207	\$ 7,792,098
Capital Assets, Net	36,833,572	35,754,906
Total Assets	44,649,779	43,547,004
Deferred Outflows of Resources	13,806,868	13,499,218
Current Liabilities	4,355,378	2,995,432
Long-Term Liabilities	59,216,587	66,158,831
Total Liabilities	63,571,965	69,154,263
Deferred Inflows of Resources	11,275,293	806,927
Net Position		
Net Investment in Capital Assets	33,101,896	33,275,402
Restricted	1,032,837	463,654
Unrestricted	(50,525,344)	(46,654,024)
Total Net Position	\$ (16,390,611)	\$ (12,914,968)

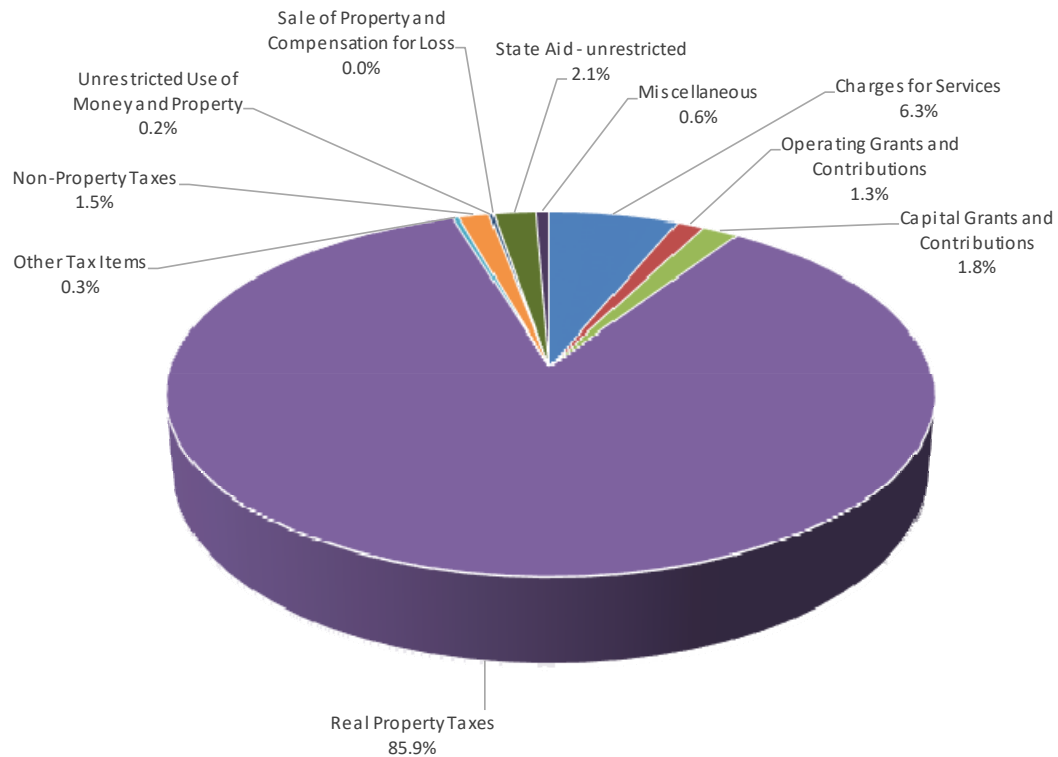
Restricted net position of \$1,032,837 represents resources that are subject to external constraints on how they may be used.

The remaining balance is an unrestricted deficit of \$(50,525,344), 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 (\$114,319), net pension liability (\$6,471,877) and OPEB liability (\$51,775,799) that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payment will be made.

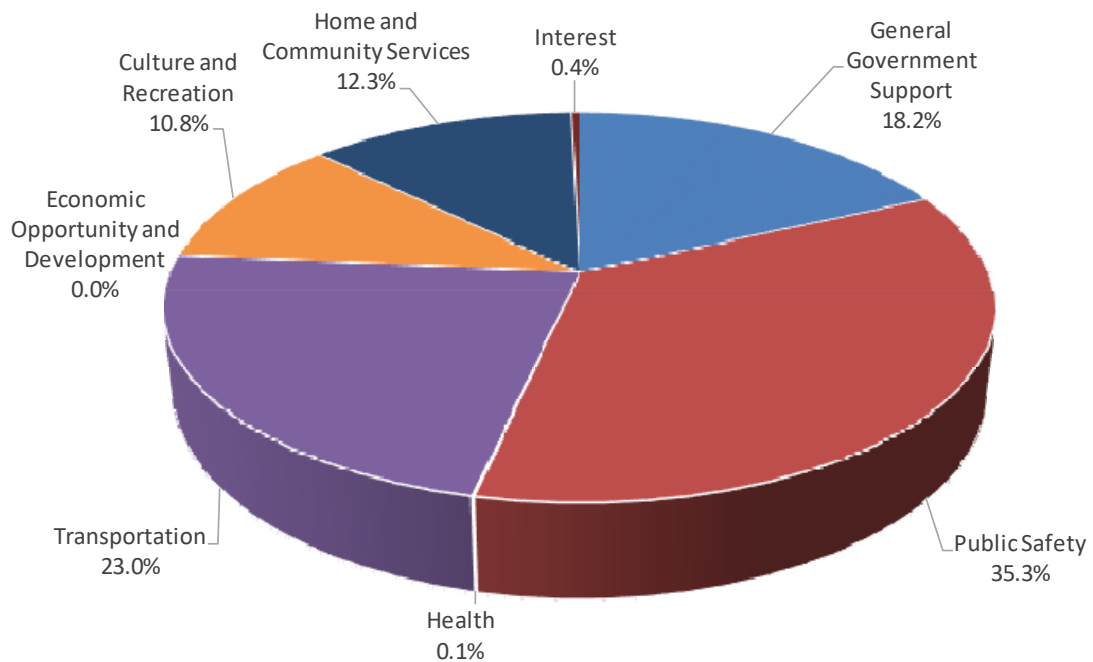
Changes in Net Position

	December 31, 2020	December 31, 2019
Revenues		
Program Revenues		
Charges for Services	\$ 1,116,366	\$ 1,331,659
Operating Grants and Contributions	236,924	126,797
Capital Grants and Contributions	315,601	420,465
General Revenues		
Real Property Taxes	15,289,720	15,217,669
Other Tax Items	54,397	56,933
Non-Property Taxes	265,597	275,377
Unrestricted Use of Money and Property	36,479	98,163
Sale of Property and Compensation for Loss	2,370	7,478
State Aid - unrestricted	367,758	293,820
Miscellaneous	114,976	88,945
Total Revenues	<u>17,800,188</u>	<u>17,917,306</u>
Program Expenses		
General Government Support	3,863,037	3,624,249
Public Safety	7,498,868	6,615,848
Health	15,167	13,713
Transportation	4,908,388	4,790,226
Economic Opportunity and Development	2,820	23,961
Culture and Recreation	2,299,621	2,078,746
Home and Community Services	2,608,843	2,417,281
Interest	79,087	64,234
Total Expenses	<u>21,275,831</u>	<u>19,628,258</u>
Decrease in Net Position	(3,475,643)	(1,710,952)
Net Position - beginning	<u>(12,914,968)</u>	<u>(11,204,016)</u>
Net Position - ending	<u><u>\$ (16,390,611)</u></u>	<u><u>\$ (12,914,968)</u></u>

Sources of Revenues for Fiscal Year 2020 Governmental Activities



Expenses for Fiscal Year 2020 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 \$3,481,463 and \$4,706,559 at December 31, 2020 and 2019, respectively. Approximately, \$904,265 or about 26% of the 2020 total constitutes unassigned fund balance. The reserved fund balances are not available for new spending, because they have been committed for 2020: non-spendable (\$769,654), restricted (\$421,544), committed (\$212,500) and assigned (\$1,173,500).

The General Fund is the Town's primary operating fund. At the end of the calendar year, the unassigned fund balance was \$3,456,456 and the total fund balance was \$4,803,522. 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 72% of the total fund balance and approximately 33% of the General Fund expenditures and other financing uses.

The fund balance in the Town's General Fund decreased by \$208,419 during the current calendar year. The adopted budget called for using \$528,705 of fund balance, which would result in approximately a \$320,000 savings as compared to the adopted budget.

The fund balance in the Town's Highway Fund increased by \$464,695 during the current calendar year due to sale of property and compensation for loss revenues exceeding the budget by \$114,766, coupled with savings in all expenditure categories.

The fund balance in the Town's Special Districts Fund decreased by \$308,623 during the current calendar year due to an increase in contractual obligations as well as the purchase of a garbage truck in the current year.

General Fund Budgetary Highlights

The difference between the original and final budgets for revenues and other financing sources is \$15,560 with the final amended budget more than the original budget. The increases relate to the increase in departmental income, specifically code violation charges.

The difference between the original and final budgets for expenditures and other financing uses is \$50,710 with the final amended budget more than the original budget. The differences relate to: General Government Support (increase \$77,266) specifically in the Town Justice and Building Department, Public safety (increase \$9,198), Transportation (increase \$4,466), Home and community services (increase \$30,472) and employee benefits (decrease \$35,842).

Capital Assets and Debt Administration

Capital Assets - capital assets balance at December 31, 2020 for governmental activities was \$36,833,572 net of accumulated depreciation of \$14,969,009. 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,

	2020	2019	Difference
Land	\$ 16,345,620	\$ 16,345,620	\$ -
Construction in progress	7,662	57,820	(50,158)
Buildings and Improvements	7,076,331	7,326,598	(250,267)
Machinery and Equipment	2,417,658	2,250,307	167,351
Infrastructure	10,986,301	9,774,561	1,211,740
Total Capital Assets	<u>\$ 36,833,572</u>	<u>\$ 35,754,906</u>	<u>\$ 1,078,666</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 2020, the Town had a total of \$525,000 in general obligation bonds outstanding. The Town also had a total of \$321,520 in capital lease notes outstanding at December 31, 2020. The Town had a short-term bond anticipation note in the amount of \$3,000,000 outstanding at December 31, 2020. 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 \$99,573,447 and the Town has consumed 3.85% 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, 2019, 2020 and 2021.

In preparing the Town's 2021 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 YorkStatement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 6,850,915
Investments	143
Receivables	
Accounts	188,624
State and Federal aid	6,871
Inventories	264,876
Prepaid expenses	504,778
Capital assets	
Not being depreciated	16,353,282
Being depreciated, net	20,480,290
Total Assets	<u>44,649,779</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding bonds	26,532
Pension related	4,730,298
OPEB related	9,050,038
Total Deferred Outflows of Resources	<u>13,806,868</u>
LIABILITIES	
Accounts payable	455,326
Accrued liabilities	137,675
Bond anticipation notes payable	3,000,000
Unearned revenues	7,166
Deposits payable	734,577
Accrued interest payable	20,634
Non-current liabilities	
Due within one year	379,057
Due in more than one year	58,837,530
Total Liabilities	<u>63,571,965</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	254,089
OPEB related	11,021,204
Total Deferred Inflows of Resources	<u>11,275,293</u>
NET POSITION	
Net investment in capital assets	33,101,896
Restricted for	
Capital projects	430,338
Repairs	111,691
Future capital projects	132
Special districts	
Lake Carmel Fire Protection District	28,149
Kent Fire Protection District	12,375
Lake Tibet Park District	45,114
Leeside Water District	76,460
Kent Sewer District	18,857
Debt service	191,434
Special purpose	118,287
Unrestricted	(50,525,344)
Total Net Position	<u>\$ (16,390,611)</u>

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

Town of Kent, New York

Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 3,863,037	\$ 88,206	\$ -	\$ -
Public safety	7,498,868	631,644	49,002	-
Health	15,167	7,993	-	-
Transportation	4,908,388	-	167,455	314,649
Economic opportunity and development	2,820	-	-	-
Culture and recreation	2,299,621	70,514	20,389	-
Home and community services	2,608,843	318,009	78	-
Interest	79,087	-	-	952
Total Governmental Activities	<u>\$ 21,275,831</u>	<u>\$ 1,116,366</u>	<u>\$ 236,924</u>	<u>\$ 315,601</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				
Net Position - Ending				

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

<hr/> Net (Expense) Revenue and Changes in Net Position <hr/>	
\$	(3,774,831)
	(6,818,222)
	(7,174)
	(4,426,284)
	(2,820)
	(2,208,718)
	(2,290,756)
	(78,135)
	<hr/>
	(19,606,940)
	<hr/>
	15,289,720
	54,397
	265,597
	36,479
	2,370
	367,758
	114,976
	<hr/>
	16,131,297
	<hr/>
	(3,475,643)
	(12,914,968)
	<hr/>
\$	<u><u>(16,390,611)</u></u>

Town of Kent, New York

Balance Sheet
Governmental Funds
December 31, 2020

	General	Highway	Special Districts	Special Purpose
ASSETS				
Cash and equivalents	\$ 5,334,547	\$ 779,865	\$ 395,154	\$ 118,287
Investment	143	-	-	-
Receivables				
Accounts	179,312	-	9,312	-
State and Federal aid	6,871	-	-	-
Due from other funds	31,916	-	800,372	-
	218,099	-	809,684	-
Inventories	264,876	-	-	-
Prepaid expenditures	323,924	95,857	84,997	-
Total Assets	<u>\$ 6,141,589</u>	<u>\$ 875,722</u>	<u>\$ 1,289,835</u>	<u>\$ 118,287</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 224,902	\$ 55,174	\$ 175,250	\$ -
Accrued liabilities	80,853	41,119	15,703	-
Due to other funds	290,569	223,739	82,894	-
Bond anticipation notes payable	-	-	-	-
Unearned revenues	7,166	-	-	-
Deposits payable	734,577	-	-	-
Total Liabilities	<u>1,338,067</u>	<u>320,032</u>	<u>273,847</u>	<u>-</u>
Fund balances (deficits)				
Nonspendable	588,800	95,857	84,997	-
Restricted	191,434	-	111,823	118,287
Committed	153,500	-	59,000	-
Assigned	413,332	-	760,168	-
Unassigned	3,456,456	459,833	-	-
Total Fund Balances (Deficits)	<u>4,803,522</u>	<u>555,690</u>	<u>1,015,988</u>	<u>118,287</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 6,141,589</u>	<u>\$ 875,722</u>	<u>\$ 1,289,835</u>	<u>\$ 118,287</u>

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

Capital Projects	Total Governmental Funds
\$ 223,062	\$ 6,850,915
-	143
-	188,624
-	6,871
-	832,288
-	1,027,783
-	264,876
-	504,778
<u>\$ 223,062</u>	<u>\$ 8,648,495</u>

\$ -	\$ 455,326
-	137,675
235,086	832,288
3,000,000	3,000,000
-	7,166
-	734,577
<u>3,235,086</u>	<u>5,167,032</u>

-	769,654
-	421,544
-	212,500
-	1,173,500
(3,012,024)	904,265
<u>(3,012,024)</u>	<u>3,481,463</u>
<u>\$ 223,062</u>	<u>\$ 8,648,495</u>

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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, 2020

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

Total Fund Balances - Governmental Fund	\$ 3,481,463
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	16,353,282
Capital assets - depreciable	35,449,299
Accumulated depreciation	<u>(14,969,009)</u>
	<u>36,833,572</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contribution subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	4,730,298
Deferred outflows - OPEB related	9,050,038
Deferred inflows - pension related	(254,089)
Deferred outflows - OPEB related	<u>(11,021,204)</u>
	<u>2,505,043</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(20,634)
Bonds payable	(525,000)
Notes payable	(321,520)
Compensated absences	(114,319)
Net pension liability	(6,471,877)
OPEB liability	<u>(51,775,799)</u>
	<u>(59,229,149)</u>
Governmental funds report the effects of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	26,532
Premium on general obligation bonds	<u>(8,072)</u>
	<u>18,460</u>
Net Position of Governmental Activities	<u><u>\$ (16,390,611)</u></u>

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

Town of Kent, New York

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2020

	General	Highway	Special Districts	Special Purpose
REVENUES				
Real property taxes	\$ 7,897,516	\$ 3,570,420	\$ 3,821,784	\$ -
Other tax items	54,397	-	-	-
Non-property taxes	265,597	-	-	-
Departmental income	645,622	-	2,524	-
Use of money and property	121,611	18,660	97	100
Licenses and permits	1,970	-	-	-
Fines and forfeitures	628,081	-	-	-
Sale of property and compensation for loss	2,370	124,766	17,891	-
State aid	392,691	-	-	-
Federal aid	25,571	-	-	-
Miscellaneous	114,976	24,029	-	799
Total Revenues	10,150,402	3,737,875	3,842,296	899
EXPENDITURES				
Current				
General government support	3,158,320	-	-	-
Public safety	4,057,580	-	1,470,278	-
Health	10,152	-	-	-
Transportation	231,089	2,438,841	-	-
Economic opportunity and development	2,820	-	-	-
Culture and recreation	1,191,737	-	471,043	-
Home and community services	246,421	-	1,571,081	-
Employee benefits	628,919	857,400	568,375	-
Debt service				
Principal	270,000	66,186	16,998	-
Interest	23,850	38,686	3,144	-
Capital outlay	-	-	-	-
Total Expenditures	9,820,888	3,401,113	4,100,919	-
Excess (Deficiency) of Revenues Over Expenditures	329,514	336,762	(258,623)	899
OTHER FINANCING SOURCES (USES)				
Notes issued	-	-	-	-
Transfers in	-	127,933	-	-
Transfers out	(537,933)	-	(50,000)	-
Total Other Financing Sources (Uses)	(537,933)	127,933	(50,000)	-
Net Change in Fund Balances	(208,419)	464,695	(308,623)	899
FUND BALANCES (DEFICITS)				
Beginning of Year	5,011,941	90,995	1,324,611	117,388
End of Year	\$ 4,803,522	\$ 555,690	\$ 1,015,988	\$ 118,287

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

Capital Projects	Governmental Funds
\$ -	\$ 15,289,720
-	54,397
-	265,597
-	648,146
-	140,468
-	1,970
-	628,081
-	145,027
314,649	707,340
-	25,571
-	139,804
314,649	18,046,121
-	3,158,320
-	5,527,858
-	10,152
-	2,669,930
-	2,820
-	1,662,780
-	1,817,502
-	2,054,694
-	353,184
-	65,680
2,125,327	2,125,327
2,125,327	19,448,247
(1,810,678)	(1,402,126)
177,030	177,030
460,000	587,933
-	(587,933)
637,030	177,030
(1,173,648)	(1,225,096)
(1,838,376)	4,706,559
\$ (3,012,024)	\$ 3,481,463

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, 2020

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,225,096)</u>
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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	2,418,228
Depreciation expense	<u>(1,339,562)</u>
	<u>1,078,666</u>

Debt 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.

Principal paid on refunding bonds	270,000
Notes issued	(177,030)
Principal paid on notes	<u>83,184</u>
	<u>176,154</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	(1,095)
Compensated absences	(18,341)
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,215,139)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(2,258,480)
Amortization of loss on refunding and issuance premium	<u>(12,312)</u>
	<u>(3,505,367)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (3,475,643)</u></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, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 7,921,797	\$ 7,921,797	\$ 7,897,516	\$ (24,281)
Other tax items	45,000	45,000	54,397	9,397
Non-property taxes	281,000	281,000	265,597	(15,403)
Departmental income	753,650	769,210	645,622	(123,588)
Use of money and property	160,150	160,150	121,611	(38,539)
Licenses and permits	3,500	3,500	1,970	(1,530)
Fines and forfeitures	678,956	678,956	628,081	(50,875)
Sale of property and compensation for loss	-	-	2,370	2,370
State aid	322,849	322,849	392,691	69,842
Federal aid	-	-	25,571	25,571
Miscellaneous	58,361	58,361	114,976	56,615
Total Revenues	10,225,263	10,240,823	10,150,402	(90,421)
EXPENDITURES				
Current				
General government support	3,253,704	3,330,970	3,158,320	172,650
Public safety	4,233,062	4,242,260	4,057,580	184,680
Health	10,594	10,656	10,152	504
Transportation	227,146	231,612	231,089	523
Economic opportunity and development	26,900	2,900	2,820	80
Culture and recreation	1,288,333	1,277,421	1,191,737	85,684
Home and community services	222,195	252,667	246,421	6,246
Employee benefits	660,251	624,409	628,919	(4,510)
Debt service				
Principal	270,000	270,000	270,000	-
Interest	23,850	23,850	23,850	-
Total Expenditures	10,216,035	10,266,745	9,820,888	445,857
Excess (Deficiency) of Revenues Over Expenditures	9,228	(25,922)	329,514	355,436
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(537,933)	(537,933)	(537,933)	-
Total Other Financing Sources (Uses)	(537,933)	(537,933)	(537,933)	-
Net Change in Fund Balances	(528,705)	(563,855)	(208,419)	355,436
FUND BALANCES				
Beginning of Year	528,705	563,855	5,011,941	4,448,086
End of Year	\$ -	\$ -	\$ 4,803,522	\$ 4,803,522

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	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -	\$ 3,825,437	\$ 3,825,437	\$ 3,821,784	\$ (3,653)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,000	7,000	2,524	(4,476)
8,000	8,000	18,660	10,660	7,027	7,027	97	(6,930)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,000	10,000	124,766	114,766	7,000	7,000	17,891	10,891
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	24,029	24,029	-	-	-	-
3,588,420	3,588,420	3,737,875	149,455	3,846,464	3,846,464	3,842,296	(4,168)
-	-	-	-	-	-	-	-
-	-	-	-	1,480,278	1,480,278	1,470,278	10,000
-	-	-	-	-	-	-	-
2,653,452	2,634,201	2,438,841	195,360	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	465,100	510,644	471,043	39,601
-	-	-	-	1,360,294	1,587,340	1,571,081	16,259
977,280	977,280	857,400	119,880	608,925	578,074	568,375	9,699
49,786	66,186	66,186	-	16,998	16,998	16,998	-
35,835	38,686	38,686	-	3,144	3,144	3,144	-
3,716,353	3,716,353	3,401,113	315,240	3,934,739	4,176,478	4,100,919	75,559
(127,933)	(127,933)	336,762	464,695	(88,275)	(330,014)	(258,623)	71,391
127,933	127,933	127,933	-	-	-	-	-
-	-	-	-	(50,000)	(50,000)	(50,000)	-
127,933	127,933	127,933	-	(50,000)	(50,000)	(50,000)	-
-	-	464,695	464,695	(138,275)	(380,014)	(308,623)	71,391
-	-	90,995	90,995	138,275	380,014	1,324,611	944,597
\$ -	\$ -	\$ 555,690	\$ 555,690	\$ -	\$ -	\$ 1,015,988	\$ 1,015,988

Town of Kent, New York

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2020

	<u>Custodial Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 12,748</u>
LIABILITIES	
Due to other governments	<u>\$ 12,748</u>

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

Town of Kent, New York

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2020

	<u>Custodial Fund</u>
ADDITIONS	
Real property taxes collected for other governments	\$ 36,252,835
DEDUCTIONS	
Payments of real property taxes to other governments	<u>36,252,835</u>
Net Change in Fiduciary Net Position	-
NET POSITION	
Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</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 financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied 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 Town's significant accounting policies are described below:

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 the 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 should does not provide services entirely or almost entirely to the Town, the financial statements of the Library should have been reflected as a discretely presented component unit. However, financial statements for the fiscal year ended December 31, 2020 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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:

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 on behalf of others. The Custodial Fund is used to account for real property taxes collected for other governments.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Cash and Equivalents, Investments

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

The Town's 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, and accordingly, the Town's policy provides for no credit risk on investments.

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2020.

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.

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 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, 7th Floor, Naperville, IL 60563.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special districts taxes which are levied and due January 1st and payable without penalty to January 31st. The Town retains the total amount of town, highway and special districts taxes from the total collections and returns the balance plus the uncollected items to the County which assumes collection responsibility. County and school district taxes collected prior to the satisfaction of the respective warrants are considered a fiduciary activity under the provisions of GASB 84, "*Fiduciary Activities*", and therefore have been accounted for within the Custodial Fund.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Due From/To Other Funds and Due From/To Fiduciary Fund - 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, 2020 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. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

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

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

Land and construction-in-progress are not depreciated. Property, plant and equipment of the Town are depreciated using the straight line method over the following estimated useful lives.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Town has reported unearned revenues of \$7,166 for the advance collection of Cell Tower rents in the General Fund.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net 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 includes 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 \$26,532 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in carrying value of the refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 – An Amendment of GASB Statement No. 68."

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

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

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

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Town includes restricted for capital projects, repairs, future capital projects, special districts, debt service and special purpose.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

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

Assigned fund balance, in the General Fund, represents amounts constrained either by 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 unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

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

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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material.

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 October 28, 2021.

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 since other means control the use of these resources and sometimes span a period of more than one fiscal year.

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

Under New York State Law, the Town is not limited as to the maximum amount of real property taxes which may be raised. However, Chapter 97 of the New York State 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 Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

C. Fund Deficits

Romanoff Water District sub-fund in the Special Districts Fund reflects an assigned deficit of \$28,751 at December 31, 2020 as a result of emergency repairs and improvements. The Town is in the process of addressing the deficit.

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. Capital Projects Fund Deficit

The deficits in various capital projects arise in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes are accounted for in the Capital Projects Funds. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where not bond anticipation notes were issued or outstanding to the extent of project deficits, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

E. Excess of Actual Expenditures Over Budget

The employee benefits – undistributed health insurance category of expenditure exceeded its budgetary authorization by \$4,750. In addition, the following capital projects exceeded their budgetary provisions by the amounts indicated:

Road Construction Route 52 Sewer	\$	398,535
Municipal Repairs Renovation		2,998
All-Inclusive Playground		6,848

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The composition of due from/to other funds at December 31, 2020 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 31,916	\$ 290,569
Highway	-	223,739
Special Districts	800,372	82,894
Capital Projects	-	235,086
	<u>\$ 832,288</u>	<u>\$ 832,288</u>

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

Town of Kent, New York

Notes to Financial Statements (Continued)
 December 31, 2020

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

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

Class	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital Assets, not being depreciated:				
Land	\$ 16,345,620	\$ -	\$ -	\$ 16,345,620
Construction-in-progress	57,820	27,642	77,800	7,662
Total Capital Assets, not being depreciated	<u>\$ 16,403,440</u>	<u>\$ 27,642</u>	<u>\$ 77,800</u>	<u>\$ 16,353,282</u>
Capital Assets, being depreciated:				
Buildings and improvements	\$ 14,577,897	\$ 114,140	\$ -	\$ 14,692,037
Machinery and equipment	8,101,447	915,095	349,398	8,667,144
Infrastructure	10,650,967	1,439,151	-	12,090,118
Total Capital Assets, being depreciated	<u>33,330,311</u>	<u>2,468,386</u>	<u>349,398</u>	<u>35,449,299</u>
Less Accumulated Depreciation for:				
Building and improvements	7,251,299	364,407	-	7,615,706
Machinery and equipment	5,851,140	747,744	349,398	6,249,486
Infrastructure	876,406	227,411	-	1,103,817
Total Accumulated Depreciation	<u>13,978,845</u>	<u>1,339,562</u>	<u>349,398</u>	<u>14,969,009</u>
Total Capital Assets, being depreciated, net	<u>\$ 19,351,466</u>	<u>\$ 1,128,824</u>	<u>\$ -</u>	<u>\$ 20,480,290</u>
Capital Assets, net	<u>\$ 35,754,906</u>	<u>\$ 1,156,466</u>	<u>\$ 77,800</u>	<u>\$ 36,833,572</u>

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

General Government Support	\$ 169,436
Public Safety	159,425
Transportation	614,984
Culture and Recreation	159,505
Home and Community Support	236,212
Total Depreciation Expense	<u>\$ 1,339,562</u>

C. Accrued Liabilities

Accrued liabilities at December 31, 2020 were as follows:

	Fund			
	General	Highway	Special Districts	Total
Payroll and Employee Benefits	\$ 44,783	\$ 41,119	\$ 15,353	\$ 101,255
Other	36,070	-	350	36,420
	<u>\$ 80,853</u>	<u>\$ 41,119</u>	<u>\$ 15,703</u>	<u>\$ 137,675</u>

Town of Kent, New York

Notes to Financial Statements (Continued)
 December 31, 2020

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

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

Purpose	Year of Issue	Maturity Date	Interest Rate	Balance January 1, 2020	New Issues	Redemptions	Balance December 31, 2020
Capital Projects Fund - Various capital projects	2020	7/30/21	1.25 %	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 3,000,000

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

Interest expenditures of \$29,917 was recorded in the Highway Fund. Interest expense of \$33,375 was recorded in the government-wide financial statements.

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term liabilities for the year ended December 31, 2020:

	Balance January 1, 2020	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2020	Due Within One Year
General Obligation Bonds Payable	\$ 795,000	\$ -	\$ 270,000	\$ 525,000	\$ 265,000
Plus - Issuance premium	13,454	-	5,382	8,072	-
	808,454	-	275,382	533,072	265,000
Notes Payable	227,674	177,030	83,184	321,520	103,057
Other Non-Current Liabilities					
Compensated Absences	95,978	27,841	9,500	114,319	11,000
Net Pension Liability	1,849,706	4,622,171	-	6,471,877	-
Other Post Employment Benefit Liability	63,177,019	(10,175,155)	1,226,065	51,775,799	-
Total Other Non-Current Liabilities	65,122,703	(5,525,143)	1,235,565	58,361,995	11,000

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

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

General Obligation Bonds Payable

General obligation bonds payable at December 31, 2020 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at December 31, 2020</u>
Refunding Bonds	2011	\$ 2,875,000	September, 2022	3.00 %	<u>\$ 525,000</u>

Interest expenditures of \$23,850 were recorded in the General Fund. Interest expense of \$21,487 was recorded in the government-wide financial statements.

Notes Payable

During 2020, the Town entered into a lease agreement to finance the purchase of a CAT Wheel Loader for the Highway Fund. The terms of this agreement provided for the repayment of the principal amount of \$177,030, with annual installments of \$38,503, including interest, to maturity in 2025.

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 \$50,705, 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 \$20,142, including interest, with maturity in 2023.

Interest expense/expenditures of \$11,913 were recorded in the fund financial statements in the following funds and in the government-wide financial statements.

<u>Fund</u>	<u>Amount</u>
Highway	\$ 8,769
Special Districts	
Lake Carmel Park District	<u>3,144</u>
	<u>\$ 11,913</u>

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt and notes outstanding as of December 31, 2020, including interest payments of \$47,134 are as follows:

Year Ending December 31,	Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 265,000	\$ 15,750	\$ 103,057	\$ 11,294	\$ 368,057	\$ 27,044
2022	260,000	7,800	106,942	7,409	366,942	15,209
2023	-	-	55,270	3,377	55,270	3,377
2024	-	-	37,186	1,317	37,186	1,317
2025	-	-	19,065	187	19,065	187
	<u>\$ 525,000</u>	<u>\$ 23,550</u>	<u>\$ 321,520</u>	<u>\$ 23,584</u>	<u>\$ 846,520</u>	<u>\$ 47,134</u>

Legal Debt Margin

The Town is subject to legal limitations on the amount of debt that it may issue. The Town's legal debt margin is 7% of the five year average full valuation of taxable real property. At December 31, 2020, that amount was \$3,846,520, which is 3.85% of the total debt limit.

Compensated Absences

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

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

Note 3 - Detailed Notes on All Funds (Continued)

that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2021 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I	21.6 %
	3 A14	16.1
	4 A15	16.1
	5 A15	13.4
	6 A15	9.6
	6 A15	9.6
PFRS	2 384D	25.6 %
	5 384D	21.0
	6 384D	15.7

At December 31, 2020, the Town reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2020	March 31, 2020
Net pension liability	\$ 3,619,853	\$ 2,852,024
Town's proportion of the net pension liability	0.0136698%	0.0533954%
Change in proportion since the prior measurement date	(0.0005873%)	0.0032988%

The net pension liability was measured as of March 31, 2020, 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.

Town of Kent, New York

Notes to Financial Statements (Continued)

December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended December 31, 2020, the Town recognized its proportionate share of pension expense in the government-wide financial statements of \$1,246,941 for ERS and \$997,521 for PFRS. Pension expenditures of \$594,205 for ERS and \$435,118 for PFRS were recorded in the fund financial statements and were charged to the following funds:

Fund	ERS	PFRS
General	\$ 266,717	\$ 435,118
Special Districts	202,220	-
Highway	125,268	-
	<u>\$ 594,205</u>	<u>\$ 435,118</u>

At December 31, 2020, the Town reported its proportionate share of 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	\$ 213,043	\$ -	\$ 189,915	\$ 47,771	\$ 402,958	\$ 47,771
Changes of assumptions	72,887	62,936	243,779	-	316,666	62,936
Net difference between projected and actual earnings on pension plan investments	1,855,713	-	1,284,356	-	3,140,069	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	66,000	58,182	37,312	85,200	103,312	143,382
Town contributions subsequent to the measurement date	435,536	-	331,757	-	767,293	-
	<u>\$ 2,643,179</u>	<u>\$ 121,118</u>	<u>\$ 2,087,119</u>	<u>\$ 132,971</u>	<u>\$ 4,730,298</u>	<u>\$ 254,089</u>

\$435,536 and \$331,757 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2021	\$ 344,082	\$ 339,811
2022	526,979	377,353
2023	672,385	482,331
2024	543,079	404,500
2025	-	18,396
	<u>\$ 2,086,525</u>	<u>\$ 1,622,391</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

	ERS	PFRS
Measurement date	March 31, 2020	March 31, 2020
Actuarial valuation date	April 1, 2019	April 1, 2019
Investment rate of return	6.8% *	6.8%
Salary scale	4.2%	5.0%
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.

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

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.05 %
International Equity	14	6.15
Private Equity	10	6.75
Real Estate	10	4.95
Absolute Return Strategies	2	3.25
Opportunistic Portfolio	3	4.68
Real Assets	3	5.95
Bonds and Mortgages	17	0.75
Cash	1	-
Inflation Indexed Bonds	4	0.50
	<u>100 %</u>	

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

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The discount rate used to calculate the total pension liability was 6.8%. 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 6.8%, 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 (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
Town's proportionate share of the ERS net pension liability	<u>\$ 6,643,453</u>	<u>\$ 3,619,853</u>	<u>\$ 835,105</u>
Town's proportionate share of the PFRS net pension liability	<u>\$ 5,099,477</u>	<u>\$ 2,852,024</u>	<u>\$ 839,379</u>

The components of the collective net pension liability as of the March 31, 2020 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 194,596,261,000	\$ 35,309,017,000	\$ 229,905,278,000
Fiduciary net position	<u>168,115,682,000</u>	<u>29,964,080,000</u>	<u>198,079,762,000</u>
Employers' net pension liability	<u>\$ 26,480,579,000</u>	<u>\$ 5,344,937,000</u>	<u>\$ 31,825,516,000</u>
Fiduciary net position as a percentage of total pension liability	<u>86.39%</u>	<u>84.86%</u>	<u>86.16%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2020 represent the employer contribution for the period of April 1, 2020 through December 31, 2020 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, 2020 were \$435,536 and \$331,757, 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.

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Liability ("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, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	57
Active employees	<u>76</u>
	<u><u>133</u></u>

The Town's total OPEB liability of \$51,775,799 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	2.02%
Healthcare cost trend rates	7.0% for 2020, decreasing by up to .25% per year to an ultimate rate of 4.5% for 2032 and later years
Retirees' share of benefit-related costs	Varies from 0% to 100%, 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-2019 mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the January 1, 2020 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.

Town of Kent, New York

Notes to Financial Statements (Continued)

December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The Town's change in the total OPEB liability for the year ended December 31, 2020 is as follows:

Total OPEB Liability - Beginning of Year	\$ 63,177,019
Service cost	984,445
Interest	1,263,793
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(12,423,393)
Benefit payments	<u>(1,226,065)</u>
Total OPEB Liability - End of Year	<u>\$ 51,775,799</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 (1.02%) or 1 percentage point higher (3.02%) than the current discount rate:

	1% Decrease (1.02%)	Current Discount Rate (2.02%)	1% Increase (3.02%)
Total OPEB Liability	<u>\$ 64,109,305</u>	<u>\$ 51,775,799</u>	<u>\$ 42,644,684</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 healthcare cost trend rates that are 1 percentage point lower (6.0% decreasing to 3.5%) or 1 percentage point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	<u>\$ 42,121,301</u>	<u>\$ 51,775,799</u>	<u>\$ 64,930,665</u>

For the year ended December 31, 2020, the Town recognized OPEB expense of \$2,754,012 in the government-wide financial statements. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 9,050,038	\$ 11,021,204
Differences between expected and actual experience	<u>-</u>	<u>-</u>
	<u>\$ 9,050,038</u>	<u>\$ 11,021,204</u>

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

<u>Year Ended</u> <u>December 31,</u>	
2021	\$ (82,941)
2022	(82,941)
2023	(82,941)
2024	(82,941)
2025	(82,941)
Thereafter	<u>(1,556,461)</u>
	<u><u>\$ (1,971,166)</u></u>

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:

<u>Transfer Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Highway</u> <u>Fund</u>	<u>Capital</u> <u>Projects Fund</u>	
General Fund	\$ 127,933	\$ 410,000	\$ 537,933
Special Districts Fund	<u>-</u>	<u>50,000</u>	<u>50,000</u>
	<u><u>\$ 127,933</u></u>	<u><u>\$ 460,000</u></u>	<u><u>\$ 587,933</u></u>

Transfers are used to move amounts earmarked in the General Fund and Special Districts Fund to fulfill commitments for Capital Projects Fund expenditures and emergency snow removal and equipment purchases 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 Special Districts Funds - the component of net position that represents funds restricted for specific purposes under New York State Law or by external parties and/or statutes.

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, 2020

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2020						2019					
	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	\$ 264,876	\$ -	\$ -	\$ -	\$ -	\$ 264,876	\$ 251,686	\$ -	\$ -	\$ -	\$ -	\$ 251,686
Prepaid expenditures	323,924	95,857	84,997	-	-	504,778	301,229	100,187	80,900	-	-	482,316
Total Nonspendable	588,800	95,857	84,997	-	-	769,654	552,915	100,187	80,900	-	-	734,002
Restricted												
Repairs	-	-	111,691	-	-	111,691	-	-	110,673	-	-	110,673
Special purpose	-	-	-	118,287	-	118,287	-	-	-	117,388	-	117,388
Debt service	191,434	-	-	-	-	191,434	190,482	-	-	-	-	190,482
Future capital projects	-	-	132	-	-	132	-	-	129	-	-	129
Total Restricted	191,434	-	111,823	118,287	-	421,544	190,482	-	110,802	117,388	-	418,672
Committed												
Police purposes	153,500	-	-	-	-	153,500	-	-	-	-	-	-
Tree replanting	-	-	59,000	-	-	59,000	-	-	59,000	-	-	59,000
Total Committed	153,500	-	59,000	-	-	212,500	-	-	59,000	-	-	59,000
Assigned												
Future recycling projects	101,877	-	-	-	-	101,877	103,827	-	-	-	-	103,827
Police tuition	38,350	-	-	-	-	38,350	38,350	-	-	-	-	38,350
Subsequent year's expenditures	273,105	-	151,437	-	-	424,542	528,705	-	150,077	-	-	678,782
Major Funds	-	459,833	608,731	-	-	1,068,564	-	-	923,832	-	-	923,832
Total Assigned	413,332	459,833	760,168	-	-	1,633,333	670,882	-	1,073,909	-	-	1,744,791
Unassigned	3,456,456	-	-	-	(3,012,024)	444,432	3,597,662	(9,192)	-	-	(1,838,376)	1,750,094
Total Fund Balances	\$ 4,803,522	\$ 555,690	\$ 1,015,988	\$ 118,287	\$ (3,012,024)	\$ 3,481,463	\$ 5,011,941	\$ 90,995	\$ 1,324,611	\$ 117,388	\$ (1,838,376)	\$ 4,706,559

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 \$153,500 for police purposes in the General Fund.

The Town has committed \$59,000 for tree replanting in the Special District 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, 2020, 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 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 2019. 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.

Coronavirus

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring the outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and school districts by any amount needed to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic ("Reduction Authority").

The ultimate size of any permanent reductions would depend on the availability of unrestricted Federal Aid. The onset of the pandemic in the spring of 2020 coincided with the start of the new fiscal year for New York State. With the uncertainties that existed at that time with respect to additional federal assistance and an expected drop in economic activity, the Governor was given authority to make amendments subsequent to the adoption of the 2020-21 New York State budget, which did not take these factors into consideration. This authority included, but was not limited to, the ability to withhold a minimum of 20% of most state aid payments to municipalities to achieve cash flow savings that New York State needed for its budget. Many of these reductions were implemented beginning with payments made by the state in the late spring of 2020 and thus negatively impacted state aid revenues reported by local municipalities that year. However, in the first quarter of 2021, based on New York State's projection of slightly better than expected revenue collections through the first nine months of its fiscal year and additional federal stimulus measures, New York State has indicated that it would restore 75% of the funds withheld from municipalities by March 31, 2021. This would serve to reduce, but not fully eliminate, the impact

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

of the state aid reductions realized in 2020. There continues to be no assurance that state aid in the 2021-22 New York State budget will be restored to pre-pandemic levels. This potential reduction in state aid will need to be considered in managing local municipal budgets going forward.

In addition to these New York State actions, the Town's economically sensitive revenues (i.e., sales tax distributions, mortgage tax, interest earnings, charges for services) are being negatively impacted. Meanwhile, the Town's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support a safe working environment) will increase significantly.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the Town's future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects. The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the Town. The Town is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the Town's future financial position at this time.

Note 5 - Subsequent Event

The Town, on July 15, 2021, issued \$7,145,000 in public improvement serial bonds for the construction of road and roof improvements and the acquisition of equipment. The serial bonds were used to pay off a bond anticipation note of \$2,924,000, after a \$76,000 pay-down as well as new money of \$5,000,000. The serial bonds mature annually through July 2035 with interest at rates ranging from 1.45% - 5.00%, depending on maturity.

Note 6 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

Town of Kent, New York

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

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 984,445	\$ 569,820	\$ 453,460
Interest	1,263,793	1,781,112	1,847,277
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	(12,423,393) (5)	11,688,534 (4)	-
Benefit payments	(1,226,065)	(1,183,141)	(1,185,189) (3)
Net Change in Total OPEB Liability	(11,401,220)	12,856,325	1,115,548
Total OPEB Liability – Beginning of Year	63,177,019	50,320,694	49,205,146
Total OPEB Liability – End of Year	<u>\$ 51,775,799</u>	<u>\$ 63,177,019</u>	<u>\$ 50,320,694</u>
Town of Kent's covered-employee payroll	<u>\$ 6,297,683</u>	<u>\$ 5,821,811</u>	<u>\$ 5,821,811</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>822%</u>	<u>1085%</u>	<u>864%</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) Restricted for the implementation of the provisions of GASB Statement No. 75.

(4) The discount rate used for 2019 was 2.9% as compared to 3.8% in the prior year.

(3) The discount rate used for 2020 was 2.02% as compared to 2.9% in the prior year.

See independent auditors' report.

Town of Kent, New York

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

Schedule of the Town's Proportionate Share of the Net Pension Liability (2)

	2020 (4)(5)	2019	2018	2017	2016 (3)	2015
Town's proportion of the net pension liability	<u>0.0136698%</u>	<u>0.0142571%</u>	<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>\$ 3,619,853</u>	<u>\$ 1,010,159</u>	<u>\$ 477,446</u>	<u>\$ 1,359,473</u>	<u>\$ 2,412,837</u>	<u>\$ 523,738</u>
Town's covered payroll	<u>\$ 4,187,054</u>	<u>\$ 4,193,693</u>	<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-employee payroll	<u>86.45%</u>	<u>24.09%</u>	<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>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 595,667</u>	<u>\$ 589,210</u>	<u>\$ 581,355</u>	<u>\$ 581,661</u>	<u>\$ 542,271</u>	<u>\$ 778,912</u>
Contributions in relation to the contractually required contribution	<u>(595,667)</u>	<u>(589,210)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 4,344,831</u>	<u>\$ 4,359,884</u>	<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-employee payroll	<u>13.71%</u>	<u>13.51%</u>	<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.

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

(3) 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.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

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

See independent auditors' report.

Town of Kent, New York

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

Schedule of the Town's Proportionate Share of the Net Pension Liability (2)

	2020 (4)(5)	2019	2018	2017	2016 (3)	2015
Town's proportion of the net pension liability	0.0533594%	0.0500606%	0.0525608%	0.0516052%	0.0509014%	0.0534296%
Town's proportionate share of the net pension liability	\$ 2,852,024	\$ 839,547	\$ 531,262	\$ 1,069,596	\$ 1,507,082	\$ 147,070
Town's covered payroll	\$ 2,068,816	\$ 1,945,769	\$ 1,947,748	\$ 1,921,032	\$ 1,841,551	\$ 1,800,008
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	137.86%	43.15%	27.28%	55.68%	81.84%	8.17%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 442,343	\$ 413,443	\$ 421,099	\$ 433,784	\$ 398,668	\$ 394,988
Contributions in relation to the contractually required contribution	(442,343)	(413,443)	(421,099)	(433,784)	(398,668)	(394,988)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,970,967	\$ 1,928,838	\$ 1,940,364	\$ 1,931,966	\$ 1,804,596	\$ 2,113,512
Contributions as a percentage of covered-employee payroll	22.44%	21.43%	21.70%	22.45%	22.09%	18.69%

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

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

(3) 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.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

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

See independent auditors' report.

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Town of Kent, New York

General Fund
Comparative Balance Sheet
December 31,

	2020	2019
ASSETS		
Cash and equivalents	\$ 5,334,547	\$ 1,494,210
Investments	143	4,654,211
Receivables		
Accounts	179,312	213,409
State and Federal aid	6,871	6,871
Due from other funds	31,916	13,148
	218,099	233,428
Inventories	264,876	251,686
Prepaid expenditures	323,924	301,229
Total Assets	\$ 6,141,589	\$ 6,934,764
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 224,902	\$ 198,748
Accrued liabilities	80,853	239,782
Due to other funds	290,569	637,116
Unearned revenue	7,166	30,455
Deposits payable	734,577	706,587
Employee benefits payable	-	489
Total Liabilities	1,338,067	1,813,177
DEFERRED INFLOW OF RESOURCES		
Town tax collections	-	109,646
Fund balance		
Nonspendable	588,800	552,915
Restricted	191,434	190,482
Committed	153,500	-
Assigned	413,332	670,882
Unassigned	3,456,456	3,597,662
Total Fund Balance	4,803,522	5,011,941
Total Liabilities and Fund Balance	\$ 6,141,589	\$ 6,934,764

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,

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 7,921,797	\$ 7,921,797	\$ 7,897,516	\$ (24,281)
Other tax items	45,000	45,000	54,397	9,397
Non-property taxes	281,000	281,000	265,597	(15,403)
Departmental income	753,650	769,210	645,622	(123,588)
Use of money and property	160,150	160,150	121,611	(38,539)
Licenses and permits	3,500	3,500	1,970	(1,530)
Fines and forfeitures	678,956	678,956	628,081	(50,875)
Sale of property and compensation for loss	-	-	2,370	2,370
State aid	322,849	322,849	392,691	69,842
Federal aid	-	-	25,571	25,571
Miscellaneous	58,361	58,361	114,976	56,615
Total Revenues	10,225,263	10,240,823	10,150,402	(90,421)
EXPENDITURES				
Current				
General government support	3,253,704	3,330,970	3,158,320	172,650
Public safety	4,233,062	4,242,260	4,057,580	184,680
Health	10,594	10,656	10,152	504
Transportation	227,146	231,612	231,089	523
Economic opportunity and development	26,900	2,900	2,820	80
Culture and recreation	1,288,333	1,277,421	1,191,737	85,684
Home and community services	222,195	252,667	246,421	6,246
Employee benefits				
Undistributed	660,251	624,409	628,919	(4,510)
Debt service				
Principal	270,000	270,000	270,000	-
Interest	23,850	23,850	23,850	-
Total Expenditures	10,216,035	10,266,745	9,820,888	445,857
Excess (Deficiency) of Revenues Over Expenditures	9,228	(25,922)	329,514	355,436
OTHER FINANCING USES				
Transfers out	(537,933)	(537,933)	(537,933)	-
Net Change in Fund Balance	(528,705)	(563,855)	(208,419)	355,436
FUND BALANCE				
Beginning of Year	528,705	563,855	5,011,941	4,448,086
End of Year	\$ -	\$ -	\$ 4,803,522	\$ 4,803,522

See independent auditors' report.

2019			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 7,882,261	\$ 7,882,261	\$ 7,865,532	\$ (16,729)
45,000	45,000	56,933	11,933
281,000	281,000	275,377	(5,623)
787,500	823,945	766,918	(57,027)
105,150	154,588	180,853	26,265
3,500	3,500	2,800	(700)
600,000	666,036	749,112	83,076
-	-	7,478	7,478
322,849	322,849	321,398	(1,451)
-	-	8,215	8,215
58,361	65,214	88,945	23,731
10,085,621	10,244,393	10,323,561	79,168
3,308,882	3,411,160	3,308,074	103,086
4,066,928	4,175,386	4,054,509	120,877
11,076	11,107	10,835	272
227,150	223,463	219,185	4,278
26,900	26,900	23,961	2,939
1,229,276	1,257,665	1,212,984	44,681
173,005	247,134	239,780	7,354
749,486	704,595	703,822	773
280,000	280,000	280,000	-
30,850	30,850	30,850	-
10,103,553	10,368,260	10,084,000	284,260
(17,932)	(123,867)	239,561	363,428
(370,000)	(540,518)	(540,518)	-
(387,932)	(664,385)	(300,957)	363,428
387,932	664,385	5,312,898	4,648,513
\$ -	\$ -	\$ 5,011,941	\$ 5,011,941

Town of Kent, New York

General Fund
Schedule of Revenues Compared to Budget
Year Ended December 31, 2020
(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
REAL PROPERTY TAXES	<u>\$ 7,921,797</u>	<u>\$ 7,921,797</u>	<u>\$ 7,897,516</u>	<u>\$ (24,281)</u>	<u>\$ 7,865,532</u>
OTHER TAX ITEMS					
Interest and penalties on real property taxes	<u>45,000</u>	<u>45,000</u>	<u>54,397</u>	<u>9,397</u>	<u>56,933</u>
NON-PROPERTY TAXES					
Franchise fees	<u>281,000</u>	<u>281,000</u>	<u>265,597</u>	<u>(15,403)</u>	<u>275,377</u>
DEPARTMENTAL INCOME					
Town Clerk and other fees	9,200	9,200	1,607	(7,593)	15,143
Interdepartmental charges	325,000	325,000	245,933	(79,067)	275,493
Police and dog pound fees	3,200	3,200	1,170	(2,030)	2,032
Safety inspection fees	172,500	172,500	207,250	34,750	197,470
Code violation charges	-	15,560	20,910	5,350	36,445
Vital statistics fees	4,500	4,500	7,993	3,493	5,160
Culture and recreation fees	132,000	132,000	67,990	(64,010)	138,475
Planning board and other fees	10,000	10,000	2,600	(7,400)	7,760
Recycling fees	91,000	91,000	87,249	(3,751)	86,440
E-waste revenue	4,000	4,000	527	(3,473)	
Other service fees	<u>2,250</u>	<u>2,250</u>	<u>2,393</u>	<u>143</u>	<u>2,500</u>
	<u>753,650</u>	<u>769,210</u>	<u>645,622</u>	<u>(123,588)</u>	<u>766,918</u>
USE OF MONEY AND PROPERTY					
Earnings on investments	80,150	80,150	37,509	(42,641)	99,201
Rental of real property	<u>80,000</u>	<u>80,000</u>	<u>84,102</u>	<u>4,102</u>	<u>81,652</u>
	<u>160,150</u>	<u>160,150</u>	<u>121,611</u>	<u>(38,539)</u>	<u>180,853</u>

LICENSES AND PERMITS

Dog and other licenses	3,500	3,500	1,920	(1,580)	2,300
Permits	-	-	50	50	500
	<u>3,500</u>	<u>3,500</u>	<u>1,970</u>	<u>(1,530)</u>	<u>2,800</u>

FINES AND FORFEITURES

Fines and forfeited bail	<u>678,956</u>	<u>678,956</u>	<u>628,081</u>	<u>(50,875)</u>	<u>749,112</u>
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**SALE OF PROPERTY AND COMPENSATION
FOR LOSS**

Sales of equipment	-	-	2,370	2,370	5,420
Insurance recoveries	-	-	-	-	2,058
	<u>-</u>	<u>-</u>	<u>2,370</u>	<u>2,370</u>	<u>7,478</u>

STATE AID

Mortgage tax	300,000	300,000	367,758	67,758	293,820
DARE program	20,000	20,000	20,000	-	20,000
Youth programs	2,849	2,849	1,502	(1,347)	2,849
Other	-	-	1,013	1,013	-
Public safety	-	-	2,418	2,418	4,729
	<u>322,849</u>	<u>322,849</u>	<u>392,691</u>	<u>69,842</u>	<u>321,398</u>

FEDERAL AID

Department of Justice grant	<u>-</u>	<u>-</u>	<u>25,571</u>	<u>25,571</u>	<u>8,215</u>
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MISCELLANEOUS

Refund of prior year's expenditures	-	-	425	425	5,134
Other	-	-	56,190	56,190	25,450
AIM-related payments	<u>58,361</u>	<u>58,361</u>	<u>58,361</u>	<u>-</u>	<u>58,361</u>
	<u>58,361</u>	<u>58,361</u>	<u>114,976</u>	<u>56,615</u>	<u>88,945</u>

TOTAL REVENUES

<u>\$ 10,225,263</u>	<u>\$ 10,240,823</u>	<u>\$ 10,150,402</u>	<u>\$ (90,421)</u>	<u>\$ 10,323,561</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, 2020

(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 80,341	\$ 82,648	\$ 82,117	\$ 531	\$ 78,512
Town Justice	691,535	707,135	633,369	73,766	693,788
Supervisor	138,062	138,893	138,457	436	138,911
Finance	189,576	192,060	189,850	2,210	187,335
Audit	36,700	36,700	36,700	-	36,700
Tax collection	58,922	58,922	58,659	263	61,055
Budget Director	12,244	12,286	12,280	6	12,199
Assessor	131,083	131,083	122,465	8,618	150,441
Town Clerk	257,814	257,814	253,861	3,953	252,666
Town Attorney	150,000	150,000	105,116	44,884	136,103
Personnel	5,500	6,003	6,003	-	6,095
Records management	43,335	43,335	41,011	2,324	35,015
Buildings	266,694	346,305	344,844	1,461	345,179
Central garage	871,782	871,782	837,624	34,158	882,449
Central communications	3,500	3,527	3,526	1	4,300
Central printing and mailing	28,700	33,619	33,619	-	32,460
Central data processing	69,121	69,167	69,166	1	66,694
Unallocated insurance	176,500	170,945	170,944	1	169,842
Municipal association dues	1,650	1,650	1,650	-	1,500
Judgments and claims	5,000	-	-	-	-
Town code	5,000	2,051	2,051	-	3,005
Metropolitan commuter transportation mobility tax	15,045	15,045	15,008	37	13,825
Contingency	15,600	-	-	-	-
	<u>3,253,704</u>	<u>3,330,970</u>	<u>3,158,320</u>	<u>172,650</u>	<u>3,308,074</u>

PUBLIC SAFETY

Police	3,986,634	3,986,634	3,813,109	173,525	3,776,770
Traffic control	8,000	13,004	13,004	-	11,687
Fire prevention and control	22,566	23,527	16,936	6,591	16,524
Animal control	15,274	2,947	2,180	767	18,140
Safety inspection	200,588	200,588	196,791	3,797	192,893
Other	-	15,560	15,560	-	38,495

	<u>4,233,062</u>	<u>4,242,260</u>	<u>4,057,580</u>	<u>184,680</u>	<u>4,054,509</u>
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HEALTH

Registrar of Vital Statistics	10,094	10,156	10,152	4	9,952
DARE program	500	500	-	500	883

	<u>10,594</u>	<u>10,656</u>	<u>10,152</u>	<u>504</u>	<u>10,835</u>
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TRANSPORTATION

Highway Administration	140,146	140,146	139,625	521	140,394
Garage	72,500	75,671	75,670	1	65,642
Street lighting	14,500	15,795	15,794	1	13,149

	<u>227,146</u>	<u>231,612</u>	<u>231,089</u>	<u>523</u>	<u>219,185</u>
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ECONOMIC OPPORTUNITY AND DEVELOPMENT

Veterans' services	400	400	320	80	160
Programs for the aging	24,000	-	-	-	21,301
Outreach program	2,500	2,500	2,500	-	2,500

	<u>26,900</u>	<u>2,900</u>	<u>2,820</u>	<u>80</u>	<u>23,961</u>
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CULTURE AND RECREATION

Parks	396,863	396,594	365,685	30,909	405,388
Recreation administration	184,769	193,224	185,172	8,052	158,363
Recreation buildings operations	1,055	1,314	1,314	-	590
Youth programs	77,460	77,309	38,565	38,744	72,837
Library	593,686	591,369	591,369	-	550,721
Historian	1,500	1,500	-	1,500	1,624
Celebrations	17,500	191	190	1	13,061
Adult recreation	15,500	15,920	9,442	6,478	10,400

	<u>1,288,333</u>	<u>1,277,421</u>	<u>1,191,737</u>	<u>85,684</u>	<u>1,212,984</u>
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(Continued)

Town of Kent, New York

General Fund

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

Year Ended December 31, 2020

(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
HOME AND COMMUNITY SERVICES					
Zoning and appeals	\$ 13,000	\$ 13,000	\$ 11,332	\$ 1,668	\$ 11,006
Planning Board	37,130	37,740	36,658	1,082	45,703
Stormwater contractual	9,000	11,110	11,110	-	10,157
Lake consultant	9,000	9,000	9,000	-	9,000
Landfill	20,000	33,298	33,298	-	40,021
Recycling	72,820	81,129	80,968	161	72,580
Beautification	2,000	2,000	1,905	95	1,986
Code enforcement	31,245	31,390	28,550	2,840	25,116
Grant administration	22,500	28,500	28,500	-	5,000
Cemeteries	5,500	5,500	5,100	400	19,211
	<u>222,195</u>	<u>252,667</u>	<u>246,421</u>	<u>6,246</u>	<u>239,780</u>
EMPLOYEE BENEFITS - UNDISTRIBUTED					
Workers' compensation benefits	110,010	65,388	65,388	-	113,822
Unemployment benefits	2,000	12,280	12,280	-	967
Disability	2,200	2,200	1,960	240	1,448
Health insurance	544,541	544,541	549,291	(4,750)	587,585
Other	1,500	-	-	-	-
	<u>660,251</u>	<u>624,409</u>	<u>628,919</u>	<u>(4,510)</u>	<u>703,822</u>
DEBT SERVICE					
Serial bonds					
Principal	270,000	270,000	270,000	-	280,000
Interest	23,850	23,850	23,850	-	30,850
	<u>293,850</u>	<u>293,850</u>	<u>293,850</u>	<u>-</u>	<u>310,850</u>
TOTAL EXPENDITURES	<u>10,216,035</u>	<u>10,266,745</u>	<u>9,820,888</u>	<u>445,857</u>	<u>10,084,000</u>

OTHER FINANCING USES

Transfers out

Highway Fund

Capital Projects Fund

127,933	127,933	127,933	-	538,318
<u>410,000</u>	<u>410,000</u>	<u>410,000</u>	<u>-</u>	<u>2,200</u>
<u>537,933</u>	<u>537,933</u>	<u>537,933</u>	<u>-</u>	<u>540,518</u>

**TOTAL EXPENDITURES AND
OTHER FINANCING USES**

<u>\$ 10,753,968</u>	<u>\$ 10,804,678</u>	<u>\$ 10,358,821</u>	<u>\$ 445,857</u>	<u>\$ 10,624,518</u>
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See independent auditors' report.

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Town of Kent, New York

Highway Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 779,865	\$ 3,389
Receivables		
Due from other funds	-	187,014
Prepaid expenditures	<u>95,857</u>	<u>100,187</u>
Total Assets	<u><u>\$ 875,722</u></u>	<u><u>\$ 290,590</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 55,174	\$ 103,000
Accrued liabilities	41,119	96,595
Due to other funds	<u>223,739</u>	<u>-</u>
Total Liabilities	<u>320,032</u>	<u>199,595</u>
Fund balance		
Nonspendable	95,857	100,187
Unassigned	<u>459,833</u>	<u>(9,192)</u>
Total Fund Balance	<u>555,690</u>	<u>90,995</u>
Total Liabilities and Fund Balance	<u><u>\$ 875,722</u></u>	<u><u>\$ 290,590</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,

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -
Use of money and property	8,000	8,000	18,660	10,660
Sale of property and compensation for loss	10,000	10,000	124,766	114,766
Miscellaneous	-	-	24,029	24,029
Total Revenues	3,588,420	3,588,420	3,737,875	149,455
EXPENDITURES				
Current				
Transportation				
Repairs and maintenance	1,541,680	1,658,291	1,585,529	72,762
Snow removal	1,103,772	967,910	846,358	121,552
Brush and weeds	8,000	8,000	6,954	1,046
	2,653,452	2,634,201	2,438,841	195,360
Employee benefits	977,280	977,280	857,400	119,880
Debt service				
Principal	49,786	66,186	66,186	-
Interest	35,835	38,686	38,686	-
	85,621	104,872	104,872	-
Total Expenditures	3,716,353	3,716,353	3,401,113	315,240
Excess (Deficiency) of Revenues Over Expenditures	(127,933)	(127,933)	336,762	464,695
OTHER FINANCING USES				
Transfers in	127,933	127,933	127,933	-
Net Change in Fund Balance	-	-	464,695	464,695
FUND BALANCE				
Beginning of Year	-	-	90,995	90,995
End of Year	\$ -	\$ -	\$ 555,690	\$ 555,690

See independent auditors' report.

2019			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 3,570,420 4,000	\$ 3,570,420 4,000	\$ 3,570,420 9,533	\$ - 5,533
10,000	21,415	16,757	(4,658)
-	5,355	5,355	-
3,584,420	3,601,190	3,602,065	875
1,898,122	1,884,081	1,884,076	5
1,028,000	1,273,021	1,273,017	4
8,000	2,190	2,189	1
2,934,122	3,159,292	3,159,282	10
1,013,400	941,613	940,659	954
24,000	47,957	47,957	-
-	7,748	7,748	-
24,000	55,705	55,705	-
3,971,522	4,156,610	4,155,646	964
(387,102)	(555,420)	(553,581)	1,839
370,000	538,318	538,318	-
(17,102)	(17,102)	(15,263)	1,839
17,102	17,102	106,258	89,156
\$ -	\$ -	\$ 90,995	\$ 90,995

Town of Kent, New York

Special Districts Fund
Combining Balance Sheet - Sub Funds
Year Ended December 31, 2020
(With Comparative Actuals for 2019)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
ASSETS				
Cash and equivalents	\$ 55,182	\$ 13,090	\$ 134,049	\$ 40,228
Accounts receivable	-	-	9,312	-
Due from other funds	-	-	421,883	39,303
Prepaid expenditures	-	-	40,617	-
Total Assets	<u>\$ 55,182</u>	<u>\$ 13,090</u>	<u>\$ 605,861</u>	<u>\$ 79,531</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 2,524	\$ 471	\$ 63,250	\$ 200
Accrued liabilities	-	-	3,958	-
Due to other funds	24,509	244	-	-
Total Liabilities	<u>27,033</u>	<u>715</u>	<u>67,208</u>	<u>200</u>
Fund balances (deficits)				
Nonspendable	-	-	40,617	-
Restricted	-	-	77,345	34,217
Committed	-	-	59,000	-
Assigned	28,149	12,375	361,691	45,114
Total Fund Balances (Deficits)	<u>28,149</u>	<u>12,375</u>	<u>538,653</u>	<u>79,331</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 55,182</u>	<u>\$ 13,090</u>	<u>\$ 605,861</u>	<u>\$ 79,531</u>

See independent auditors' report.

Water Districts		Lake Carmel Sanitation District	Kent Sewer District	Totals	
Romanoff	Leeside			2020	2019
\$ 31,136	\$ 5,079	\$ 28,906	\$ 87,484	\$ 395,154	\$ 309,003
-	-	-	-	9,312	-
-	72,336	255,130	11,720	800,372	1,076,181
-	-	44,380	-	84,997	80,900
<u>\$ 31,136</u>	<u>\$ 77,415</u>	<u>\$ 328,416</u>	<u>\$ 99,204</u>	<u>\$ 1,289,835</u>	<u>\$ 1,466,084</u>
\$ 1,617	\$ 823	\$ 26,018	\$ 80,347	\$ 175,250	\$ 45,620
-	-	11,745	-	15,703	41,712
58,141	-	-	-	82,894	54,141
<u>59,758</u>	<u>823</u>	<u>37,763</u>	<u>80,347</u>	<u>273,847</u>	<u>141,473</u>
-	-	44,380	-	84,997	80,900
129	132	-	-	111,823	110,802
-	-	-	-	59,000	59,000
(28,751)	76,460	246,273	18,857	760,168	1,073,909
<u>(28,622)</u>	<u>76,592</u>	<u>290,653</u>	<u>18,857</u>	<u>1,015,988</u>	<u>1,324,611</u>
<u>\$ 31,136</u>	<u>\$ 77,415</u>	<u>\$ 328,416</u>	<u>\$ 99,204</u>	<u>\$ 1,289,835</u>	<u>\$ 1,466,084</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, 2020
(With Comparative Totals for 2019)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
REVENUES				
Real property taxes	\$ 988,355	\$ 488,929	\$ 569,412	\$ 15,000
Departmental income	-	-	2,524	-
Use of money and property	-	-	67	30
Sale of property and compensation for loss	-	-	9,312	-
State aid	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	988,355	488,929	581,315	15,030
EXPENDITURES				
Current				
Public safety	980,878	489,400	-	-
Culture and recreation	-	-	461,880	9,163
Home and community services	-	-	-	-
Employee benefits	-	-	168,044	-
Debt service				
Principal	-	-	16,998	-
Interest	-	-	3,144	-
Total Expenditures	980,878	489,400	650,066	9,163
Excess (Deficiency) of Revenues Over Expenditures	7,477	(471)	(68,751)	5,867
OTHER FINANCING USES				
Transfers out	-	-	-	-
Net Change in Fund Balances	7,477	(471)	(68,751)	5,867
FUND BALANCES (DEFICITS)				
Beginning of Year	20,672	12,846	607,404	73,464
End of Year	\$ 28,149	\$ 12,375	\$ 538,653	\$ 79,331

See independent auditors' report.

Water Districts		Lake Carmel Sanitation District	Kent Sewer District	Totals	
Romanoff	Leeside			2020	2019
\$ 53,372	\$ 26,413	\$ 1,570,303	\$ 110,000	\$ 3,821,784	\$ 3,781,717
-	-	-	-	2,524	6,670
-	-	-	-	97	13,162
-	-	8,579	-	17,891	25,729
-	-	-	-	-	1,000
-	-	-	-	-	18,696
<u>53,372</u>	<u>26,413</u>	<u>1,578,882</u>	<u>110,000</u>	<u>3,842,296</u>	<u>3,846,974</u>
-	-	-	-	1,470,278	1,456,745
-	-	-	-	471,043	424,091
35,596	22,980	1,416,027	96,478	1,571,081	1,379,617
-	-	400,331	-	568,375	587,179
-	-	-	-	16,998	18,165
-	-	-	-	3,144	2,783
<u>35,596</u>	<u>22,980</u>	<u>1,816,358</u>	<u>96,478</u>	<u>4,100,919</u>	<u>3,868,580</u>
17,776	3,433	(237,476)	13,522	(258,623)	(21,606)
-	-	-	(50,000)	(50,000)	-
17,776	3,433	(237,476)	(36,478)	(308,623)	(21,606)
<u>(46,398)</u>	<u>73,159</u>	<u>528,129</u>	<u>55,335</u>	<u>1,324,611</u>	<u>1,346,217</u>
<u>\$ (28,622)</u>	<u>\$ 76,592</u>	<u>\$ 290,653</u>	<u>\$ 18,857</u>	<u>\$ 1,015,988</u>	<u>\$ 1,324,611</u>

Town of Kent, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	2020	2019
ASSETS		
Cash and equivalents	\$ 118,287	\$ 117,388
FUND BALANCE		
Restricted	\$ 118,287	\$ 117,388

Town of Kent, New York

Special Purpose Fund

Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance

Years Ended December 31,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 100	\$ 116
Miscellaneous	<u>799</u>	<u>566</u>
	899	682
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	899	682
FUND BALANCE		
Beginning of Year	<u>117,388</u>	<u>116,706</u>
End of Year	<u><u>\$ 118,287</u></u>	<u><u>\$ 117,388</u></u>

See independent auditors' report.

Town of Kent, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 223,062	\$ -
Receivables		
State and Federal aid	<u>-</u>	<u>259,615</u>
Total Assets	<u><u>\$ 223,062</u></u>	<u><u>\$ 259,615</u></u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ -	\$ 12,905
Due to other funds	235,086	585,086
Bond anticipation notes payable	<u>3,000,000</u>	<u>1,500,000</u>
Total Liabilities	3,235,086	2,097,991
Fund deficit		
Unassigned	<u>(3,012,024)</u>	<u>(1,838,376)</u>
Total Liabilities and Fund Deficit	<u><u>\$ 223,062</u></u>	<u><u>\$ 259,615</u></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,

	2020	2019
REVENUES		
State aid	\$ 314,649	\$ 351,197
Miscellaneous	-	68,320
Total Revenues	314,649	419,517
EXPENDITURES		
Capital outlay	2,125,327	1,989,850
Deficiency of Revenues Over Expenditures	(1,810,678)	(1,570,333)
OTHER FINANCING SOURCES		
Notes issued	177,030	-
Transfers in	460,000	2,200
Total Other Financing Sources	637,030	2,200
Net Change in Fund Balance	(1,173,648)	(1,568,133)
FUND DEFICIT		
Beginning of Year	(1,838,376)	(270,243)
End of Year	<u>\$ (3,012,024)</u>	<u>\$ (1,838,376)</u>

See independent auditors' report.

Town of Kent, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through December 31, 2020

PROJECT	Project Budget	Expenditures and Transfers	Unexpended Balance
Road Construction Route 52 Sewer Gateway	\$ 6,000,000	\$ 6,398,535	\$ (398,535)
Municipal Repairs Renovation	100,000	13,793	86,207
All-Inclusive Playground	79,325	82,323	(2,998)
Ryan's Field Retaining Wall	177,500	184,348	(6,848)
Ryan's Field Retaining Wall #2	140,000	112,000	28,000
Kent Shore Bridge project	110,000	7,662	102,338
Lake Carmel Dam Remediation	16,680	16,680	-
Road Resurfacing - CHIPS	68,320	68,320	-
2019 Bond - Paving	329,641	329,641	-
2019 Bond - Facilities Upgrade	1,440,000	1,431,254	8,746
2020 Bond - Paving	60,000	56,348	3,652
2020 Bond - Equipment	1,000,000	934,510	65,490
Paving - Multimodal project	500,000	481,504	18,496
CAT Wheel Loader	50,000	50,000	-
Various projects	177,030	177,030	-
	300,000	-	300,000
Totals	<u>\$ 10,548,496</u>	<u>\$ 10,343,948</u>	<u>\$ 204,548</u>

See independent auditors' report.

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2020	Bond Anticipation Notes Payable
\$ 5,951,307	\$ (447,228)	\$ -
13,793	-	-
79,325	(2,998)	-
177,500	(6,848)	-
140,000	28,000	-
110,000	102,338	-
-	(16,680)	-
68,320	-	-
264,649	(64,992)	-
	(1,431,254)	1,440,000
-	(56,348)	60,000
-	(934,510)	1,000,000
-	(481,504)	500,000
50,000	-	-
177,030	-	-
300,000	300,000	-
<u>\$ 7,331,924</u>	<u>\$ (3,012,024)</u>	<u>\$ 3,000,000</u>