

TOWN OF KENT, NEW YORK  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2011  
WITH INDEPENDENT AUDITORS' REPORT



## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet to the Government -	
Wide Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - General, Highway and Special Districts Funds	19
Statement of Assets and Liabilities - Fiduciary Fund	21
Notes to Financial Statements	22
Required Supplemental Information -	
Other Post Employment Benefits -	
Schedule of Funding Progress - Last Three Fiscal Years	42
Combining and Individual Fund Financial Statements and Schedules:	
General Fund:	
Comparative Balance Sheet	43
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	44
Schedule of Revenues and Other Financing Sources Compared to Budget	46
Schedule of Expenditures and Other Financing Uses Compared to Budget	48
Highway Fund:	
Comparative Balance Sheet	52
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	53
Special Districts Fund:	
Combining Balance Sheet - Sub Funds	55
Combining Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Sub Funds	57
Special Purpose Fund:	
Comparative Balance Sheet	59
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	60
Capital Projects Fund:	
Comparative Balance Sheet	61
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	62
Project-Length Schedule	63

(This page intentionally left blank)

INDEPENDENT AUDITORS' REPORT

To the Honorable Supervisor and Town Board of  
the Town of Kent, New York:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Kent, New York ("Town") as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2011 and the respective changes in financial position thereof, and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits 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.

O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | [www.odpkf.com](http://www.odpkf.com)

O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

June 5, 2012

**Town of Kent, New York  
Management's Discussion and Analysis  
December 31, 2011**

---

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, 2011. 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 2011**

- On the government-wide financial statements, the Town had net assets (assets exceeding liabilities) of \$23,652,810 at calendar year end 2011. Unrestricted net assets, which are available to meet the ongoing obligations of the Town totaled a negative \$1,632,808. The Town's net assets decreased by \$1,324,143 from calendar year end 2010 to calendar year end 2011. This is a result of many factors, including the post employment benefit cost expense as actuarially determined in accordance with GASB 45.
- The Town's governmental funds combined ending fund balances at December 31, 2011 were \$6,798,912. The total unreserved fund balances for governmental funds is \$3,212,623 at December 31, 2011.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$3,475,047 or 37% of the total General Fund expenditures and other financing uses.
- The Town issued a refunding bond serial bond in the amount of \$2,875,000 during calendar year ending 2011.

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

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

## **Fund Financial Statements**

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

Governmental Funds - are used to account for the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the calendar year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and



changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains the following governmental funds: General Fund, Special Revenue Funds (including Highway Fund, Special Districts Fund and the Special Purpose Fund) and Capital Projects Fund. Information is presented separately for each fund. Individual sub-fund data for the Special Districts Fund is provided in combining statements and schedules.

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

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

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

### **Government-wide Financial Analysis**

As indicated previously, net assets and changes to net assets over time are expected to be a useful indicator of a government's financial position. The Town's net assets at calendar year end December 31, 2011 and 2010 were \$23,652,810 and \$24,976,953 respectively. Approximately 2% of the Town's 2011 net assets are restricted for various purposes (repairs, capital projects, future capital projects, debt service and special purpose). Investments in capital assets, less any outstanding debt used to acquire those assets, account for the majority of the total net assets. 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 assets, at December 31, 2011 and 2010 is as follows:

**Governmental Activities  
Net Assets**

	December 31, 2011	December 31, 2010
Current Assets	\$ 7,306,883	\$ 7,118,003
Capital Assets, Net	27,953,893	27,767,511
<b>Total Assets</b>	<b>35,260,776</b>	<b>34,885,514</b>
Current Liabilities	446,724	422,172
Long-Term Liabilities	11,161,242	9,486,389
<b>Total Liabilities</b>	<b>11,607,966</b>	<b>9,908,561</b>
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	24,831,381	24,258,349
Restricted	454,237	556,519
Unrestricted	(1,632,808)	162,085
<b>Total Net Assets</b>	<b>\$ 23,652,810</b>	<b>24,976,953</b>

Restricted assets, which represent resources that are subject to external constraints on how they may be used, are approximately two percent of the total net assets. The unrestricted net assets, or about one percent, may be used to meet the Town's ongoing financial obligations. However, this amount is negative at December 31, 2011.

In 2011, The Town's net assets, which relate solely to governmental activities, decreased by \$1,324,143 and are discussed in the next section.

Governmental Activities - account for the decrease in the Town's net assets. A summary of the Town's change in net assets, at December 31, 2011 and 2010 is as follows:

## Changes in Net Assets

	December 31, 2011	December 31, 2010
Revenues:		
Program Revenues:		
Charges for Services	\$ 936,053	\$ 951,346
Operating Grants and Contributions	64,893	90,443
Capital Grants and Contributions	627,796	611,211
General Revenues:		
Real Property Taxes	14,365,771	14,292,723
State Aid - unrestricted	290,094	348,144
Other Tax Items	56,308	60,872
Non-Property Taxes	245,415	230,901
Unrestricted Use of Money and Property	38,584	53,933
Sale of Property and Compensation for Loss	39,439	61,947
Donated Assets	-	92,929
Miscellaneous	117,855	61,273
Total Revenues	<u>16,782,208</u>	<u>16,855,722</u>
Program Expenses:		
General Government Support	3,958,004	3,456,941
Public Safety	6,061,667	5,810,511
Health	6,658	5,783
Transportation	4,074,790	3,755,463
Economic Opportunity and Development	26,790	16,657
Culture and Recreation	1,967,601	2,005,317
Home and Community Services	1,923,281	2,352,019
Interest	87,560	170,288
Total Expenses	<u>18,106,351</u>	<u>17,572,979</u>
Decrease in Net Assets	<u>\$ (1,324,143)</u>	<u>\$ (717,257)</u>

The major revenue categories are: Real Property Taxes, 86%, State aid 2%, Charges for Services 6% and Capital Grants and Contributions 4%. The major expenditure categories are: Public Safety 33%, Transportation 23%, General Government Support 22%, Culture and recreation 11%, and Home and Community Services 13%.

## **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 unreserved portion of fund balance can provide a useful measure of a government's net resources available for spending at the end of the calendar year. The Town's governmental funds reported total fund balances of \$6,798,912 and \$6,743,208 at December 31, 2011 and 2010, respectively. Approximately, \$3,212,623 or about 47% of the 2011 total constitutes unassigned fund balance. The reserved fund balances are not available for new spending, because they have been committed for 2011: non-spendable (\$795,289), restricted (\$403,726), assigned (2,387,274).

The General Fund is the Town's primary operating fund. At the end of the calendar year, the unassigned fund balance was \$3,475,047 and the total fund balance was \$4,488,375. 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 77% and the total fund balance represents approximately 25% of General Fund expenditures and other financing uses.

The fund balance in the Town's General Fund decreased by \$506,278 during the current calendar year. The primary reasons for the decrease were the decrease in real property taxes worker's compensation reimbursement in excess of anticipated amounts and the decrease in expenditures in general government support, public safety, culture and recreation, and home and community services as compared with estimated expenditures.

The fund balance in the Town's Highway Fund increased by \$256,815 during the current calendar year. The primary reason for the fund balance increase was a decrease in current year expenditures.

### **General Fund Budgetary Highlights**

The difference between the original and final budgets for revenues and other financing sources is \$26,717 with the final amended budget more than the original budget. The increases relate to: sale of property and compensation for loss of \$13,690 and departmental income of \$13,027.

The difference between the original and final budgets for expenditures and other financing uses is also \$26,717 with the final amended budget more than the original budget. The differences relate to: General Government Support (increase \$184,656), Public Safety (increase \$15,934), Transportation (increase \$4,644), Culture and Recreation (decrease 115,318), Home and Community Services (decrease \$53,930).

## Capital Assets and Debt Administration

Capital Assets - at December 31, 2011 for governmental activities was \$35,843,639 net of accumulated depreciation of \$7,889,746. The investment in capital assets includes: land, buildings and improvements, machinery and equipment and infrastructure.

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

	2011	2010
Land	\$ 16,824,745	\$ 16,345,620
Buildings and Improvements	8,844,029	9,182,488
Machinery and Equipment	1,435,757	1,369,921
Infrastructure	849,362	869,482
Total Capital Assets	<u>\$ 27,953,893</u>	<u>\$ 27,767,511</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 2011, the Town had a total of \$3,251,780 general obligation bonds outstanding. All of the debt is backed by the full faith and credit of the Town.

New York State statutes place a limit on the maximum amount of total outstanding long-term debt that may be incurred by a local municipal entity at no more than seven percent of the five-year average full valuation of all real property. The Town's current constitutional debt limitation is \$129,989,318 and the Town has consumed 2.69% 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

New construction and development continued to slow down in the Town during 2011, due to the ongoing downturn in the housing market. Interest rates remained low during the year 2011. In the last few years, the historically low interest rates had led to new and refinanced mortgages, providing significant mortgage tax revenues to the Town, this changed starting in 2009 and continued in 2011 as there has been a decline in home prices due to fear in the economy. This has caused a decrease in the number of home sales and mortgage refinancings. For 2012, the mortgage tax revenues are not expected to continue at the same levels as in previous years. There are few signs that

the housing market may rebound later in 2011, and much of the real estate activity involves sale of foreclosed homes and homes facing foreclosure.

Another major uncertainty is the cost of retirement benefits. They are increasing substantially.

The costs of employee and retiree health insurance premiums have also been escalating at the same time.

All of these factors were considered by management in preparing the Town's 2012 budget, which contained a very small increase over the 2011 budget.

After the budget for 2011 was prepared, the economy continued to decline. The various stimulus packages made some capital available for borrowing, but did not have much effect on the overall economy. Uncertainty in the economic forecasts is leading to a lack of investment and high unemployment.

### **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 Katherine M. Doherty, Town Supervisor, Town of Kent, 25 Sybil's Crossing, Kent Lakes, New York 10512.

## TOWN OF KENT, NEW YORK

STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 5,912,173
Receivables:	
Accounts	286,107
State and Federal aid	283,732
Inventories	114,665
Prepaid expenses	624,699
Deferred charges	85,507
Capital assets:	
Not being depreciated	16,824,745
Being depreciated, net	11,129,148
Total Assets	<u>35,260,776</u>
<b>LIABILITIES</b>	
Accounts payable	317,783
Accrued liabilities	95,743
Retainage payable	8,938
Accrued interest payable	24,260
Non-current liabilities:	
Due within one year	427,446
Due in more than one year	10,733,796
Total Liabilities	<u>11,607,966</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	24,831,381
Restricted for:	
Repairs	108,967
Capital projects	50,511
Future capital projects	112
Debt service	185,603
Special purpose	109,044
Unrestricted	(1,632,808)
Total Net Assets	<u>\$ 23,652,810</u>

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

h

ne

or

pr

tu

or

(This page intentionally left blank)

vic  
t



STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government support	\$ 3,958,004	\$ 44,411	\$ 762	\$ -	\$ (3,912,831)
Public safety	6,061,667	630,476	1,337	372,273	(5,057,581)
Health	6,658	3,652	-	-	(3,006)
Transportation	4,074,790	-	9,970	270,846	(3,793,974)
Economic opportunity and development	26,790	-	-	-	(26,790)
Culture and recreation	1,967,601	115,526	22,694	-	(1,829,381)
Home and community services	1,923,281	141,988	30,130	(15,323)	(1,766,486)
Interest	87,560	-	-	-	(87,560)
Total Governmental Activities	<u>\$ 18,106,351</u>	<u>\$ 936,053</u>	<u>\$ 64,893</u>	<u>\$ 627,796</u>	<u>(16,477,609)</u>
General Revenues:					
Real property taxes					14,365,771
Other tax items -					
Interest and penalties on real property taxes					56,308
Non-property taxes - Franchise fees					245,415
Unrestricted use of money and property					38,584
Sale of property and compensation for loss					39,439
Unrestricted State aid					290,094
Miscellaneous					117,855
Total General Revenues					<u>15,153,466</u>
Change in Net Assets					(1,324,143)
Net Assets - Beginning of Year					<u>24,976,953</u>
Net Assets - Ending					<u>\$ 23,652,810</u>

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

## TOWN OF KENT, NEW YORK

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

	General	Highway	Special Districts	Special Purpose
<b>ASSETS</b>				
Cash and Equivalents	\$ 1,258,936	\$ -	\$ 4,087,340	\$ 109,044
Receivables:				
Accounts	244,592	-	-	-
State and Federal aid	12,114	-	1,039	-
Due from other funds	3,841,683	1,274,474	435,621	-
Advances to other funds	-	-	55,925	-
	<u>4,098,389</u>	<u>1,274,474</u>	<u>492,585</u>	<u>-</u>
Inventories	<u>114,665</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prepaid Expenditures	<u>307,924</u>	<u>200,875</u>	<u>115,900</u>	<u>-</u>
Total Assets	<u>\$ 5,779,914</u>	<u>\$ 1,475,349</u>	<u>\$ 4,695,825</u>	<u>\$ 109,044</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities:				
Accounts payable	\$ 179,219	\$ 42,179	\$ 62,129	\$ -
Accrued liabilities	52,208	21,306	22,229	-
Due to other funds	1,060,112	37,461	3,521,953	-
Retainage payable	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>1,291,539</u>	<u>100,946</u>	<u>3,606,311</u>	<u>-</u>
Fund Balances (Deficits):				
Nonspendable	422,589	200,875	171,825	-
Restricted	185,603	-	109,079	109,044
Assigned	405,136	1,173,528	808,610	-
Unassigned	<u>3,475,047</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>4,488,375</u>	<u>1,374,403</u>	<u>1,089,514</u>	<u>109,044</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 5,779,914</u>	<u>\$ 1,475,349</u>	<u>\$ 4,695,825</u>	<u>\$ 109,044</u>

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

Capital Projects	Total Governmental Funds
\$ 456,853	\$ 5,912,173

41,515	286,107
270,579	283,732
1,018,084	6,569,862
-	55,925

1,330,178	7,195,626
-----------	-----------

-	114,665
---	---------

-	624,699
---	---------

\$ 1,787,031	\$ 13,847,163
--------------	---------------

\$ 34,256	\$ 317,783
-	95,743
1,950,336	6,569,862
8,938	8,938
55,925	55,925

2,049,455	7,048,251
-----------	-----------

-	795,289
-	403,726
-	2,387,274
(262,424)	3,212,623

(262,424)	6,798,912
-----------	-----------

\$ 1,787,031	\$ 13,847,163
--------------	---------------

(This page intentionally left blank)

TOWN OF KENT, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

---

Fund Balances - Total Governmental Funds	\$ 6,798,912
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,953,893
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred charges	85,507
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest payable	(24,260)
Bonds payable	(3,122,512)
Compensated absences	(60,036)
Other post employment benefit obligations payable	(7,978,694)
Net Assets of Governmental Activities	<u>\$ 23,652,810</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, 2011

	General	Highway	Special Districts	Special Purpose
Revenues:				
Real property taxes	\$ 7,269,288	\$ 3,656,420	\$ 3,440,063	\$ -
Other tax items	56,308	-	-	-
Non-property taxes	245,415	-	-	-
Departmental income	801,091	-	8,229	-
Use of money and property	38,584	2,819	6,571	499
Licenses and permits	3,219	-	-	-
Fines and forfeitures	541,099	-	-	-
Sale of property and compensation for loss	39,439	5,701	37,995	-
State aid	303,194	-	-	-
Miscellaneous	117,855	1,450	19,544	-
Total Revenues	9,415,492	3,666,390	3,512,402	499
Expenditures:				
Current:				
General government support	3,275,176	-	-	-
Public safety	3,704,133	-	1,298,814	-
Health	4,958	-	-	-
Transportation	266,280	2,450,495	-	-
Economic opportunity and development	26,790	-	-	-
Culture and recreation	1,150,446	-	394,833	-
Home and community services	197,457	-	1,088,623	-
Employee benefits	457,577	851,372	478,304	-
Debt service:				
Principal	276,652	104,618	101,113	-
Interest	96,095	3,090	5,336	-
Issuance costs	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	9,455,564	3,409,575	3,367,023	-
Excess (Deficiency) of Revenues Over Expenditures	(40,072)	256,815	145,379	499
Other Financing Sources:				
Refunding bonds issued	-	-	-	-
Issuance premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(40,072)	256,815	145,379	499
Fund Balances - Beginning of Year	4,528,447	1,117,588	944,135	108,545
Fund Balances (Deficits) - End of Year	\$ 4,488,375	\$ 1,374,403	\$ 1,089,514	\$ 109,044

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

Capital Projects	Total Governmental Funds
\$ -	\$ 14,365,771
-	56,308
-	245,415
-	809,320
-	48,473
-	3,219
-	541,099
-	83,135
583,783	886,977
44,013	182,862
627,796	17,222,579
-	3,275,176
-	5,002,947
-	4,958
-	2,716,775
-	26,790
-	1,545,279
-	1,286,080
-	1,787,253
-	482,383
-	104,521
89,576	89,576
934,713	934,713
1,024,289	17,256,451
(396,493)	(33,872)
2,875,000	2,875,000
59,201	59,201
(2,844,625)	(2,844,625)
89,576	89,576
(306,917)	55,704
44,493	6,743,208
\$ (262,424)	\$ 6,798,912

(This page intentionally left blank)



RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

---

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

Net Change in Fund Balances - Total Governmental Funds	\$ 55,704
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.	
Capital outlay expenditures	823,928
Depreciation expense	<u>(637,546)</u>
	<u>186,382</u>
Issuance of long-term debt provides current financial sources to governmental funds, but issuance of long-term debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Refunding bonds issued	(2,875,000)
Payment to refunded bond escrow agent	2,844,625
Bond issuance costs	89,576
Issuance premium	(59,201)
Principal paid on bonds	470,772
Principal paid on capital leases	11,611
Amortization of issuance costs, loss on refunding and issuance premium	<u>(10,228)</u>
	<u>472,155</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	23,117
Compensated absences	263
Other post employment benefit obligations	<u>(2,061,764)</u>
	<u>(2,038,384)</u>
Change in Net Assets of Governmental Activities	<u>\$ (1,324,143)</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 - BUDGET AND ACTUAL  
 GENERAL, HIGHWAY AND SPECIAL DISTRICTS FUNDS  
 YEAR ENDED DECEMBER 31, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Real property taxes	\$ 7,266,803	\$ 7,266,803	\$ 7,269,288	\$ 2,485
Other tax items	72,000	72,000	56,308	(15,692)
Non-property taxes	200,000	200,000	245,415	45,415
Departmental income	882,581	895,608	801,091	(94,517)
Use of money and property	100,700	100,700	38,584	(62,116)
Licenses and permits	1,800	1,800	3,219	1,419
Fines and forfeitures	500,000	500,000	541,099	41,099
Sale of property and compensation for loss	-	13,690	39,439	25,749
State aid	291,500	291,500	303,194	11,694
Miscellaneous	-	-	117,855	117,855
<b>Total Revenues</b>	<b>9,315,384</b>	<b>9,342,101</b>	<b>9,415,492</b>	<b>73,391</b>
Expenditures:				
Current:				
General government support	3,123,253	3,307,909	3,275,176	32,733
Public safety	3,736,946	3,752,880	3,704,133	48,747
Health	6,376	6,404	4,958	1,446
Transportation	252,704	257,348	266,280	(8,932)
Economic opportunity and development	27,500	27,500	26,790	710
Culture and recreation	1,355,167	1,239,849	1,150,446	89,403
Home and community services	289,775	235,845	197,457	38,388
Employee benefits	381,347	391,415	457,577	(66,162)
Debt service:				
Principal	241,652	276,652	276,652	-
Interest	150,664	96,299	96,095	204
<b>Total Expenditures</b>	<b>9,565,384</b>	<b>9,592,101</b>	<b>9,455,564</b>	<b>136,537</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>(40,072)</b>	<b>209,928</b>
<b>Fund Balances - Beginning of Year</b>	<b>250,000</b>	<b>250,000</b>	<b>4,528,447</b>	<b>4,278,447</b>
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,488,375</b>	<b>\$ 4,488,375</b>

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

Highway Fund				Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,656,420	\$ 3,656,420	\$ 3,656,420	\$ -	\$ 3,440,064	\$ 3,440,064	\$ 3,440,063	\$ (1)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
20,000	20,000	2,819	(17,181)	10,000	10,000	8,229	(1,771)
-	-	-	-	9,250	9,476	6,571	(2,905)
-	-	-	-	-	-	-	-
600	600	5,701	5,101	-	-	-	-
-	-	-	-	2,500	2,500	37,995	35,495
-	-	1,450	1,450	-	-	-	-
-	-	-	-	6,000	22,154	19,544	(2,610)
<u>3,677,020</u>	<u>3,677,020</u>	<u>3,666,390</u>	<u>(10,630)</u>	<u>3,467,814</u>	<u>3,484,194</u>	<u>3,512,402</u>	<u>28,208</u>
-	-	-	-	-	-	-	-
-	-	-	-	1,296,250	1,269,250	1,298,814	(29,564)
-	-	-	-	-	-	-	-
2,659,269	2,675,556	2,450,495	225,061	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	468,584	468,030	394,833	73,197
-	-	-	-	1,120,420	1,131,455	1,088,623	42,832
919,935	892,037	851,372	40,665	501,986	507,885	478,304	29,581
93,007	104,618	104,618	-	101,113	101,113	101,113	-
4,809	4,809	3,090	1,719	6,461	6,461	5,336	1,125
<u>3,677,020</u>	<u>3,677,020</u>	<u>3,409,575</u>	<u>267,445</u>	<u>3,494,814</u>	<u>3,484,194</u>	<u>3,367,023</u>	<u>117,171</u>
-	-	256,815	256,815	(27,000)	-	145,379	145,379
-	-	1,117,588	1,117,588	-	-	944,135	944,135
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,374,403</u>	<u>\$ 1,374,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089,514</u>	<u>\$ 1,089,514</u>

TOWN OF KENT, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2011

---

	<u>Agency</u>
<u>ASSETS</u>	
Cash:	
Demand deposits	\$ 626,310
Time deposits	<u>41,131</u>
	667,441
Accounts Receivable	<u>142,370</u>
Total Assets	<u><u>\$ 809,811</u></u>
<u>LIABILITIES</u>	
Deposits Payable	\$ 790,665
Employee Payroll Deductions	<u>19,146</u>
Total Liabilities	<u><u>\$ 809,811</u></u>

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

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

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

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

**A. Financial Reporting Entity**

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

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

**B. Government-Wide Financial Statements**

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

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

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

**C. Fund Financial Statements**

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, 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 or committed 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.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's fire protection, park, water and sanitation districts.

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other post employment benefit obligations payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**E. Assets, Liabilities and Net Assets or Fund Balances**

**Deposits and Risk Disclosure**

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

The Town's investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

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

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2011.

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

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

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



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

**Due From/To Other Funds** - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2011 balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Advances To/From Other Funds** - Advances to/from other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the fund financial statements which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

**Inventories** - Inventories are valued at cost using the first-in/first-out(FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2011

---

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

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

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

**Long-Term Obligations** - In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, 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 amortized over the term of the related debt.

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 assets as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net Assets** - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, net of related debt, restricted for repairs, capital projects, future capital projects, debt service and special purpose funds. The balance is classified as unrestricted.

**Fund Balances** - Generally, fund balance represents the difference between current assets and current liabilities. 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).

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

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

Committed fund balance will be 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. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing board.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

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. 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 and liabilities 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.

**G. 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 June 5, 2012.

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

**A. Budgetary Data**

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

- a) On or before September 30th, the Supervisor shall submit a tentative budget to the Town Clerk.
- b) On or before October 5th, the Town Clerk shall present the tentative budget to the Town Board.
- c) Once the tentative budget is approved by the Town Board, it becomes the preliminary budget. The Town Board files the preliminary budget with the Town Clerk where it is available for inspection. In addition, the Board shall cause to be published a notice specifying a time and place for a public hearing.
- d) At the public hearing, taxpayers may comment on the preliminary budget.
- e) On or before November 20th, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.
- f) Formal budgetary integration is employed during the year as a management control device for the General, Highway and Special Districts funds.
- g) Budgets for the General, Highway and Special District funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund.
- h) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General, Highway and Special District funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts as promulgated by the Office of the State Comptroller.

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

**B. Property Tax Limitation**

The Town is not limited as to the maximum amount of real property taxes which may be raised. (See Note 5)

**Note 2 - Stewardship, Compliance and Accountability (Continued)****C. Excess of Actual Expenditures Over Budget**

The following functional expenditures and capital projects exceeded their budgetary authorizations by the amounts indicated:

General Fund:	
General Government Support:	
Central garage	\$ 15,966
Central communications	5,484
Central printing and mailing	844
Town code	1,434
Public Safety -	
Traffic control	1,318
Transportation:	
Garage	9,349
Street lighting	665
Culture and Recreation -	
Recreation buildings operations	1,764
Home and Community Services -	
Zoning and appeals	209
Employee Benefits - Undistributed:	
Workers' compensation	6,343
Unemployment benefits	2,504
Disability	445
Health insurance	56,876
Special Districts Fund -	
Lake Carmel Fire Protection District	21,308
Capital Projects Fund:	
Lake Carmel Gate Valves	22,070
North Cove Project	33,854

**D. Capital Projects Fund Deficit**

The unassigned deficit in the Capital Projects Fund of \$262,424 is a result of expenditures exceeding current financing on individual projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**E. Other Deficits**

The Lake Carmel Fire Protection District reflected a deficit of \$21,308 at December 31, 2011. The Town will address this deficit in the ensuing year.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2011

**Note 3 - Detailed Notes on All Funds****A. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2011 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 3,841,683	\$ 1,060,112
Highway	1,274,474	37,461
Special Districts	435,621	3,521,953
Capital Projects	<u>1,018,084</u>	<u>1,950,336</u>
	<u>\$ 6,569,862</u>	<u>\$ 6,569,862</u>

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

**B. Advances To/From Other Funds**

The balances reflected as advances to/from other funds at December 31, 2011 were as follows:

<u>Fund</u>	<u>Advance To</u>	<u>Advance From</u>
Capital Projects	\$ -	\$ 55,925
Special Districts	<u>55,925</u>	<u>-</u>
	<u>\$ 55,925</u>	<u>\$ 55,925</u>

The outstanding balances between funds represent loans which are not expected to be repaid within the subsequent operating cycle.

**C. Capital Assets**

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

<u>Class</u>	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Balance December 31, 2011</u>
Capital Assets, not being depreciated:			
Land	\$ 16,345,620	\$ -	\$ 16,345,620
Construction-in-progress	<u>-</u>	<u>479,125</u>	<u>479,125</u>
Total Capital Assets, not being depreciated	<u>\$ 16,345,620</u>	<u>\$ 479,125</u>	<u>\$ 16,824,745</u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance January 1, 2011	Additions	Balance December 31, 2011
Capital Assets, being depreciated:			
Buildings and improvements	\$ 13,325,909	\$ -	\$ 13,325,909
Machinery and equipment	4,342,162	344,803	4,686,965
Infrastructure	1,006,020	-	1,006,020
Total Capital Assets, being depreciated	18,674,091	344,803	19,018,894
Less Accumulated Depreciation for:			
Building and improvements	4,143,421	338,459	4,481,880
Machinery and equipment	2,972,241	278,967	3,251,208
Infrastructure	136,538	20,120	156,658
Total Accumulated Depreciation	7,252,200	637,546	7,889,746
Total Capital Assets, being depreciated, net	\$ 11,421,891	\$ (292,743)	\$ 11,129,148
Capital Assets, net	\$ 27,767,511	\$ 186,382	\$ 27,953,893

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

General Government Support	\$ 155,867
Public Safety	125,938
Transportation	159,132
Culture and Recreation	105,076
Home and Community Services	91,533
Total Depreciation Expense	\$ 637,546

**D. Pension Plans**

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") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

**Funding Policy** - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**Note 3 - Detailed Notes on All Funds (Continued)**

Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2012 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	21.5%
	2 75I	19.7
	3 A14	15.8
	4 A15	15.8
	5 A15	12.7
PFRS	2 384D	20.9
	2 375I	14.6
	5 384D	16.7

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2011	\$ 465,693	\$ 316,385
2010	345,177	262,681
2009	248,365	265,119

The ERS and PFRS contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current ERS contribution for the Town was charged to various functional categories within the funds identified below. The current PFRS contribution was charged to the General Fund.

<u>Fund</u>	<u>Amount</u>
General	\$ 220,935
Highway	151,264
Special Districts	93,494
	<u>\$ 465,693</u>

**E. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2011:

	<u>Balance January 1, 2011</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance December 31, 2011</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 3,497,551	\$ 2,875,000	\$ 3,120,771	\$ 3,251,780	\$ 421,446
Less - Deferred charges	-	(194,625)	(8,847)	(185,778)	-
Plus - Issuance premium	-	59,201	2,691	56,510	-
	<u>3,497,551</u>	<u>2,739,576</u>	<u>3,114,615</u>	<u>3,122,512</u>	<u>421,446</u>



NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**Note 3 - Detailed Notes on All Funds (Continued)**

	Balance January 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2011	Due Within One Year
Other Non-Current Liabilities:					
Capital Lease Payable	\$ 11,611	\$ -	\$ 11,611	\$ -	\$ -
Compensated Absences	60,299	-	263	60,036	6,000
Other Post Employment Benefit Obligations Payable	5,916,930	2,585,498	523,734	7,978,694	-
	<u>\$ 9,486,391</u>	<u>\$ 5,325,074</u>	<u>\$ 3,650,223</u>	<u>\$ 11,161,242</u>	<u>\$ 427,446</u>

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

**Bonds Payable**

Bonds payable at December 31, 2011 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2011
Public Improvements	2002	\$ 5,000,000	September, 2012	4.25 - 5.00 %	\$ 250,000
Public Improvements	2007	200,000	September, 2012	3.45	40,000
Public Improvements	2010	91,000	April, 2013	2.50	60,667
Public Improvements	2010	122,226	July, 2013	2.75	61,113
Refunding Bonds	2011	2,875,000	September, 2022	2.00 - 3.00	2,840,000
					<u>\$ 3,251,780</u>

Interest expenditures of \$104,406 were recorded in the fund financial statements in the following funds.

Fund	Amount
General	\$ 96,095
Highway	2,975
Special Districts	<u>5,336</u>
	<u>\$ 104,406</u>

Interest expense of \$87,445 was recorded in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2011

---

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

In April 2006, the Town entered into a capital lease to finance the acquisition of certain equipment. The terms of the agreement provide for the repayment of the principal amount of \$156,295 in 60 monthly installments of \$2,932, including interest at 4.75%. This lease obligation was satisfied in 2011.

Interest expenditures/expense of \$115 were recorded in the fund financial statements in the Highway Fund and in the government-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2011, including interest payments of \$475,128 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 421,446	\$ 84,571
2013	325,334	68,697
2014	290,000	60,162
2015	285,000	54,362
2016	275,000	48,662
2017-2021	1,395,000	150,874
2022	260,000	7,800
	<u>\$ 3,251,780</u>	<u>\$ 475,128</u>

**Advance Refunding**

During the 2011 fiscal year, the Town issued \$2,875,000 in serial bonds with interest rates ranging from 2.00% to 3.0%, depending on maturity. The proceeds were used to advance refund \$2,650,000 of 2002 Public Improvement serial bonds bearing interest at rates ranging from 4.25% to 5.0%. The net proceeds of \$2,844,625 (net of \$59,201 re-offering premium and after payment of \$89,576 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2002 Public Improvement serial bonds. As a result, the 2002 Public Improvement serial bonds are considered defeased and the liability for the serial bond has been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$194,625. This amount and the premium are being netted against the new debt and amortized over the remaining life of the refunded debt. The City advance refunded the 2002 Public Improvement serial bonds to reduce its total debt service payments over 12 years by \$244,185 and to obtain a net present value economic gain of \$218,419. As of December 31, 2011, \$2,650,000 of the bonds are considered defeased.

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

**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.

**Other Post Employment Benefit Obligations Payable**

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing other post employment benefit obligations payable is shared between the Town and the retired employees. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. The cost of other post employment benefit obligations payable is recognized as an expenditure in the fund financial statements as claims are paid. The Town has recognized revenues and expenditures of \$56,876 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be accounted for under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The 2010 and 2011 actual premiums were used in the projections with the assumed rate of increase in postretirement benefits subsequent to 2011 presented below:

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2011

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

<u>Fiscal Year</u>	<u>Medical Premiums</u>	<u>Medicare Part B Premiums</u>
2012	9.50 %	7.50 %
2013	9.00	7.00
2014	8.50	6.50
2015	8.00	6.00
2016	7.50	5.50
2017	7.00	5.00
2018	6.50	5.00
2019	6.00	5.00
2020	5.50	5.00
2021+	5.00	5.00

The amortization basis is the level dollar of payroll method with an open amortization approach with 27 years remaining in the amortization period. The actuarial assumptions included a 4.0% annual discount rate. The Town currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of January 1, 2011 was as follows:

Active Employees	84
Retired Employees and Dependents	<u>46</u>
Total	<u>130</u>

## Amortization Component:

Actuarial Accrued Liability as of January 1, 2011	\$ 27,137,897
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 27,137,897</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 4,594,607</u>
UAAL as a Percentage of Covered Payroll	<u>590.65%</u>
Annual Required Contribution	\$ 2,677,905
Interest on Net OPEB Obligation	236,677
Adjustment to Annual Required Contribution	<u>(329,084)</u>
Annual OPEB Cost	2,585,498
Contributions Made	<u>(523,734)</u>
Increase in Net OPEB Obligation	2,061,764
Net OPEB Obligation - Beginning of Year	<u>5,916,930</u>
Net OPEB Obligation - End of Year	<u>\$ 7,978,694</u>

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

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

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 2,585,498	20.26 %	\$ 7,978,694
2010	2,618,675	18.88	5,916,930
2009	2,375,664	23.02	3,792,613

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

**F. Net Assets**

The components of net assets are detailed below:

*Invested in Capital Assets, Net of Related Debt* - the component of net assets 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 Repairs* - the component of net assets that has been established in accordance with the General Municipal Law of the State of New York. The amount may only be used for repairs in the Town's Park and Water Districts and only with approval of the Town Board.

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

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

*Restricted for Debt Service* - the component of net assets 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 assets that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

*Unrestricted* - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011Note 3 - Detailed Notes on All Funds (Continued)**G. Fund Balances**

	2011						2010					
	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
<b>Nonspendable:</b>												
Advances	\$ -	\$ -	\$ 55,925	\$ -	\$ -	\$ 55,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	114,665	-	-	-	-	114,665	-	-	-	-	-	-
Prepaid expenditures	307,924	200,875	115,900	-	-	624,699	361,519	211,728	119,195	-	-	692,442
<b>Total Nonspendable</b>	<b>422,589</b>	<b>200,875</b>	<b>171,825</b>	<b>-</b>	<b>-</b>	<b>795,289</b>	<b>361,519</b>	<b>211,728</b>	<b>119,195</b>	<b>-</b>	<b>-</b>	<b>692,442</b>
<b>Restricted:</b>												
Repairs	-	-	108,967	-	-	108,967	-	-	108,931	-	-	108,931
Special purpose	-	-	-	109,044	-	109,044	-	-	-	108,545	-	108,545
Debt service	185,603	-	-	-	-	185,603	185,603	-	-	-	-	185,603
Capital projects	-	-	-	-	-	-	-	-	-	-	44,493	44,493
Future capital projects	-	-	112	-	-	112	-	-	129	-	-	129
<b>Total Restricted</b>	<b>185,603</b>	<b>-</b>	<b>109,079</b>	<b>109,044</b>	<b>-</b>	<b>403,726</b>	<b>185,603</b>	<b>-</b>	<b>107,060</b>	<b>108,545</b>	<b>44,493</b>	<b>445,701</b>
<b>Assigned:</b>												
Future recycling projects	105,136	-	-	-	-	105,136	88,935	-	-	-	-	88,935
Subsequent year's expenditures	300,000	-	-	-	-	300,000	250,000	-	-	-	-	250,000
Major Funds	-	1,173,528	808,610	-	-	1,982,138	-	905,860	717,880	-	-	1,623,740
<b>Total Assigned</b>	<b>405,136</b>	<b>1,173,528</b>	<b>808,610</b>	<b>-</b>	<b>-</b>	<b>2,387,274</b>	<b>338,935</b>	<b>905,860</b>	<b>717,880</b>	<b>-</b>	<b>-</b>	<b>1,962,675</b>
<b>Unassigned</b>	<b>3,475,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(262,424)</b>	<b>3,212,623</b>	<b>3,642,390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,642,390</b>
<b>Total Fund Balances</b>	<b>\$ 4,488,375</b>	<b>\$ 1,374,403</b>	<b>\$ 1,089,514</b>	<b>\$ 109,044</b>	<b>\$ (262,424)</b>	<b>\$ 6,798,912</b>	<b>\$ 4,528,447</b>	<b>\$ 1,117,588</b>	<b>\$ 944,135</b>	<b>\$ 108,545</b>	<b>\$ 44,493</b>	<b>\$ 6,743,208</b>

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

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

Advances have been established to indicate the long-term nature of funds advanced to the Enterprise funds. The amount is classified as nonspendable to indicate that these funds do not represent "available" spendable resources even though they are a component of net assets.

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.

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. At December 31, 2011, the Town Board has assigned the above amounts to be appropriated from 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 Capital Projects Fund represent the deficit balance in the projects.

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

**A. Litigation**

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

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

**B. Risk Management**

The Town purchases conventional insurance coverages to reduce its exposure to loss. The Town maintains general liability and umbrella policies with coverage up to \$2 million and \$20 million, respectively. Workers' compensation coverage is secured at statutory levels. Settled claims resulting from these risks have not exceeded commercial coverage in 2011. The Town also purchases conventional health insurance coverage for employees from various providers.

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

**C. Contingencies**

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

**Note 5 - Other Matters**

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Town in a particular year, beginning with the 2012 year. It expires on June 16, 2016.

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.



TOWN OF KENT, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS  
OTHER POST EMPLOYMENT BENEFITS  
LAST THREE FISCAL YEARS

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2011	\$ -	\$ 27,137,897	\$ 27,137,897	- %	\$ 4,594,607	590.65 %
January 1, 2010	-	27,137,897	27,137,897	-	4,594,607	590.65
January 1, 2009	-	23,757,896	23,757,896	-	4,469,517	531.55

(This page intentionally left blank)

## TOWN OF KENT, NEW YORK

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 506,933	\$ 1,129,548
Time deposits	751,003	445,244
Petty cash	1,000	1,000
	<u>1,258,936</u>	<u>1,575,792</u>
Receivables:		
Accounts	244,592	257,636
State and Federal aid	12,114	21,275
Due from other funds	3,841,683	3,553,617
	<u>4,098,389</u>	<u>3,832,528</u>
Inventories	<u>114,665</u>	<u>-</u>
Prepaid Expenditures	<u>307,924</u>	<u>361,519</u>
Total Assets	<u>\$ 5,779,914</u>	<u>\$ 5,769,839</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 179,219	\$ 223,501
Accrued liabilities	52,208	49,370
Due to other funds	1,060,112	968,521
Total Liabilities	<u>1,291,539</u>	<u>1,241,392</u>
Fund Balance:		
Nonspendable	422,589	361,519
Restricted	185,603	185,603
Assigned	405,136	338,935
Unassigned	3,475,047	3,642,390
Total Fund Balance	<u>4,488,375</u>	<u>4,528,447</u>
Total Liabilities and Fund Balance	<u>\$ 5,779,914</u>	<u>\$ 5,769,839</u>

## TOWN OF KENT, NEW YORK

## GENERAL FUND

## COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 7,266,803	\$ 7,266,803	\$ 7,269,288	\$ 2,485
Other tax items	72,000	72,000	56,308	(15,692)
Non-property taxes	200,000	200,000	245,415	45,415
Departmental income	882,581	895,608	801,091	(94,517)
Use of money and property	100,700	100,700	38,584	(62,116)
Licenses and permits	1,800	1,800	3,219	1,419
Fines and forfeitures	500,000	500,000	541,099	41,099
Sale of property and compensation for loss	-	13,690	39,439	25,749
State aid	291,500	291,500	303,194	11,694
Miscellaneous	-	-	117,855	117,855
Total Revenues	9,315,384	9,342,101	9,415,492	73,391
Expenditures:				
Current:				
General government support	3,123,253	3,307,909	3,275,176	32,733
Public safety	3,736,946	3,752,880	3,704,133	48,747
Health	6,376	6,404	4,958	1,446
Transportation	252,704	257,348	266,280	(8,932)
Economic opportunity and development	27,500	27,500	26,790	710
Culture and recreation	1,355,167	1,239,849	1,150,446	89,403
Home and community services	289,775	235,845	197,457	38,388
Employee benefits - Undistributed	381,347	391,415	457,577	(66,162)
Debt service:				
Principal	241,652	276,652	276,652	-
Interest	150,664	96,299	96,095	204
Total Expenditures	9,565,384	9,592,101	9,455,564	136,537
Excess (Deficiency) of Revenues Over Expenditures	(250,000)	(250,000)	(40,072)	209,928
Other Financing Uses - Transfers out	-	-	-	-
Net Change in Fund Balance	(250,000)	(250,000)	(40,072)	209,928
Fund Balance - Beginning of Year	250,000	250,000	4,528,447	4,278,447
Fund Balance - End of Year	\$ -	\$ -	\$ 4,488,375	\$ 4,488,375

2010			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 7,378,792	\$ 7,378,792	\$ 7,378,792	\$ -
52,000	52,000	60,872	8,872
175,000	175,000	230,901	55,901
975,666	975,666	748,408	(227,258)
100,000	100,000	53,933	(46,067)
1,800	1,800	4,005	2,205
422,000	422,000	554,875	132,875
-	26,318	61,947	35,629
295,920	314,809	394,253	79,444
-	-	61,273	61,273
9,401,178	9,446,385	9,549,259	102,874
2,946,263	2,915,227	2,805,043	110,184
3,563,629	3,612,008	3,502,157	109,851
6,361	6,361	4,093	2,268
247,015	273,333	261,418	11,915
27,500	27,500	16,657	10,843
1,393,437	1,394,742	1,149,534	245,208
348,875	349,116	270,707	78,409
353,182	353,182	381,493	(28,311)
257,526	257,526	257,526	-
161,807	161,807	161,039	768
9,305,595	9,350,802	8,809,667	541,135
95,583	95,583	739,592	644,009
(125,583)	(1,055,868)	(930,285)	125,583
(30,000)	(960,285)	(190,693)	769,592
30,000	960,285	4,719,140	3,758,855
\$ -	\$ -	\$ 4,528,447	\$ 4,528,447

TOWN OF KENT, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2011

(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
REAL PROPERTY TAXES	\$ 7,266,803	\$ 7,266,803	\$ 7,269,288	\$ 2,485	\$ 7,378,792
OTHER TAX ITEMS					
Interest and penalties on real property taxes	72,000	72,000	56,308	(15,692)	60,872
NON-PROPERTY TAXES					
Franchise fees	200,000	200,000	245,415	45,415	230,901
DEPARTMENTAL INCOME					
Town Clerk and other fees	9,784	11,784	14,050	2,266	3,614
Interdepartmental charges	482,332	482,332	470,732	(11,600)	390,824
Police and dog pound fees	2,100	2,100	5,269	3,169	7,408
Safety inspection fees	80,000	80,000	70,081	(9,919)	68,160
Vital statistics fees	5,065	5,065	3,652	(1,413)	3,387
Culture and recreation fees	190,600	190,600	100,009	(90,591)	133,367
Planning board and other fees	17,000	17,000	17,700	700	15,757
Recycling fees	85,200	85,200	96,372	11,172	93,762
Other service fees	10,500	21,527	23,226	1,699	32,129
	882,581	895,608	801,091	(94,517)	748,408

# USE OF MONEY AND PROPERTY

Earnings on investments	100,700	100,700	38,584	(62,116)	53,933
LICENSES AND PERMITS					
Dog and other licenses	1,500	1,500	3,194	1,694	2,580
Permits	300	300	25	(275)	1,425
FINES AND FORFEITURES	1,800	1,800	3,219	1,419	4,005
Fines and forfeited bail	500,000	500,000	541,099	41,099	554,875

# SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	-	-	5,200	5,200	-
Insurance recoveries	-	13,690	27,219	13,529	61,947
Other compensation for loss	-	-	7,020	7,020	12,508
STATE AID	-	13,690	39,439	25,749	74,455

Per capita	60,000	60,000	58,361	(1,639)	59,552
Mortgage tax	200,000	200,000	231,733	31,733	288,592
DARE program	20,000	20,000	-	(20,000)	20,000
Youth programs	8,000	8,000	7,061	(939)	3,025
Public safety	3,500	3,500	1,196	(2,304)	22,535
Other	-	-	4,843	4,843	549
MISCELLANEOUS	291,500	291,500	303,194	11,694	394,253

Refund of prior year's expenditures	-	-	60,862	60,862	19,493
Medicare Part D reimbursements	-	-	56,876	56,876	41,355
Miscellaneous	-	-	117	117	425
TOTAL REVENUES	\$ 9,315,384	\$ 9,342,101	\$ 9,415,492	\$ 73,391	\$ 9,549,259

TOWN OF KENT, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2011

(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 132,769	\$ 128,198	\$ 126,508	\$ 1,690	\$ 114,409
Town Justice	552,076	556,849	556,308	541	543,632
Supervisor	177,486	179,143	174,181	4,962	160,447
Finance	175,117	172,389	171,805	584	161,815
Audit	32,800	32,800	32,800	-	31,600
Tax collection	72,926	71,783	60,803	10,980	54,421
Budget Director	8,992	8,992	8,918	74	8,914
Assessor	209,004	177,981	174,320	3,661	176,206
Town Clerk	233,563	226,720	226,502	218	210,283
Town Attorney	155,000	173,979	161,979	12,000	127,814
Personnel	28,000	31,000	30,899	101	39,244
Engineering	10,000	-	-	-	-
Records management	41,053	39,738	33,011	6,727	33,582
Buildings	292,185	276,077	261,302	14,775	229,155
Central garage	619,497	714,910	730,876	(15,966)	732,496
Central communications	8,000	10,083	15,567	(5,484)	12,303
Central printing and mailing	40,000	50,063	50,907	(844)	38,249
Central data processing	81,000	81,000	80,858	142	86,007
Unallocated insurance	25,000	-	-	-	-
Municipal association dues	1,500	1,500	1,500	-	1,500
Judgments and claims	35,000	294,489	294,489	-	8,127
Purchase of land	1,000	-	-	-	-
Town code	30,000	63,930	65,364	(1,434)	24,331
Metropolitan commuter transportation mobility tax	16,285	16,285	16,279	6	10,508
Contingency	145,000	-	-	-	-
	3,123,253	3,307,909	3,275,176	32,733	2,805,043



# PUBLIC SAFETY

Police	3,504,071	3,538,835	3,504,951	33,884	3,319,971
Less - Transfers to Debt Service	(17,066)	(17,066)	(16,862)	(204)	(33,752)
	<u>3,487,005</u>	<u>3,521,769</u>	<u>3,488,089</u>	<u>33,680</u>	<u>3,286,219</u>
Traffic control	8,500	3,500	4,818	(1,318)	3,079
Fire prevention and control	26,540	24,948	17,990	6,958	20,429
Animal control	43,086	41,086	33,277	7,809	41,241
Safety inspection	168,815	159,265	157,782	1,483	151,189
Demolitions of unsafe buildings	3,000	-	-	-	-
Other	-	2,312	2,177	135	-
	<u>3,736,946</u>	<u>3,752,880</u>	<u>3,704,133</u>	<u>48,747</u>	<u>3,502,157</u>

# HEALTH

Registrar of Vital Statistics	4,376	4,404	4,311	93	4,093
DARE program	2,000	2,000	647	1,353	-
	<u>6,376</u>	<u>6,404</u>	<u>4,958</u>	<u>1,446</u>	<u>4,093</u>

# TRANSPORTATION

Highway Administration	169,704	169,082	168,000	1,082	186,730
Garage	73,000	78,266	87,615	(9,349)	65,831
Street lighting	10,000	10,000	10,665	(665)	8,857
	<u>252,704</u>	<u>257,348</u>	<u>266,280</u>	<u>(8,932)</u>	<u>261,418</u>

# ECONOMIC OPPORTUNITY AND DEVELOPMENT

Veterans' services	1,000	1,000	290	710	838
Programs for the aging	24,000	24,000	24,000	-	13,319
Outreach program	2,500	2,500	2,500	-	2,500
	<u>27,500</u>	<u>27,500</u>	<u>26,790</u>	<u>710</u>	<u>16,657</u>

(Continued)

TOWN OF KENT, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)  
YEAR ENDED DECEMBER 31, 2011  
(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
CULTURE AND RECREATION					
Parks	\$ 385,609	\$ 376,583	\$ 351,235	\$ 25,348	\$ 371,611
Recreation administration	153,978	148,291	102,500	45,791	88,910
Recreation buildings operations	16,931	16,131	17,895	(1,764)	13,341
Youth programs	178,556	95,437	78,160	17,277	78,467
Library	571,781	558,431	558,408	23	552,149
Historian	5,812	3,562	3,451	111	2,757
Celebrations	20,000	15,100	14,367	733	14,669
Adult recreation	22,500	26,314	24,430	1,884	27,630
	1,355,167	1,239,849	1,150,446	89,403	1,149,534
HOME AND COMMUNITY SERVICES					
Zoning and appeals	10,000	14,017	14,226	(209)	11,068
Planning Board	86,250	55,867	42,069	13,798	50,346
New York City Watershed	150	-	-	-	-
Stormwater contractual	35,000	31,094	31,057	37	37,178
Landfill	25,000	12,100	12,060	40	11,866
Recycling	85,200	85,200	62,121	23,079	112,221
Beautification	10,000	1,860	1,785	75	6,270
Code enforcement	30,400	30,932	29,374	1,558	27,418
Conservation advisory	775	275	265	10	1,057
Cemeteries	5,000	4,500	4,500	-	5,000
Cable TV	2,000	-	-	-	8,283
	289,775	235,845	197,457	38,388	270,707

# EMPLOYEE BENEFITS - UNDISTRIBUTED

State retirement	1,000	450	445	5	646
Workers' compensation	-	2	6,345	(6,343)	-
Unemployment benefits	10,000	16,122	18,626	(2,504)	10,136
Disability	2,123	1,604	2,049	(445)	1,986
Health insurance	366,724	371,777	428,653	(56,876)	364,403
Other	1,500	1,460	1,459	1	4,322

## DEBT SERVICE

	381,347	391,415	457,577	(66,162)	381,493
--	---------	---------	---------	----------	---------

## Serial Bonds:

Principal	241,652	276,652	276,652	-	257,526
Interest	150,664	96,299	96,095	204	161,039

## TOTAL EXPENDITURES

	392,316	372,951	372,747	204	418,565
--	---------	---------	---------	-----	---------

	9,565,384	9,592,101	9,455,564	136,537	8,809,667
--	-----------	-----------	-----------	---------	-----------

51

## OTHER FINANCING USES

### Transfers out -

Capital Projects Fund	-	-	-	-	930,285
-----------------------	---	---	---	---	---------

## TOTAL EXPENDITURES AND OTHER FINANCING USES

	\$ 9,565,384	\$ 9,592,101	\$ 9,455,564	\$ 136,537	\$ 9,739,952
--	--------------	--------------	--------------	------------	--------------

(This page intentionally left blank)

## TOWN OF KENT, NEW YORK

HIGHWAY FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Receivables:		
Accounts	\$ -	\$ 7,842
Due from other funds	1,274,474	938,669
	1,274,474	946,511
Prepaid Expenditures	200,875	211,728
Total Assets	<u>\$ 1,475,349</u>	<u>\$ 1,158,239</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 42,179	\$ 3,190
Accrued liabilities	21,306	-
Due to other funds	37,461	37,461
Total Liabilities	100,946	40,651
Fund Balance:		
Nonspendable	200,875	211,728
Assigned	1,173,528	905,860
Total Fund Balance	1,374,403	1,117,588
Total Liabilities and Fund Balance	<u>\$ 1,475,349</u>	<u>\$ 1,158,239</u>

## TOWN OF KENT, NEW YORK

## HIGHWAY FUND

## COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 3,656,420	\$ 3,656,420	\$ 3,656,420	\$ -
Use of money and property	20,000	20,000	2,819	(17,181)
Sale of property and compensation for loss	600	600	5,701	5,101
Miscellaneous	-	-	1,450	1,450
Total Revenues	3,677,020	3,677,020	3,666,390	(10,630)
Expenditures:				
Current:				
Transportation:				
Repairs and maintenance	1,384,103	1,405,801	1,392,359	13,442
Snow removal	1,256,666	1,251,255	1,049,718	201,537
Brush and weeds	18,500	18,500	8,418	10,082
	2,659,269	2,675,556	2,450,495	225,061
Employee benefits	919,935	892,037	851,372	40,665
Debt service:				
Principal	93,007	104,618	104,618	-
Interest	4,809	4,809	3,090	1,719
	97,816	109,427	107,708	1,719
Total Expenditures	3,677,020	3,677,020	3,409,575	267,445
Excess of Revenues Over Expenditures	-	-	256,815	256,815
Fund Balance - Beginning of Year	-	-	1,117,588	1,117,588
Fund Balance - End of Year	\$ -	\$ -	\$ 1,374,403	\$ 1,374,403

2010			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,513,039	\$ 3,513,039	\$ 3,513,039	\$ -
25,000	25,000	9,303	(15,697)
-	-	2,173	2,173
-	-	13,470	13,470
3,538,039	3,538,039	3,537,985	(54)
1,376,013	1,358,589	1,127,944	230,645
1,251,328	1,216,149	1,055,209	160,940
52,327	52,327	13,851	38,476
2,679,668	2,627,065	2,197,004	430,061
790,998	808,422	745,317	63,105
63,574	97,327	96,427	900
3,799	5,225	5,236	(11)
67,373	102,552	101,663	889
3,538,039	3,538,039	3,043,984	494,055
-	-	494,001	494,001
-	-	623,587	623,587
\$ -	\$ -	\$ 1,117,588	\$ 1,117,588

## TOWN OF KENT, NEW YORK

SPECIAL DISTRICTS FUND  
 COMBINING BALANCE SHEET - SUB FUNDS  
 DECEMBER 31, 2011  
 (With Comparative Totals for 2010)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
<u>ASSETS</u>				
Cash:				
Demand deposits	\$ -	\$ -	\$ 250	\$ -
Time deposits	-	-	60,075	33,757
Petty cash	-	-	500	-
	-	-	60,825	33,757
Accounts Receivable	-	-	-	-
State and Federal Aid Receivable	-	-	-	-
Due from Other Funds	-	9,462	226,678	58,429
Advances to Other Funds	-	-	55,925	-
Prepaid Expenditures	-	-	20,287	9
Total Assets	<u>\$ -</u>	<u>\$ 9,462</u>	<u>\$ 363,715</u>	<u>\$ 92,195</u>
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 5,082	\$ -
Accrued liabilities	-	-	9,879	-
Due to other funds	21,308	-	30,554	-
Total Liabilities	<u>21,308</u>	<u>-</u>	<u>45,515</u>	<u>-</u>
Fund Balances (Deficits):				
Nonspendable	-	-	76,212	9
Restricted	-	-	75,075	33,765
Assigned	(21,308)	9,462	166,913	58,421
Total Fund Balances (Deficits)	<u>(21,308)</u>	<u>9,462</u>	<u>318,200</u>	<u>92,195</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 9,462</u>	<u>\$ 363,715</u>	<u>\$ 92,195</u>



Water Districts		Lake Carmel Sanitation District	Totals	
Romanoff	Leeside		2011	2010
\$ 17,803	\$ 9,629	\$ 132,699	\$ 160,381	\$ 159,978
127	130	3,832,370	3,926,459	3,580,406
-	-	-	500	500
17,930	9,759	3,965,069	4,087,340	3,740,884
-	-	-	-	286
-	-	1,039	1,039	-
60,930	80,122	-	435,621	390,986
-	-	-	55,925	-
27	9	95,568	115,900	119,195
<u>\$ 78,887</u>	<u>\$ 89,890</u>	<u>\$ 4,061,676</u>	<u>\$ 4,695,825</u>	<u>\$ 4,251,351</u>
\$ 2,260	\$ 4,423	\$ 50,364	\$ 62,129	\$ 47,687
-	-	12,350	22,229	8,854
-	-	3,470,091	3,521,953	3,250,675
2,260	4,423	3,532,805	3,606,311	3,307,216
27	9	95,568	171,825	119,195
127	112	-	109,079	107,060
76,473	85,346	433,303	808,610	717,880
76,627	85,467	528,871	1,089,514	944,135
<u>\$ 78,887</u>	<u>\$ 89,890</u>	<u>\$ 4,061,676</u>	<u>\$ 4,695,825</u>	<u>\$ 4,251,351</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, 2011

(With Comparative Totals for 2010)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
Revenues:				
Real property taxes	\$ 837,799	\$ 430,500	\$ 581,015	\$ 31,700
Departmental income	-	-	8,229	-
Use of money and property	28	113	2,043	320
Sale of property and compensation for loss	-	-	13,270	-
State aid	-	-	-	-
Miscellaneous	-	-	6,589	-
Total Revenues	<u>837,827</u>	<u>430,613</u>	<u>611,146</u>	<u>32,020</u>
Expenditures:				
Current:				
Public safety	870,314	428,500	-	-
Culture and recreation	-	-	391,021	3,812
Home and community services	-	-	-	-
Employee benefits	-	-	111,635	-
Debt service:				
Principal	-	-	40,000	-
Interest	-	-	2,745	-
Total Expenditures	<u>870,314</u>	<u>428,500</u>	<u>545,401</u>	<u>3,812</u>
Excess (Deficiency) of Revenues Over Expenditures	(32,487)	2,113	65,745	28,208
Other Financing Uses - Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(32,487)	2,113	65,745	28,208
Fund Balances - Beginning of Year	<u>11,179</u>	<u>7,349</u>	<u>252,455</u>	<u>63,987</u>
Fund Balances (Deficits) - End of Year	<u>\$ (21,308)</u>	<u>\$ 9,462</u>	<u>\$ 318,200</u>	<u>\$ 92,195</u>

Water Districts		Lake Carmel Sanitation District	Totals	
Romanoff	Leeside		2011	2010
\$ 45,128	\$ 31,924	\$ 1,481,997	\$ 3,440,063	\$ 3,400,892
-	-	-	8,229	13,203
258	295	3,514	6,571	8,842
-	-	24,725	37,995	5,503
-	-	-	-	10,030
10,036	2,919	-	19,544	7,581
<u>55,422</u>	<u>35,138</u>	<u>1,510,236</u>	<u>3,512,402</u>	<u>3,446,051</u>
-	-	-	1,298,814	1,282,272
-	-	-	394,833	436,033
45,552	42,741	1,000,330	1,088,623	1,077,901
-	-	366,669	478,304	405,935
-	-	61,113	101,113	40,000
-	-	2,591	5,336	5,875
<u>45,552</u>	<u>42,741</u>	<u>1,430,703</u>	<u>3,367,023</u>	<u>3,248,016</u>
9,870	(7,603)	79,533	145,379	198,035
-	-	-	-	(65,000)
9,870	(7,603)	79,533	145,379	133,035
<u>66,757</u>	<u>93,070</u>	<u>449,338</u>	<u>944,135</u>	<u>811,100</u>
<u>\$ 76,627</u>	<u>\$ 85,467</u>	<u>\$ 528,871</u>	<u>\$ 1,089,514</u>	<u>\$ 944,135</u>

TOWN OF KENT, NEW YORK

SPECIAL PURPOSE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2011 AND 2010

---

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	<u>\$ 109,044</u>	<u>\$ 108,545</u>
<u>FUND BALANCE</u>		
Restricted	<u>\$ 109,044</u>	<u>\$ 108,545</u>

TOWN OF KENT, NEW YORK

SPECIAL PURPOSE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Departmental income	\$ -	\$ 5,500
Use of money and property	<u>499</u>	<u>716</u>
Total Revenues	499	6,216
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	499	6,216
Fund Balance - Beginning of Year	<u>108,545</u>	<u>102,329</u>
Fund Balance - End of Year	<u>\$ 109,044</u>	<u>\$ 108,545</u>

## TOWN OF KENT, NEW YORK

CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 129,578	\$ 13,803
Time deposits	327,275	453,147
	<u>456,853</u>	<u>466,950</u>
Receivables:		
Accounts	41,515	-
State and Federal aid	270,579	191,054
Due from other governments	-	55,297
Due from other funds	1,018,084	1,018,628
	<u>1,330,178</u>	<u>1,264,979</u>
Total Assets	<u>\$ 1,787,031</u>	<u>\$ 1,731,929</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
Liabilities:		
Accounts payable	\$ 34,256	\$ 42,193
Due to other funds	1,950,336	1,645,243
Retainage payable	8,938	-
Advances from other funds	55,925	-
Total Liabilities	<u>2,049,455</u>	<u>1,687,436</u>
Fund Balance (Deficit):		
Restricted	-	44,493
Unassigned	(262,424)	-
Total Fund Balance (Deficit)	<u>(262,424)</u>	<u>-</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 1,787,031</u>	<u>\$ 1,687,436</u>

## TOWN OF KENT, NEW YORK

## CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenues:		
State aid	\$ 583,783	\$ 386,016
Miscellaneous	44,013	225,195
Total Revenues	627,796	611,211
Expenditures:		
Capital outlay	934,713	914,944
Debt service- Refunding bond issuance costs	89,576	-
Total Expenditures	1,024,289	914,944
Deficiency of Revenues Over Expenditures	(396,493)	(303,733)
Other Financing Sources:		
Refunding bonds issued	2,875,000	-
Issuance premium	59,201	-
Payment to refunded bond escrow agent	(2,844,625)	-
Bonds issued	-	213,226
Transfers in	-	995,285
Total Other Financing Sources	89,576	1,208,511
Net Change in Fund Balance	(306,917)	904,778
Fund Balance (Deficit) - Beginning of Year	44,493	(860,285)
Fund Balance (Deficit) - End of Year	\$ (262,424)	\$ 44,493

## TOWN OF KENT, NEW YORK

## CAPITAL PROJECTS FUND

## PROJECT-LENGTH SCHEDULE

## INCEPTION OF PROJECT THROUGH DECEMBER 31, 2011

PROJECT	Project Budget	Expenditures and Transfers	Unexpended Balance
Huestis Park	\$ 35,000	\$ 12,083	\$ 22,917
Lake Carmel Gate Valves	313,284	335,354	(22,070)
Town Center Generator	70,000	45,000	25,000
North Cove Project	490,000	523,854	(33,854)
Lake Carmel Community Center	25,000	-	25,000
Ludington Mill Stone	5,000	-	5,000
Lake Carmel Cultural Center (Old Firehouse)	415,000	400,824	14,176
Road Construction Route 52 Sewer	5,000,000	41,515	4,958,485
Sanitation Vehicle	187,226	187,224	2
Road Resurfacing - CHIPS	226,833	213,787	13,046
Sweeper	229,785	229,785	-
Stormwater	56,250	2,973	53,277
Totals	<u>\$ 7,053,378</u>	<u>\$ 1,992,399</u>	<u>\$ 5,060,979</u>



Methods of Financing					Fund Balance (Deficit) at December 31, 2011
Interfund Transfers	Proceeds of Obligations	State and Federal Aid	Other	Totals	
\$ -	\$ -	\$ 17,049	\$ 2,497	\$ 19,546	\$ 7,463
113,284	200,000	-	-	313,284	(22,070)
40,000	-	-	-	40,000	(5,000)
-	-	244,999	226,489	471,488	(52,366)
25,000	-	-	-	25,000	25,000
5,000	-	-	-	5,000	5,000
3,765	-	396,318	-	400,083	(741)
-	-	-	41,515	41,515	-
65,000	122,226	-	-	187,226	2
-	-	226,833	-	226,833	13,046
-	-	-	-	-	(229,785)
-	-	-	-	-	(2,973)
<u>\$ 252,049</u>	<u>\$ 322,226</u>	<u>\$ 885,199</u>	<u>\$ 270,501</u>	<u>\$ 1,729,975</u>	<u>\$ (262,424)</u>

