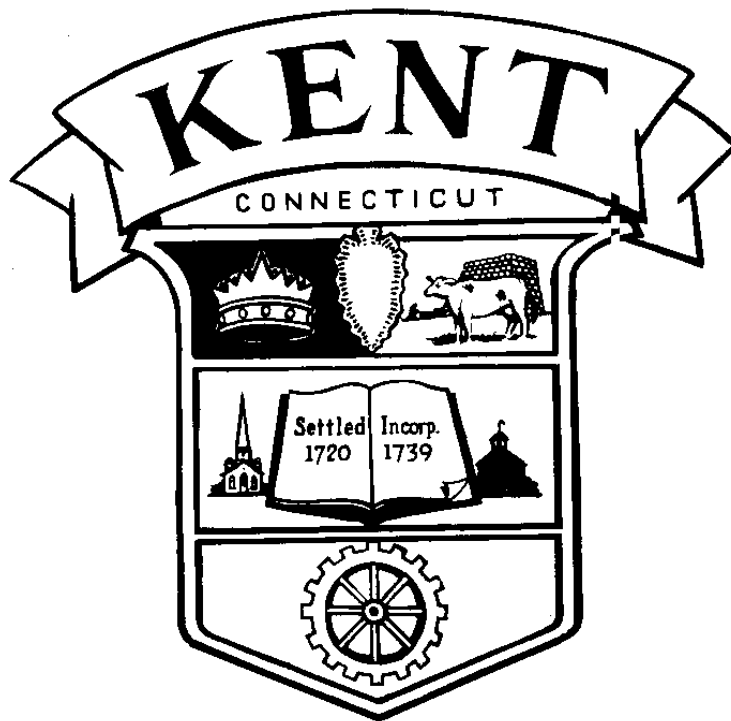


# TOWN OF KENT, CONNECTICUT

## AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022



TOWN OF KENT  
TABLE OF CONTENTS  
JUNE 30, 2022

Independent Auditors' Report .....	1-3
------------------------------------	-----

Management's Discussion and Analysis .....	4-11
--------------------------------------------	------

**BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements:**

Statement of Net Position .....	12
---------------------------------	----

Statement of Activities .....	13
-------------------------------	----

**Governmental Fund Financial Statements:**

Balance Sheet - Governmental Funds .....	14
------------------------------------------	----

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	15
-----------------------------------------------------------------------------------------------	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	16
---------------------------------------------------------------------------------------------	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
-------------------------------------------------------------------------------------------------------------------------------------------------------	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis.....	18
----------------------------------------------------------------------------------------------------------------	----

Statement of Net Position – Proprietary Fund.....	19
---------------------------------------------------	----

Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Funds .....	20
--------------------------------------------------------------------------------------------	----

Statement of Cash Flows – Proprietary Funds .....	21
---------------------------------------------------	----

Notes to Financial Statements .....	22 - 49
-------------------------------------	---------

**REQUIRED SUPPLEMENTARY INFORMATION**

Connecticut State Teachers Retirement System

Schedule of the Town's Proportionate Share of the Net Pension Liability .....	50
-------------------------------------------------------------------------------	----

Schedule of the Town's Proportionate Share of the Net OPEB Liability .....	51
----------------------------------------------------------------------------	----

**OTHER SUPPLEMENTARY INFORMATION**

General Fund – Schedule of Revenues and Other Financing Sources

Budget and Actual - Budgetary Basis.....	52
------------------------------------------	----

General Fund – Schedule of Expenditures and Other Financing Uses Budget and Actual - Budgetary Basis.....	53 -55
General Fund – Special Activities - Balance Sheet .....	56
General Fund – Special Activities - Statement of Revenues, Expenditures, and Changes in Fund Balances .....	57
Combining Balance Sheet – Non-Major Governmental Funds .....	58 - 59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Governmental Funds .....	60 - 61
Schedule of Debt Limitation.....	62
Schedule of Property Taxes Levied, Collected and Outstanding .....	63
Schedule of Assessed Value of Taxable Property .....	64
Schedule of Principal Taxpayers .....	65

## **OTHER REPORTS**

Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards .....	66 -67
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------

## **State Single Audit Reports**

Independent Auditor’s Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance in Accordance with the State Single Audit Act .....	68 -70
Schedule of Expenditures of State Financial Assistance .....	71
Notes to Schedule of Expenditures of State Financial Assistance.....	72
Schedule of State Findings and Questioned Costs .....	73



Independent Auditors' Report

To the Board of Finance of the  
Town of Kent, Connecticut  
Kent, CT

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kent, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Kent, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Kent, Connecticut, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

*Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kent, Connecticut's basic financial statements. The general fund budgetary comparison detail schedules and the combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly

to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Governmental Auditing Standards, we have also issued our report dated February 23, 2023 on our consideration of the Town of Kent, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Kent, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Kent, Connecticut's internal control over financial reporting and compliance.



Sinnamon & Associates, LLC  
Certified Public Accountants

February 23, 2023  
Canaan Connecticut

TOWN OF KENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

The management of the Town of Kent, Connecticut (the "Town"), is pleased to present this overview of the financial activities of the Town for the fiscal year ended June 30, 2022. The information presented below should be considered in conjunction with the Town's financial statements that follow. Wherever possible, reference to the financial statements is provided.

**FINANCIAL HIGHLIGHTS**

On a government-wide basis the Town's assets of \$27,979,310 exceeded its liabilities and deferred outflows at June 30, 2022, resulting in a total net position of \$25,589,083. Total net position for Governmental Activities was \$22,889,835 and total net position for Business-Type Activities was \$2,699,248. Of the total \$25,589,083, \$16,599,894 was invested in capital assets while \$8,916,994 represented unrestricted net position, available to meet ongoing government obligations. The Town's net position increased \$764,905 or 3.1% during the fiscal year.

The Town's governmental funds, reported on a current financial resource's basis, combined ending fund balance is \$8,371,503, an increase of \$1,404,147 for the year. The General Fund operating increase for the year was \$405,910 vs. a budgeted decrease of \$486,250. The General Fund balance was \$3,888,129, of which \$527,500 was committed for expenditures in the 2022-2023 fiscal year, \$(26,774) was committed for Schaghticoke Litigation expenses, and \$46,741 was committed for Maple Street Debt Service.

At the end of the current fiscal year unassigned fund balance for the general fund was \$3,239,218 or 25.2% of the subsequent year's General Fund expenditures and transfers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information and statistical tables.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The statement of net position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

TOWN OF KENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

activities). The government activities of the Town include general government, public safety, public works, sanitation, health and welfare, recreation and education.

The government-wide financial statements can be found on pages 12 -13 of this report.

### **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for special activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, that is the Town's most basic services. Unlike the government-wide financial statements, however, the funds focus on (1) cash and other financial resources that can be readily converted to cash flow in and out and (2) balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a near or short-term view of the Town's finances that 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 government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital reserve fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 - 18 of this report.

#### **Proprietary Funds**

The proprietary fund is the Sewer and Water Commission.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic Proprietary fund statements can be found on pages 19 - 21 of this report.

TOWN OF KENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**Notes to the Financial Statements.**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and financial fund statements. The notes to the financial statements can be found on pages 22 - 49 of this report.

**Other Information.**

The required supplementary information for the Town's pension plan and the Town's proportionate share of the Connecticut State Teachers Retirement Pension and OPEB liability can be found on pages 50-51 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following notes to the financial statements. Budget vs Actual, combining and individual fund statements and other schedules can be found on pages 52 – 65 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$25,589,083 at the close of the most recent fiscal year.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, buildings, machinery, and equipment). It is presented in the statement of net position less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's net position increased by \$764,905 during the current fiscal year.

TOWN OF KENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**NET POSITION - June 30, 2022 and June 30, 2021**

	6/30/2022 Net Position			6/30/2021 Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
<b><u>Assets</u></b>						
Current and Other Assets	\$ 9,132,425	\$ 779,302	\$ 9,911,727	\$ 8,436,715	\$ 738,789	\$ 9,175,504
Capital Assets	14,505,909	3,379,845	17,885,754	15,219,842	3,510,196	18,730,038
Non Current Assets	-	221,449	221,449	-	221,449	221,449
<b><u>Total Assets</u></b>	<b>23,638,334</b>	<b>4,380,596</b>	<b>28,018,930</b>	<b>23,656,557</b>	<b>4,470,434</b>	<b>28,126,991</b>
<b><u>Liabilities</u></b>						
Current Liabilities	567,551	200,190	767,741	1,370,675	267,904	1,638,579
Non Current Liabilities	141,328	1,481,158	1,622,486	156,482	1,507,752	1,664,234
<b><u>Total Liabilities</u></b>	<b>708,879</b>	<b>1,681,348</b>	<b>2,390,227</b>	<b>1,527,157</b>	<b>1,775,656</b>	<b>3,302,813</b>
<b><u>Net Position</u></b>						
Net Investment in Capital Assets	14,505,909	2,093,985	16,599,894	14,799,759	2,200,022	16,999,781
Restricted Net Position	72,195	-	72,195	57,450	-	57,450
Unrestricted	8,311,731	605,263	8,916,994	7,272,191	494,756	7,766,947
<b><u>Total Net Position</u></b>	<b>\$ 22,889,835</b>	<b>\$ 2,699,248</b>	<b>\$ 25,589,083</b>	<b>\$ 22,129,400</b>	<b>\$ 2,694,778</b>	<b>\$ 24,824,178</b>

The largest portion of the Town's net position (64.9%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure assets), which is reported net of any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, those assets are not available 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 the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position increased \$1,150,047 or 14.8% to \$8,916,994 during the fiscal year and is 34.8% of the total net position.

TOWN OF KENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**CHANGES IN NET POSITION - June 30, 2022 and June 30, 2021 Governmental Activities**

	June 30, 2022			June 30, 2021		
	Changes in Net Position			Changes in Net Position		
	Governmental	Business -Type		Governmental	Business -Type	
	Activities	Activities	Total	Activities	Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 665,240	\$ 456,933	\$ 1,122,173	\$ 590,980	\$ 446,689	\$ 1,037,669
Operating grants and contributions	920,788	-	920,788	1,707,562	-	1,707,562
Capital grants and contributions	24,900	-	24,900	-	-	-
General Revenues:						
Property Taxes	11,348,901	-	11,348,901	11,045,304	-	11,045,304
Grants and contributions, unrestricted	178,886	-	178,886	195,134	-	195,134
Investment Income	20,533	385	20,918	9,706	383	10,089
Other Revenues	-	19,028	19,028	261,996	12,468	274,464
Total Revenues	13,159,248	476,346	13,635,594	13,810,682	459,540	14,270,222
Expenses						
General Government	\$ 1,490,935	\$ -	1,490,935	\$ 1,396,211	\$ -	1,396,211
Public Safety	557,344	-	557,344	416,595	-	416,595
Public Works	1,966,386	-	1,966,386	1,854,743	-	1,854,743
Sanitation	127,394	471,876	599,270	149,824	431,937	581,761
Health and Welfare	185,989	-	185,989	188,582	-	188,582
Interest on Long Term Debt	38,906	-	38,906	38,525	-	38,525
Recreation	189,430	-	189,430	216,282	-	216,282
Education	7,835,251	-	7,835,251	8,819,771	-	8,819,771
Capital Outlay	7,178	-	7,178	-	-	-
Total Expenses	12,398,813	471,876	12,870,689	13,080,533	431,937	13,512,470
Change in Net Position	760,435	4,470	764,905	730,149	27,603	757,752
Net Position, beginning	22,129,400	2,694,778	24,824,178	21,399,251	2,667,175	24,066,426
Net Position, ending	\$ 22,889,835	\$ 2,699,248	\$ 25,589,083	\$ 22,129,400	\$ 2,694,778	\$ 24,824,178

Approximately 83% of the governmental activities' revenue was derived from property taxes, followed by 7% from operating and capital grants, 8% from service charges, and 2% from other sources. Detailed revenue information can be found on page 52.

TOWN OF KENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 61% of the Town's governmental activities expenses relate to education, 15% relate to public works, 12% for general government and 12% for all other activities.

**FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

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

**Governmental Funds**

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

On June 30, 2022, the Town's governmental funds reported combined ending fund balances of \$8,371,503. Of this amount, \$103,015 was nonspendable; \$4,317,027 was restricted for capital projects; \$52,416 was restricted special revenue funds and permanent funds; \$527,500 was committed to the subsequent year 2022/2023 budget and \$132,327 was committed for specific purposes. The remaining \$3,239,218 was unassigned.

The General Fund is the chief operating fund of the Town. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The General Fund's unassigned fund balance of \$3,239,218 represents 25.2% of the General Fund budgeted appropriations for the subsequent fiscal year ending June 30, 2023. For the current fiscal year, the General Fund's fund balance increased \$405,910.

The fund balance of the capital projects fund was \$4,317,027 on June 30, 2022, an increase of \$1,005,584 from the previous fiscal year.

**Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer Enterprise Fund at the end of the year amounted to \$605,263.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The fund balance of the Town's General Fund increased by \$405,910 or 11.65% during the fiscal year. The original budget proposed and adopted in May 2021 included an appropriation of \$486,250 from the available fund balance. Actual revenues did not meet budgetary estimates by \$99,747 and actual expenditures were \$532,315 less than appropriations, creating a General Fund budget surplus of \$432,568.

Of the \$486,250 General Fund appropriation used to balance the budget, \$0 was used.

TOWN OF KENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

Primary factors contributing to the budget surplus included favorable revenue variances of interest collected on property taxes, Building Permit fees, KCS tuition, and Park and Recreation activities. The tax collection rate remained at 99%.

Expenditure variances reflected savings in compensation costs by the BoE, DPW and Park and Recreation. In part, this was due to the timing of filling open positions. Road material expenditures were substantially under budget primarily related to spring weather conditions.

A statement of revenues and expenditures, budget and actual, can be found on page 18 of this report.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

The town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2022 amounted to \$14,505,909 and \$3,379,845, respectively. This investment in capital assets included land, Infrastructure, buildings and system improvements, machinery and equipment and vehicles. No major capital assets were added during the year however, one vehicle and multiple lap top computers were removed as they were deemed to be no longer in service.

#### **CAPITAL ASSETS, Net of Depreciation June 30, 2022 and June 30, 2021**

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land & Construction in Process	\$ 1,511,858	\$ -	\$ 1,511,858	\$ 1,488,358	\$ -	\$ 1,488,358
Building and improvements	6,597,296	941,306	7,538,602	7,017,153	1,004,280	8,021,433
Land improvements	42,467	-	42,467	50,996	-	50,996
Machinery and equipment	232,149	507,108	739,257	264,571	534,896	799,467
Vehicles	258,048		258,048	351,146	-	351,146
Infrastructure	5,864,091	1,931,431	7,795,522	6,047,618	1,971,020	8,018,638
Total	<u>\$ 14,505,909</u>	<u>\$ 3,379,845</u>	<u>\$ 17,885,754</u>	<u>\$ 15,219,842</u>	<u>\$ 3,510,196</u>	<u>\$ 18,730,038</u>

#### **Long-Term Debt**

At the end of the current fiscal year, the Town had total outstanding bonds and notes payable of \$1,285,860 related to business-type activities. All of the debt is backed by the full faith and credit of the Town.

The Town's total bonds and notes payable had a net decrease of \$24,314.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$78,489,229 which is significantly more than the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 9 on pages 36 – 38 of this report.

TOWN OF KENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES**

The Town's elected officials considered many factors when creating the fiscal year 2022 - 2023 budget and setting the property tax rate.

- Education costs and enrollment trends.
- EMT staffing and the appropriate funding level needed to maintain services.
- Emergency Management funding and state requirements.
- Staff retirements and adequate staffing levels.
- Capital Project funding.
- Continued stabilization of the Mil rate.

All the above factors were considered in preparing the Town's budget for the 2022-2023 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview for those with an interest in the Town's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Board of Selectmen at 41 Kent Green Boulevard, P.O. Box 678, Kent, CT 06757.

TOWN OF KENT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 8,359,117	\$ 768,749	\$ 9,127,866
Investments	281,722	-	281,722
Inventory and prepaid expenses	39,620	9,004	48,624
Receivables	245,410	1,549	246,959
Due From Business-Type Activities	166,936	-	166,936
Restricted cash and investments	-	221,449	221,449
Capital Assets, not being depreciated	1,511,858	-	1,511,858
Capital Assets, net of accumulated depreciation	12,994,051	3,379,845	16,373,896
<u>Total Assets</u>	<u>\$ 23,598,714</u>	<u>\$ 4,380,596</u>	<u>\$ 27,979,310</u>
<u>Liabilities</u>			
Accounts payable	\$ 104,896	\$ 7,103	\$ 111,999
Unearned revenue	462,655	-	462,655
Due to Governmental Funds	-	166,936	166,936
Noncurrent Liabilities:			
Due within one year	-	26,151	26,151
Due in more than one year	141,328	1,481,158	1,622,486
<u>Total Liabilities</u>	<u>708,879</u>	<u>1,681,348</u>	<u>2,390,227</u>
<u>Net Position</u>			
Net Investment in Capital Assets	14,505,909	2,093,985	16,599,894
Restricted Net Position	72,195	-	72,195
Unrestricted	8,311,731	605,263	8,916,994
<u>Total Net Position</u>	<u>\$ 22,889,835</u>	<u>\$ 2,699,248</u>	<u>\$ 25,589,083</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
	Expenses				Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>							
General Government	\$ (1,490,935)	\$ 446,349	\$ 150	\$ -	\$ (1,044,436)	\$ -	\$ (1,044,436)
Public Safety	(557,344)	3,613	-	-	(553,731)	-	(553,731)
Public Works	(1,966,386)	-	292,151	-	(1,674,235)	-	(1,674,235)
Sanitation	(127,394)	104,753	-	-	(22,641)	-	(22,641)
Health and Welfare	(185,989)	-	43,674	-	(142,315)	-	(142,315)
Recreation	(189,430)	30,049	-	-	(159,381)	-	(159,381)
Interest on Long Term Debt	(38,906)	-	-	-	(38,906)	-	(38,906)
Education	(7,835,251)	78,934	584,813	-	(7,171,504)	-	(7,171,504)
Capital Outlay	(7,178)	1,542	-	24,900	19,264	-	19,264
<u>Total Governmental Activities</u>	<u>(12,398,813)</u>	<u>665,240</u>	<u>920,788</u>	<u>24,900</u>	<u>(10,787,885)</u>	<u>-</u>	<u>(10,787,885)</u>
<u>Business Type Activities</u>							
Sewer and Water Commission	(471,876)	456,933	-	-	-	(14,943)	(14,943)
<u>Total Primary Government</u>	<u>\$ (12,870,689)</u>	<u>\$ 1,122,173</u>	<u>\$ 920,788</u>	<u>\$ 24,900</u>	<u>(10,787,885)</u>	<u>(14,943)</u>	<u>(10,802,828)</u>
<u>General Revenues:</u>							
Property taxes, interest and lien fees					11,348,901	-	11,348,901
Grants and contributions not restricted to specific programs					178,886	-	178,886
Unrestricted investment earnings					20,533	385	20,918
Transfers					-	19,028	19,028
<u>Total General Revenues</u>					<u>11,548,320</u>	<u>19,413</u>	<u>11,567,733</u>
<u>Change in net position</u>					760,435	4,470	764,905
<u>Net position beginning of year</u>					<u>22,129,400</u>	<u>2,694,778</u>	<u>24,824,178</u>
<u>Net position end of year</u>					<u>\$ 22,889,835</u>	<u>\$ 2,699,248</u>	<u>\$ 25,589,083</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 3,993,041	\$ 4,209,155	\$ -	\$ 156,921	\$ 8,359,117
Investments	281,722	-	-	-	281,722
Inventory and prepaid expenses	30,322	8,800	-	498	39,620
Receivables	211,496	7,800	-	26,114	245,410
Due from sewer operating fund	166,936	-	-	-	166,936
Due from other funds	5,805	122,700	410,927	-	539,432
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>Total Assets</u>	<u>\$ 4,689,322</u>	<u>\$ 4,348,455</u>	<u>\$ 410,927</u>	<u>\$ 183,533</u>	<u>\$ 9,632,237</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accounts payable	\$ 62,087	\$ 31,428	\$ -	\$ 11,381	\$ 104,896
Unearned revenue	51,728	-	410,927	-	462,655
Due to Other Funds	533,627	-	-	5,805	539,432
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>Total Liabilities</u>	<u>647,442</u>	<u>31,428</u>	<u>410,927</u>	<u>17,186</u>	<u>1,106,983</u>
<u>Deferred Inflows Of Resources</u>					
Unavailable Revenue - property taxes	153,751	-	-	-	153,751
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>Total Deferred Inflows Of Resources</u>	<u>153,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,751</u>
<u>Fund Balances</u>					
Nonspendable	101,444	-	-	1,571	103,015
Restricted	-	4,317,027	-	52,416	4,369,443
Committed	547,467	-	-	112,360	659,827
Unassigned	3,239,218	-	-	-	3,239,218
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>Total Fund Balances</u>	<u>3,888,129</u>	<u>4,317,027</u>	<u>-</u>	<u>166,347</u>	<u>8,371,503</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 4,689,322</u>	<u>\$ 4,348,455</u>	<u>\$ 410,927</u>	<u>\$ 183,533</u>	<u>\$ 9,632,237</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022

<u>Total fund balances for governmental funds</u>	\$ 8,371,503
Total net position reported for governmental activities in the statement of net assets is different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	14,505,909
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
Property tax and receivables greater than 60 days	153,751
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Compensated absences	(41,067)
Teachers severance	(100,261)
	<hr/>
<u>Net position of governmental activities</u>	<u><u>\$ 22,889,835</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$ 11,226,341	\$ -	\$ -	\$ -	\$ 11,226,341
Interest and lien fees	67,493	-	-	-	67,493
Intergovernmental	933,118	14,900	64,700	74,931	1,087,649
Investment Income	11,887	8,479	-	167	20,533
Charges for services	393,741	1,542	-	56,387	451,670
Other Revenues	208,120	10,000	-	197,582	415,702
<u>Total Revenues</u>	<u>12,840,700</u>	<u>34,921</u>	<u>64,700</u>	<u>329,067</u>	<u>13,269,388</u>
<u>Expenditures:</u>					
General Government	1,221,791	-	-	197,338	1,419,129
Public Safety	546,337	-	-	11,007	557,344
Public Works	1,627,583	-	-	-	1,627,583
Sanitation	127,394	-	-	-	127,394
Health and Welfare	158,327	-	-	27,662	185,989
Recreation	165,972	-	-	499	166,471
Debt Service	38,906	-	-	-	38,906
Education	7,532,591	-	64,700	114,456	7,711,747
Capital Outlay	-	30,678	-	-	30,678
<u>Total Expenditures</u>	<u>11,418,901</u>	<u>30,678</u>	<u>64,700</u>	<u>350,962</u>	<u>11,865,241</u>
Excess (deficiency) of Revenues Over Expenditures	<u>1,421,799</u>	<u>4,243</u>	<u>-</u>	<u>(21,895)</u>	<u>1,404,147</u>
<u>Other Financing Sources (Uses):</u>					
Transfers In	77,952	1,001,341	-	42,500	1,121,793
Transfers Out	(1,093,841)	-	-	(27,952)	(1,121,793)
<u>Total Other Financing sources (Uses):</u>	<u>(1,015,889)</u>	<u>1,001,341</u>	<u>-</u>	<u>14,548</u>	<u>-</u>
Net Change in Fund Balances	405,910	1,005,584	-	(7,347)	1,404,147
<u>Fund Balances Beginning of Year</u>	<u>3,482,219</u>	<u>3,311,443</u>	<u>-</u>	<u>173,694</u>	<u>6,967,356</u>
<u>Fund Balances End of Year</u>	<u>\$ 3,888,129</u>	<u>\$ 4,317,027</u>	<u>\$ -</u>	<u>\$ 166,347</u>	<u>\$ 8,371,503</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

<u>Net change in fund balances for governmental funds</u>	\$ 1,404,147
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Total change in net position reported for governmental activities in the statement of activities is different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation differed from capital outlays in the current period is as follows:

Capital Outlay	23,500	
Depreciation expense	(737,433)	
Net adjustment	(713,933)	(713,933)

Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds:

Tax revenue interest and liens	55,067
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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 the governmental funds:

Compensated absences	3,134
Teachers severance	12,020

<u>Change in net position of governmental activities</u>	\$ 760,435
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TOWN OF KENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$11,021,512	\$11,021,512	\$11,226,341	\$ 204,829
Interest and lien fees	40,500	40,500	67,493	26,993
Intergovernmental	350,312	350,312	365,211	14,899
Investment income	15,000	15,000	11,802	(3,198)
Charges for services	293,950	293,950	421,693	127,743
Other Revenues	193,005	193,005	208,242	15,237
<u>Total Revenues</u>	<u>11,914,279</u>	<u>11,914,279</u>	<u>12,300,782</u>	<u>386,503</u>
<u>Expenditures:</u>				
General Government	1,259,661	1,235,791	1,165,170	70,621
Public Safety	520,728	549,728	546,337	3,391
Public Works	1,823,611	1,797,611	1,627,583	170,028
Sanitation	144,154	144,154	127,394	16,760
Health and Welfare	159,281	168,281	158,327	9,954
Recreation	218,791	230,661	165,972	64,689
Debt Service	38,906	38,906	38,906	-
Education	7,196,556	7,196,556	6,999,684	196,872
<u>Total Expenditures</u>	<u>11,361,688</u>	<u>11,361,688</u>	<u>10,829,373</u>	<u>532,315</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>552,591</u>	<u>552,591</u>	<u>1,471,409</u>	<u>918,818</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	486,250	486,250	-	(486,250)
Transfers Out	(1,038,841)	(1,038,841)	(1,038,841)	-
<u>Total Other Financing Sources (Uses)</u>	<u>(552,591)</u>	<u>(552,591)</u>	<u>(1,038,841)</u>	<u>(486,250)</u>
<u>Net Change In Fund Balance</u>	<u>\$ -</u>	<u>\$ -</u>	<u>432,568</u>	<u>\$ 432,568</u>
<u>Fund Balance - Beginning of Year</u>			<u>3,435,594</u>	
<u>Fund Balance - End of Year</u>			<u>\$ 3,868,162</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2022

	Business Type Activities Enterprise Fund Sewer and Water Commission
<u>Assets</u>	
Current Assets	
Cash and cash equivalents	\$ 768,749
Accounts receivable	1,549
Prepaid expenses	9,004
Total current assets	<u>779,302</u>
Noncurrent assets	
Restricted cash and investments	221,449
Capital assets, net of accumulated depreciation	<u>3,379,845</u>
<u>Total Assets</u>	<u>\$ 4,380,596</u>
<u>Liabilities</u>	
Current Liabilities	
Accounts payable	\$ 7,103
Due to Other Funds	166,936
Current portion of notes payable	26,151
Total Current Liabilities	<u>200,190</u>
Noncurrent Liabilities	
Permanent maintenance agreements	221,449
Notes payable, less current portion	1,259,709
Total Noncurrent Liabilities	<u>1,481,158</u>
<u>Total Liabilities</u>	<u>1,681,348</u>
<u>Net Position</u>	
Net Investment in Capital Assets	2,093,985
Unrestricted	605,263
<u>Total Net Position</u>	<u>2,699,248</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 4,380,596</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Business Type Activities Enterprise Fund Sewer and Water Commission
<u>Operating Revenue</u>	
Sewer usage fees	\$ 456,933
<u>Total Operating Revenues</u>	<u>456,933</u>
<u>Operating Expenses</u>	
Payroll and payroll taxes	135,260
Materials and supplies Administration	27,573
Operating expenses	55,195
Administration	24,090
Outside services	24,042
Insurance	35,603
Other expenses	245
Depreciation	130,351
<u>Total Expenditures</u>	<u>432,359</u>
<u>Operating Income (Loss)</u>	<u>24,574</u>
<u>Non-Operating Revenues (Expenses)</u>	
Investment income	385
Interest expense	(39,517)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(39,132)</u>
<u>Income before transfers</u>	(14,558)
<u>Transfers in</u>	<u>19,028</u>
<u>Change In Net Position</u>	4,470
<u>Net Position, Beginning</u>	<u>2,694,778</u>
<u>Net Position, Ending</u>	<u>\$ 2,699,248</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Business Type Activities Enterprise Fund Sewer and Water Commission
<u>Cash Flows from Operating Activities</u>	
Cash received from the following	
Cash received from customers	\$ 456,614
Payments to suppliers and personnel	(298,859)
<u>Net Cash Provided by Operating Activities</u>	<u>157,755</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchases of equipment	-
Payments to other funds	(54,495)
Principal payments of clean water fund loans	(24,314)
Interest paid on capital debt	(39,517)
<u>Net Cash Used in Capital and Related Financing Activities</u>	<u>(118,326)</u>
<u>Cash Flows From Investing Activities</u>	
Investment income	385
<u>Net Cash Provided by Investing Activities</u>	<u>385</u>
<u>Net Increase (Decrease) in Cash</u>	39,814
<u>Cash, Beginning of Year</u>	<u>728,935</u>
<u>Cash, End of Year</u>	<u>\$ 768,749</u>
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ 24,574
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	130,351
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	(319)
(Increase) decrease in prepaid expenses	(380)
Increase (decrease) in accounts payable	3,529
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 157,755</u>

The accompanying notes are an integral part of these financial statements

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Town of Kent, Connecticut (the Town) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

**Reporting Entity**

The Town of Kent, Connecticut (the "Town") was incorporated in 1739. The Town is a municipal corporation governed by a Board of Selectmen, Town Meeting, Board of Finance form of government and provides a full range of services including public safety (police and fire), public works, health and welfare, recreation, sanitation, education, and general administrative services to its residents. Under this form of Government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes, and borrow money. The executive branch is led by an elected three-member Board of Selectmen. The Selectmen oversee most of the activities not assigned specifically to another Body. An elected Board of Education oversees the public-school system.

The Board of Finance is responsible for financial, and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval. The Town has the power to incur indebtedness by issuing bonds or notes as provided by Connecticut General Statutes.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The following related organizations, to which the Town appropriates funds annually, do not meet the above criteria and are not included in the reporting entity:

*Regional School District #1* - This potential component unit has a separate elected board and provides educational services to residents of several local Towns which make up the region. It is excluded from the reporting entity because the Town does not have the ability to exercise influence or control over the daily operations or approve budgets.

*Kent Volunteer Fire Department.* – The Kent Volunteer Fire Department has a separate elected board and provides services to residents, generally within the geographic boundaries of the Town. It is excluded from the reporting entity because the Town does not have the ability to exercise influence or control over the daily operations or approve budgets.

*Kent Library Association* – The Town has no financial, operational, or managerial control over this organization. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

The statement of activities demonstrates the degree to which the direct expenses of a 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, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The various funds included in the financial statements are described below:

**Fund Financial Statements**

Governmental Funds are those through which most governmental functions typically are financed. The governmental funds are as follows:

*General Fund*- the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and earnings on investments.

*Capital Project Funds* - account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds for assets that will be held in trust for individuals, private organizations, or other governments.

*Special Revenue Funds* - account for revenue derived from specific sources other than capital projects that are restricted or committed by legal and regulatory provisions to finance specific activities.

*Permanent Funds* - used to report resources that are legally restricted to the extent that only income, and not principal, may be used for purposes that support the Town's programs.

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The proprietary funds are as follows:

*Enterprise Fund* – is used to account for the operations for the Sewer and Water Commission, which oversees the water and sewer services

The Town has no Fiduciary Funds.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town or specifically identified.

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 claims and judgments, are recorded only when payment is due.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance, provision for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major governmental funds:

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

*General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Capital Projects Fund* accounts for resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment and accounts for financial resources designated for future appropriation for capital expenditures, or for the acquisition or construction of capital facilities, improvements and/or equipment. Capital outlays are financed by appropriations from the general fund, intergovernmental grants, and long-term debt obligations.

*Town Special Grant Fund* is a special fund used to account for and report the special activities of the Town in connection with the state and Federal grants related to the ongoing COVID pandemic situation.

The Town reports the following major proprietary fund:

*Sewer Operating Fund* accounts for the operations of the Town's wastewater treatment system. The major sources of revenue for this fund are sewer assessments and use charges.

### **Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### **Investments**

Investments for the Town are reported at fair value generally based on quoted market prices.

### **Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses in both the government-wide and fund financial statements.

### **Interfund Receivables, Payables, and Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**Unearned Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

**Property Taxes**

Property taxes are assessed as of October 1, levied on the following July 1 and are due in two installments, July 1 and January 1. Supplemental motor vehicle taxes are due in full January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, including motor vehicles, are computed at 70% of appraised market value. Liens are filed by the last day of the fiscal year.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements.

Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements. An allowance based on historical collection experience is provided for uncollectible taxes.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 with 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 fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, equipment and infrastructure assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 - 50
Building improvements	20 - 40
Land improvements	15 - 40
Machinery and equipment	5 - 25
Infrastructure	25 - 50
Vehicles	10 - 12

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**Compensated Absences and Teachers' Severance**

Town employees accumulate, by prescribed formula, vacation and paid-time-off time for subsequent use or for payment upon termination or retirement. In addition, Board of Education teachers with at least 20 years of service are entitled to severance pay by prescribed formula. Vacation and severance pay expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. The Town had no financial statement elements meeting the criteria to be reported as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**Fund Equity and Net Position**

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

*Net Investment in Capital Assets* - this category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

*Restricted Net Position* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This category represents the net position of the Town, which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

*Nonspendable Fund Balance* – includes amounts that are not in spendable form or amounts that must be maintained intact legally or contractually. The criteria include items that are not expected to be converted to cash such as inventories, prepaid amounts and long term receivables.

*Restricted Fund Balance* – includes amounts that are restricted for specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. Commitments may be changed or lifted only by the same group taking the same formal action that imposed the constraint originally.

*Assigned Fund Balance* – includes amounts intended to be used by the Town for specific purposes that do not meet the criteria to be classified as restricted or committed.

*Unassigned Fund Balance* – includes the general fund balance amount that is not classified as nonspendable, restricted, committed or assigned.

The Town's policy is to apply expenditures against the applicable fund balances in the order of restricted, committed, assigned, and unassigned.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The Town follows these procedures in establishing budgetary data reflected in the financial statements:

Department heads, officers, and agencies of the Town file estimates of expenditures to be made and revenues to be collected in the upcoming year to the Board of Finance. The Board of Finance recommends budgets, as revised, for adoption at the annual Town meeting in May or, if a petition is filed with the Town Clerk in accordance with Section 7-7 of the Connecticut General Statutes, at Town referendum.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

The budget is legally adopted by a vote at the Annual Town Budget meeting referendum. The Board of Finance is authorized to transfer unexpended budgeted amounts between departmental appropriations pursuant to CGS 7-347. Additional or supplemental appropriations are allowable pursuant to CGS 7-348 and may require a Town Meeting referendum.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

There were no supplemental budgetary appropriations for the fiscal year ended June 30, 2022.

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various Special Revenue Funds, which are utilized to account for specific grant programs, are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants.

Legal authorization for expenditures of the Capital Project Funds is provided by Town ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America. A reconciliation of general fund amounts presented on the budgetary basis to amounts presented in conformity with accounting principles generally accepted in the United States of America is as follows:

	Fund Balance Beginning	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance Ending
Total Budgetary Basis - Non GAAP	\$ 3,435,594	\$ 12,300,782	\$ 10,829,373	\$(1,038,841)	\$ 3,868,162
Teachers retirement System On Behalf Payments	-	554,850	554,850	-	-
Teachers retirement System OPEB	-	13,057	13,057	-	-
Interfund Transfers reported on Non-GAAP statements as revenues and expenditures	-	(47,952)	(35,000)	12,952	
GASB 54 reclassification and adjustment	46,625	19,963	56,621	10,000	\$ 19,967
Total GAAP Basis	<u>\$ 3,482,219</u>	<u>\$ 12,840,700</u>	<u>\$ 11,418,901</u>	<u>\$(1,015,889)</u>	<u>\$ 3,888,129</u>

### **NOTE 3 – CASH DEPOSITS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

deposits based upon the depository's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call reports, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. All of the Town's deposits were in qualified public institutions as defined by state statute.

As of June 30, 2022, the carrying amount of the Town's cash deposits were as follows:

	Carrying Amount	Bank Balance
Governmental Funds	\$ 2,018,646	\$ 2,941,324
Enterprise Funds	768,749	775,555
Certificates of deposit classified as investments	503,171	503,171
Total Cash Deposits	3,290,566	4,220,050
Short Term Investment Fund	6,340,471	6,340,471
Less Certificates of deposit classified as investments	(503,171)	(503,171)
Total Cash and Cash Equivalents	<u>\$ 9,127,866</u>	<u>\$ 10,057,350</u>

Classified as follows:

Governmental Funds	\$ 8,359,117
Enterprise Funds	768,749
	<u>\$ 9,127,866</u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, \$3,398,960 of the Town's bank balance of \$4,220,050 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,080,519
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name	318,441
	<u>\$ 3,398,960</u>

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2022, the Town's cash equivalents amounted to \$6,340,471. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

The level of the Town's deposits varied significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts at those times were substantially higher than at year-end.

**Concentrations of Credit Risk**

The Town does not have a policy that limits the amounts invested in any one issuer. At June 30, 2022, the Town had all of its cash deposits in financial institutions located in the State of Connecticut. The Town has not experienced any losses on such accounts.

**NOTE 4 – INVESTMENTS**

The Town has no formally adopted investment policy that would limit its investment choices due to credit risk other than the State of Connecticut General Statutes that limit investments to obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investments are stated at fair value using quoted market prices and consist of funds deposited in certificates of deposit, permanent funds and pension assets held by the pension administrator. As of June 30, 2022, the Town had the following investments:

	Fair Market Value	Less than 1 Year	1- 5 Years
<u>Governmental Funds</u>			
Certificates of deposit	\$ 281,722	\$ -	\$ 281,722
<u>Enterprise Funds</u>			
Certificates of deposit	<u>221,449</u>	<u>-</u>	<u>221,449</u>
	<u>\$ 503,171</u>	<u>\$ -</u>	<u>\$ 503,171</u>

**Interest Rate Risk**

Interest rate risk is the risk that the Town will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**Concentrations of Credit Risk**

The Town does not have a policy that limits the amounts invested in any one issuer.

**Fair Value Measurements**

Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs).

The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The town's investments are measured on a recurring basis using level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2022.

**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2022 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major and Other Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Property Taxes	\$ 156,830	\$ -	\$ -	\$ -	\$ 156,830
Interest due on taxes	42,758	-	-	-	42,758
Allowance for taxes	(23,987)	-	-	-	(23,987)
Accounts Receivable	<u>35,895</u>	<u>7,800</u>	<u>26,114</u>	<u>1,549</u>	<u>71,358</u>
Total Receivables	<u>\$ 211,496</u>	<u>\$ 7,800</u>	<u>\$ 26,114</u>	<u>\$ 1,549</u>	<u>\$ 246,959</u>

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 5,805	\$ 533,627
Capital Projects Fund	122,700	-
Town Special Grant Fund	410,927	
Dog Fund	-	5,548
Recreation Programs	-	183
Food Bank	-	74
	<hr/>	<hr/>
Total	<u>\$ 539,432</u>	<u>\$ 539,432</u>

A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 77,952	1,093,841
Capital Projects Fund	1,001,341	-
Dog Fund	7,500	-
School Cafeteria	35,000	-
Building Inspection Fund	-	27,608
Recreation Programs	-	344
	<hr/>	<hr/>
Total	<u>\$ 1,121,793</u>	<u>\$ 1,121,793</u>

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 7 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated				
Land	\$ 1,378,530	\$ -	\$ -	\$ 1,378,530
Construction in process	109,828	23,500	-	133,328
Total Capital Assets, not being depreciated	<u>1,488,358</u>	<u>23,500</u>	<u>-</u>	<u>1,511,858</u>
Capital Assets, being depreciated				
Building and improvements	14,017,673	-	-	14,017,673
Land improvements	127,939	-	-	127,939
Machinery and equipment	1,124,950	-	110,000	1,014,950
Vehicles	1,241,269	-	1,952	1,239,317
Infrastructure	11,588,664	-	-	11,588,664
Total Capital Assets being depreciated	<u>28,100,495</u>	<u>-</u>	<u>111,952</u>	<u>27,988,543</u>
Less Accumulated Depreciation for:				
Building and improvements	7,000,520	419,857	-	7,420,377
Land improvements	76,943	8,529	-	85,472
Machinery and equipment	860,379	32,422	110,000	782,801
Vehicles	890,123	93,098	1,952	981,269
Infrastructure	5,541,046	183,527	-	5,724,573
Total Accumulated Depreciation	<u>\$ 14,369,011</u>	<u>737,433</u>	<u>111,952</u>	<u>14,994,492</u>
Total Capital Assets, being depreciated net	<u>13,731,484</u>	<u>(737,433)</u>	<u>-</u>	<u>12,994,051</u>
Governmental Activities Capital Assets, net	<u>\$ 15,219,842</u>	<u>\$ (713,933)</u>	<u>\$ -</u>	<u>\$ 14,505,909</u>

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Business Type Activities</u></b>				
Capital Assets, being depreciated				
Building and improvements	2,177,465	-	-	2,177,465
Machinery and equipment	709,784	-	-	709,784
System infrastructure	2,442,787	-	-	2,442,787
Total Capital Assets being depreciated	<u>5,330,036</u>	<u>-</u>	<u>-</u>	<u>5,330,036</u>
Less Accumulated Depreciation for:				
Building and improvements	1,173,185	62,974	-	1,236,159
Machinery and equipment	174,888	27,788	-	202,676
System infrastructure	471,767	39,589	-	511,356
Total Accumulated Depreciation	<u>1,819,840</u>	<u>130,351</u>	<u>-</u>	<u>1,950,191</u>
Total Capital Assets, being depreciated net	<u>3,510,196</u>	<u>(130,351)</u>	<u>-</u>	<u>3,379,845</u>
Business Type Activities Capital Assets, net	<u>\$ 3,510,196</u>	<u>\$ (130,351)</u>	<u>\$ -</u>	<u>\$ 3,379,845</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 74,940
Public Works	338,803
Recreation	22,959
Education	300,731
Total Depreciation Expense - Governmental Activities	<u>\$ 737,433</u>
Business-Type Activities:	
Sewer and Water Commission	<u>\$ 130,351</u>

**NOTE 8 - RISK MANAGEMENT AND UNCERTAINTIES**

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks and any claims have not exceeded commercial coverage.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's financial condition, liquidity and future results of operations. The Town has not included any contingencies in the financial statements specific to this issue.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 9 - GENERAL LONG-TERM DEBT**

The following is a summary of changes in general obligation debt during the fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<u>General Government</u>					
Compensated absences	44,201	-	3,134	41,067	-
Teachers severance	112,281	-	12,020	100,261	-
Total General Government	<u>156,482</u>	<u>-</u>	<u>15,154</u>	<u>141,328</u>	<u>-</u>
<u>Businesses Type Activities</u>					
General Obligation Bond USDA Loan 92-04	444,011	-	9,232	434,779	11,248
General Obligation Bond USDA Loan 92-06	793,593	-	13,543	780,050	13,177
General Obligation Bond USDA Loan 92-08	<u>72,570</u>	<u>-</u>	<u>1,539</u>	<u>71,031</u>	<u>1,726</u>
Total Business Type Activities	<u>1,310,174</u>	<u>-</u>	<u>24,314</u>	<u>1,285,860</u>	<u>26,151</u>
Total Long-term Debt	<u>\$ 1,466,656</u>	<u>\$ -</u>	<u>\$ 39,468</u>	<u>\$ 1,427,188</u>	<u>\$ 26,151</u>

Bonds and Debt Payable at June 30, 2022 are comprised of the following obligations:

	<u>Balance 6/30/2022</u>
June 29, 2012, \$515,000 general obligation bonds USDA Sewer Series A. The bonds mature serially through 2052, and bear interest at an annual rate of 2.75%.	\$ 434,779
July 24, 2014, \$864,000 general obligation bonds USDA Sewer Series A. The bonds mature serially through 2055, and bear interest at an annual rate of 3.25%.	780,050
June 29, 2012, \$85,000 general obligation bonds USDA Sewer Series A. The bonds mature serially through 2052, and bear interest at an annual rate of 2.75%.	71,031
Total Bonds and Notes Payable	<u>\$ 1,285,860</u>

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

The following is a summary of debt service requirements to maturity by year:

Year Ending June 30	Principal	Interest	Total
2023	\$ 26,151	\$ 37,680	\$ 63,831
2024	25,355	38,476	63,831
2025	26,122	37,709	63,831
2026	26,912	36,919	63,831
2027	27,727	36,104	63,831
2028	28,566	35,265	63,831
2029	29,431	34,400	63,831
2030	30,323	33,508	63,831
2031	31,241	32,590	63,831
2032	32,188	31,643	63,831
2033	33,164	30,667	63,831
2034	34,169	29,662	63,831
2035	35,205	28,626	63,831
2036	36,272	27,559	63,831
2037	37,372	26,459	63,831
2038	38,506	25,325	63,831
2039	39,674	24,157	63,831
2040	40,878	22,953	63,831
2041	42,119	21,712	63,831
2042	43,398	20,433	63,831
2043	44,715	19,116	63,831
2044	46,074	17,757	63,831
2045	47,473	16,358	63,831
2046	48,915	14,916	63,831
2047	50,401	13,430	63,831
2048	51,934	11,897	63,831
2049	53,513	10,318	63,831
2050	55,140	8,691	63,831
2051	56,817	7,014	63,831
2052	56,715	5,731	62,446
2053	35,351	3,555	38,906
2054	36,500	2,406	38,906
2055	37,539	1,220	38,759
	<u>\$ 1,285,860</u>	<u>\$ 744,256</u>	<u>\$ 2,030,116</u>

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**Overlapping Debt**

The Town is a member of Regional School District No.1, which provides education facilities for the Towns of Canaan, Cornwall, Kent, North Canaan, Salisbury, and Sharon. As of June 30, 2021, the outstanding bonded indebtedness of the District was \$5,081,000. The Town's share will be 14.1% of the remaining balance. These are general obligations of Regional School District No. 1 and its member towns. At June 30, 2022, the Town is contingently liable for Regional School District No. 1 debt in the amount of \$699,654.

**Statutory Debt Limitation**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2022.

**Unissued Bond Authorization**

Authorizations of general obligation bonds that remained unissued as of June 30, 2022, are summarized below:

	<u>Date Authorized</u>	<u>Authorized and Unissued</u>
Sewer Belt Filter Press	1/21/2020	\$ 450,000
Streetscape Improvements Phase I	1/20/2019	2,925,000
Streetscape Improvements Phase II	5/5/2012	<u>2,352,525</u>
Total bond authorizations, unissued		<u><u>\$ 5,727,525</u></u>

**Teachers' Severance**

Under the teachers' contract agreement between the Kent Board of Education (BOE) and the Kent Center Faculty Association (KCFA), a severance benefit was offered to members of KCFA who have been employed by the BOE for at least 20 years. Teachers who are eligible shall receive a severance benefit equal to 15% of their basic salary. At June 30, 2022, liabilities totaling \$100,261 for seven teachers qualifying for the contract severance benefit are accrued in the government-wide Statement of Net Position.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

There are legal actions pending in which the Town is involved. The Town Officials are of the opinion that the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Town. The Town has received State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 11 – FUND BALANCES**

As of June 30, 2022, governmental fund balances are composed of the following:

	General Fund	Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>				
Prepaid expenses	\$ 30,322	\$ -	\$ -	\$ 30,322
Inventory	-	-	498	498
Trusts	71,122	-	1,073	72,195
	<u>101,444</u>	<u>-</u>	<u>1,571</u>	<u>103,015</u>
<u>Restricted</u>				
Capital projects	-	4,317,027	-	4,317,027
General governments	-	-	10,345	10,345
Education	-	-	42,071	42,071
	<u>-</u>	<u>4,317,027</u>	<u>52,416</u>	<u>4,369,443</u>
<u>Committed</u>				
Subsequent year's budget	527,500	-	-	527,500
General government	-	-	38,403	38,403
Public safety	-	-	7,376	7,376
Public works	-	-	138	138
Recreation			9,962	9,962
Health and welfare			15,806	15,806
Education			40,675	40,675
Schaghticoke litigation	(26,774)	-	-	(26,774)
Maple Street extension	46,741	-	-	46,741
	<u>547,467</u>	<u>-</u>	<u>112,360</u>	<u>659,827</u>
<u>Unassigned</u>	<u>3,239,218</u>	<u>-</u>	<u>-</u>	<u>3,239,218</u>
<u>Total governmental funds</u>	<u>\$3,888,129</u>	<u>\$ 4,317,027</u>	<u>\$ 166,347</u>	<u>\$ 8,371,503</u>

**NOTE 12 - POST EMPLOYMENT AND HEALTHCARE BENEFITS**

The Town does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the act, and no direct costs are incurred by the Town.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 13- PENSION PLANS**

**DEFINED CONTRIBUTION PLAN**

The Town provides retirement benefits through a single-employer defined contribution pension plan for all eligible employees except certified personnel of the Board of Education who are covered by the State of Connecticut Teachers' Retirement System. The Board of Selectmen has oversight and fiduciary responsibility for the plan.

All eligible employees who have completed one year of service with a minimum of 1,000 hours during the year and who have reached age 21 are eligible for inclusion in the plan. The plan provides that benefits are 100% vested at all times with respect to all of the amounts allocated to employees' accounts. The Town contributes an amount equal to 7% of each eligible employee's base compensation. During the year, the Town's contributions totaled \$25,826 and the Board of Education's contributions totaled \$44,691.

As of June 30, 2022, there were no securities of the Town or other related parties held in the plan. Due to the nature of the plan there is no unfunded liability.

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

**Plan Description**

Teachers, principals, superintendents, and supervisors engaged in service within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation. As such, the Town does not have a liability related to participants in the System. The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The benefits provided to participants by the System are as follows:

*Normal Retirement*

The System provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

*Early Retirement*

Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

*Minimum Benefit*

Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement

Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

*Disability Retirement*

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for nonservice related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the System, but not less than 15%, nor more than 50%. In addition, disability benefits under this System (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed average annual salary.

*Pre-Retirement Death Benefit*

The System also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly.

*Employer*

School district employers are not required to make contributions to the Plan, as contributions are required only from employees and the State. The statutes require the state of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

Effective July 1, 1992, each teacher was required to contribute 6% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

Pension Liabilities, Pension Expenses, and Deferred Inflows/Outflows of Resources

At June 30, 2022, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportional share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	6,626,365
Total	<u><u>\$ 6,626,365</u></u>

The net pension liability was measured as of June 30, 2021. At June 30, 2022, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$554,850 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$427,747 for pension expense and revenue for on-behalf amounts for the benefits provided by the State.

#### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, with a reporting date of June 30, 2022, using the following key actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	6.90 Percent

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

Assumption changes since the prior year are as follows:

There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of TRS after July 1, 2007, pension benefit adjustments are made that are

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut's Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market International Stock Fund	11.0%	6.0%
Emerging Market International Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%

#### Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$0, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Connecticut State Teachers' Other Post-Employment Benefits (OPEB)

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the TRS. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost.

The subsidy amount is set by statute and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the Plan sponsored by the TRS. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

*State of Connecticut*

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

*Employer (School Districts)*

For the year ended June 30, 2022, the amount of “on-behalf” contributions made by the state was \$13,057 and is recognized in the General Fund as intergovernmental revenues and education expenditures. In the government-wide financial statements, the Town recognized a reduction of \$(25,047) for OPEB expense and revenue for on-behalf amounts for the benefits provided by the State.

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources Related to OPEB

At June 30, 2022, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s proportional share of the net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the Town	721,930
Total	<u><u>\$ 721,930</u></u>

The net OPEB liability was measured as of June 30, 2021. At June 30, 2022, the Town has no proportionate share of the net OPEB liability.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00% to 6.50%
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.16%
Prior Measurement date	2.21%

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

Single equivalent interest rate	
Measurement date	2.17%, net of OPEB plan investment expense, including price inflation
Prior Measurement date	2.21 %, net of OPEB plan investment expense, including price inflation
Healthcare cost trends rates	
Medicare	5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in the evaluation of the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.00%	0.42%	1.78%
Price Inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

Assumption changes since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

Benefit changes since the prior year are as follows:

There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

OPEB Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**NOTE 15 – OPERATING LEASES**

The Town has entered into operating leases for office equipment that expire at various dates through September 2023. At June 30, 2022, the minimum annual future rental commitments under operating leases are as follows:

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

2023	\$	5,748
2024		3,888
2025		3,888
	\$	<u>13,524</u>

**NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS**

The Town is a participant in three jointly governed organizations as described below:

Housatonic Resource Recovery Authority

The Town and ten other local municipalities each appoint the governing board of the Housatonic Resource Recovery Authority, with which the Town contracts for waste management services. Each town is awarded voting rights based upon population.

Lake Waramaug Interlocal Commission

The Lake Waramaug Interlocal Commission (the Commission) was created by the towns of Kent, Warren, and Washington to jointly finance and conduct projects for the purpose of controlling water pollution and improving water quality. The Town appoints one member of the five member Commission. The Town expended \$1,953 for the operation of the Commission for the year ended June 30, 2022.

Lake Waramaug Authority

The Lake Waramaug Authority (the Authority) was created by the towns of Kent, Warren, and Washington to enforce water safety. The Authority is comprised of three members from each town. The Town expended \$12,264 for the operation of the Authority for the year ended June 30, 2022.

**NOTE 17 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- GASB Statement No. 91 – Conduit Debt Obligations. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.
- GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.
- GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement

TOWN OF KENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement addresses a variety of topics with certain of the requirements of this statement effective July 1, 2022, and other requirements effective for the Town's reporting periods beginning July 1, 2023.
- GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2023.
- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2024.

TOWN OF KENT  
Connecticut State Teachers Retirement System  
Required Supplementary Information  
Schedule of the Town's Proportionate Share of the Net Pension Liability

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Towns proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the town	6,626,365	7,301,729	7,054,214	5,439,209	5,962,940	6,290,948	4,635,777	4,284,847
Total	\$ 6,626,365	\$ 7,301,729	\$ 7,054,214	\$ 5,439,209	\$ 5,962,940	\$ 6,290,948	\$ 4,635,777	
Town's covered-employee payroll	\$ 1,903,765	\$ 1,719,611	\$ 1,813,744	\$ 1,739,583	\$ 1,788,628	\$ 1,797,405	\$ 1,723,151	
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	None
Actuarial cost method	Entry Age
Amortization method	Level percent of pay, closed grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent amortization period	30 Years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.0% - 6.50%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense

Notes:

This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available  
The measurement date is one year earlier than the employer's reporting date.

TOWN OF KENT  
Connecticut State Teachers Retirement System  
Required Supplementary Information  
Schedule of the Town's Proportionate Share of the Net OPEB Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Towns proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the town	<u>721,930</u>	<u>1,089,053</u>	<u>1,100,214</u>	<u>1,087,329</u>	<u>1,534,781</u>
Total	<u>\$ 721,930</u>	<u>\$ 1,089,053</u>	<u>\$ 1,100,214</u>	<u>\$ 1,087,329</u>	<u>\$ 1,534,781</u>
Town's covered-employee payroll	<u>\$ 1,903,765</u>	<u>\$ 1,719,611</u>	<u>\$ 1,813,744</u>	<u>\$ 1,739,583</u>	<u>\$ 1,788,628</u>
Town's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>6.11%</u>	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the Municipal Bond Index Rate as of June 30, 2021
	Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of pension plan investment expense
Inflation	2.75%

Notes:

This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available  
The measurement date is one year earlier than the employer's reporting date.

TOWN OF KENT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
<u>Property Taxes</u>	\$ 11,021,512	\$ -	\$ 11,021,512	\$ 11,226,341	\$ 204,829
<u>Interest and lien fees</u>	40,500		40,500	67,493	26,993
<u>Intergovernmental</u>					
Education assistance	27,594	-	27,594	29,919	2,325
Mashantucket Pequot	1,298	-	1,298	1,298	-
Town aid roads	291,531	-	291,531	292,151	620
In lieu of taxes	28,889	-	28,889	23,651	(5,238)
Other	1,000	-	1,000	18,192	17,192
<u>Total Intergovernmental</u>	350,312	-	350,312	365,211	14,899
<u>Investment Income</u>	15,000	-	15,000	11,802	(3,198)
<u>Charges for services</u>					
Building fees	18,000	-	18,000	27,608	9,608
Planning and zoning	20,000	-	20,000	23,546	3,546
Parks and recreation	11,750	-	11,750	29,550	17,800
Town clerk recording fees and conveyance taxes	80,000	-	80,000	170,448	90,448
Miscellaneous fees	57,500	-	57,500	62,460	4,960
Other permits	1,700	-	1,700	3,328	1,628
Transfer station	95,000	-	95,000	97,305	2,305
Bulky waste	10,000	-	10,000	7,448	(2,552)
	293,950	-	293,950	421,693	127,743
<u>Other Revenues</u>					
Cell tower rent	105,255	-	105,255	98,827	(6,428)
Telecommunications property	13,000	-	13,000	11,520	(1,480)
KCS Tuition	51,750	-	51,750	72,375	20,625
Maple street extension	20,000	-	20,000	20,000	-
Community house	2,000	-	2,000	5,420	3,420
Swift house rent	1,000	-	1,000	100	(900)
<u>Total Other Revenues</u>	193,005	-	193,005	208,242	15,237
<u>Transfers in</u>					
Surplus	486,250	-	486,250	-	(486,250)
<u>Total Transfers in</u>	486,250	-	486,250	-	(486,250)
<u>Total Revenues</u>	\$ 12,400,529	\$ -	\$ 12,400,529	\$ 12,300,782	\$ (99,747)

TOWN OF KENT  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Variance Favorable (Unfavorable)
	Original	Transfers	Final	Actual	
<u>General Government</u>					
Board of Selectmen	\$ 214,509	\$ -	\$ 214,509	\$ 213,211	\$ 1,298
Probate Court	4,500	-	4,500	4,379	121
Registrar of Voters	33,841	-	33,841	32,820	1,021
Board of Finance	25,274	1,800	27,074	27,048	26
Treasurer	57,050	7,300	64,350	64,339	11
Assessors	96,413	(11,000)	85,413	74,452	10,961
Tax Collector	79,276	(3,000)	76,276	75,664	612
Assessment Appeals	2,817	-	2,817	-	2,817
Conservation Commission	2,495	-	2,495	644	1,851
Town Clerk	140,640	(1,800)	138,840	138,561	279
Planning and Zoning	87,396	(7,300)	80,096	70,433	9,663
Zoning Board of Appeals	2,206	-	2,206	1,557	649
Inland Wetlands Commission	41,802	-	41,802	39,769	2,033
Building Inspector	14,072	-	14,072	8,336	5,736
Town Hall	129,200	-	129,200	128,769	431
Legal	41,500	-	41,500	23,134	18,366
Town Library grant	125,000	-	125,000	125,000	-
Cemetery Association grant	37,000	-	37,000	37,000	-
Council of Governments	5,047	-	5,047	5,271	(224)
Insurance	106,829	-	106,829	92,489	14,340
Contingency	10,000	(9,870)	130	-	130
Historic District Commission	500	-	500		500
Other	2,294	-	2,294	2,294	-
<u>Total General Government</u>	<u>1,259,661</u>	<u>(23,870)</u>	<u>1,235,791</u>	<u>1,165,170</u>	<u>70,621</u>
<u>Public Safety</u>					
Fire Marshal	37,319	-	37,319	35,397	1,922
Fire Protection grant	106,000	-	106,000	106,000	-
EMS Staffing	104,544	26,000	130,544	130,156	388
Litchfield County dispatch	31,797	-	31,797	31,797	-
Police Protection	196,000	-	196,000	195,430	570
Paramedic Association	40,118	-	40,118	39,731	387
Civil preparedness	4,950	3,000	7,950	7,826	124
<u>Total Public Safety</u>	<u>520,728</u>	<u>29,000</u>	<u>549,728</u>	<u>546,337</u>	<u>3,391</u>
<u>Public Works</u>					
Town garage building	21,910		21,910	21,807	103
Highway department	1,435,095	(26,000)	1,409,095	1,252,439	156,656
Town aid road	291,531		291,531	292,151	(620)
Town utilities	48,000		48,000	45,026	2,974
Tree upkeep	27,075		27,075	16,160	10,915
<u>Total Public Works</u>	<u>1,823,611</u>	<u>(26,000)</u>	<u>1,797,611</u>	<u>1,627,583</u>	<u>170,028</u>

TOWN OF KENT  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance
	Original	Transfers	Final	Favorable (Unfavorable)
<u>Sanitation</u>				
Landfill monitoring	2,000	-	2,000	1,934 66
Transfer station	142,154	-	142,154	125,460 16,694
<u>Total Sanitation</u>	<u>144,154</u>	<u>-</u>	<u>144,154</u>	<u>127,394 16,760</u>
<u>Health and Welfare</u>				
Social services	77,288	-	77,288	69,019 8,269
Senior Center	17,175	-	17,175	17,160 15
Welcome center public restrooms	7,500	9,000	16,500	16,430 70
Director of Health and health district	15,218	-	15,218	15,218 -
Youth Service Bureau	7,000	-	7,000	7,000 -
Other grants	35,100	-	35,100	33,500 1,600
<u>Total Health and Welfare</u>	<u>159,281</u>	<u>9,000</u>	<u>168,281</u>	<u>158,327 9,954</u>
<u>Recreation</u>				
Parks and recreation	169,236	-	169,236	108,897 60,339
Community house	23,355	1,500	24,855	24,011 844
Lake Waramaug Inter. Com	2,000	-	2,000	1,953 47
Lake Waramaug Auth	2,400	9,870	12,270	12,264 6
Swift house	13,050	500	13,550	13,520 30
KCS Ballfield maintenance	8,750	-	8,750	5,327 3,423
<u>Total Recreation</u>	<u>218,791</u>	<u>11,870</u>	<u>230,661</u>	<u>165,972 64,689</u>
<u>Education</u>				
<u>Local Education</u>				
Salaries	2,835,173	-	2,835,173	2,737,620 97,553
Employee benefits	892,660	-	892,660	798,750 93,910
Purchased professional services	19,000	-	19,000	4,889 14,111
Purchased property services	129,405	-	129,405	167,578 (38,173)
Pupil transportation	249,980	-	249,980	250,049 (69)
Supplies and utilities	392,121	-	392,121	487,370 (95,249)
Insurance	70,724	-	70,724	67,161 3,563
Dues and fees	12,750	-	12,750	12,204 546
Cafeteria subsidy	35,000	-	35,000	35,000 -
Contingency	40,000	-	40,000	- 40,000
Other	10,000	-	10,000	10,000 -
	<u>4,686,813</u>	<u>-</u>	<u>4,686,813</u>	<u>4,570,621 116,192</u>
<u>Regional Education</u>				
Pupil services	927,885	-	927,885	886,947 40,938
HVRHS tuition	1,372,893	-	1,372,893	1,335,455 37,438
Administration services	208,965	-	208,965	206,661 2,304
	<u>2,509,743</u>	<u>-</u>	<u>2,509,743</u>	<u>2,429,063 80,680</u>
<u>Total Education</u>	<u>7,196,556</u>	<u>-</u>	<u>7,196,556</u>	<u>6,999,684 196,872</u>

TOWN OF KENT  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Original	Budgeted Amounts Transfers	Final	Actual	Variance Favorable (Unfavorable)
<u>Debt Service</u>					
Interest	25,790	-	25,790	25,790	-
Principal	13,116	-	13,116	13,116	-
<u>Total Debt Service</u>	<u>38,906</u>	<u>-</u>	<u>38,906</u>	<u>38,906</u>	<u>-</u>
 <u>Total Expenditures</u>	 <u>11,361,688</u>	 <u>-</u>	 <u>11,361,688</u>	 <u>10,829,373</u>	 <u>532,315</u>
 <u>Other Financing Uses - Transfers</u>					
Transfer to Capital	1,001,341	-	1,001,341	1,001,341	-
Transfer to Dog Fund	7,500	-	7,500	7,500	-
Transfer to Schaghticoke Litigation	30,000	-	30,000	30,000	-
<u>Total Other Financing Uses - Transfers</u>	<u>1,038,841</u>	<u>-</u>	<u>1,038,841</u>	<u>1,038,841</u>	<u>-</u>
 <u>Total Expenditures and Other Financing Uses</u>	 <u>\$ 12,400,529</u>	 <u>\$ -</u>	 <u>\$ 12,400,529</u>	 <u>\$ 11,868,214</u>	 <u>\$ 532,315</u>

TOWN OF KENT  
GENERAL FUND  
SPECIAL ACTIVITIES - BALANCE SHEET  
JUNE 30, 2022

	<u>Schaghticoke Litigation Fund</u>	<u>Maple Street Extension Fund</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ -	\$ 29,771
Investments	-	-
Inventory	-	-
Accounts Receivable	-	-
Due From Other Funds	-	16,970
	<hr/>	<hr/>
<u>Total Assets</u>	<u>\$ -</u>	<u>\$ 46,741</u>
 <u>Liabilities and Fund Balances</u>		
 <u>Liabilities</u>		
Accounts Payable	\$ 9,804	\$ -
Due to Other Funds	16,970	-
	<hr/>	<hr/>
<u>Total Liabilities</u>	<u>26,774</u>	<u>-</u>
 <u>Fund Balances</u>		
Committed	(26,774)	46,741
Unassigned	-	-
	<hr/>	<hr/>
<u>Total Fund Balances</u>	<u>(26,774)</u>	<u>46,741</u>
 <u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	 <u>\$ -</u>	 <u>\$ 46,741</u>

TOWN OF KENT  
GENERAL FUND  
SPECIAL ACTIVITIES STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022

	Schaghticoke Litigation Fund	Maple Street Extension Fund
<u>Revenues:</u>		
Intergovernmental	\$ -	\$ -
Investment Income	-	85
Donations and other	-	19,878
Charges for services	-	-
<u>Total Revenues</u>	<u>-</u>	<u>19,963</u>
<u>Expenditures:</u>		
General Government	56,621	-
Public Safety	-	-
Public Works	-	-
Sanitation	-	-
Health and Welfare	-	-
Recreation	-	-
Miscellaneous	-	-
Debt Service	-	-
Education	-	-
Capital Outlay	-	-
<u>Total Expenditures</u>	<u>56,621</u>	<u>-</u>
Excess (deficiency) of Revenues Over Expenditures	<u>(56,621)</u>	<u>19,963</u>
<u>Other Financing Sources (Uses):</u>		
Operating Transfers In	30,000	-
Operating Transfers Out	-	(20,000)
<u>Total Other Financing Sources (Uses)</u>	<u>30,000</u>	<u>(20,000)</u>
<u>Net Change in Fund Balances</u>	<u>(26,621)</u>	<u>(37)</u>
<u>Fund Balances Beginning of Year</u>	<u>(153)</u>	<u>46,778</u>
<u>Fund Balances End of Year</u>	<u>\$ (26,774)</u>	<u>\$ 46,741</u>

TOWN OF KENT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds						
	Dog Fund	School Cafeteria	Building Inspection Fund	Shunichi Kuga	Selectmen's Fund	Santa Fund	Ward Recreation
<u>Assets</u>							
Cash and Cash Equivalents	\$ 14,976	\$ 14,642	\$ 7,722	\$ 10,986	\$ 2,289	\$ 25,128	\$ 9,962
Investments	-	-	-	-	-	-	-
Inventory	-	498	-	-	-	-	-
Accounts Receivable	-	26,114	-	-	-	-	-
Due From Other Funds		-	-	-	-	-	-
<u>Total Assets</u>	<u>\$ 14,976</u>	<u>\$ 41,254</u>	<u>\$ 7,722</u>	<u>\$ 10,986</u>	<u>\$ 2,289</u>	<u>\$ 25,128</u>	<u>\$ 9,962</u>
<u>Liabilities and Fund Balances</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 2,052	\$ 81	\$ 7,722	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	5,548	-	-	-	-	-	-
<u>Total Liabilities</u>	<u>7,600</u>	<u>81</u>	<u>7,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Nonspendable	-	498	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	7,376	40,675	-	10,986	2,289	25,128	9,962
<u>Total Fund Balances</u>	<u>7,376</u>	<u>41,173</u>	<u>-</u>	<u>10,986</u>	<u>2,289</u>	<u>25,128</u>	<u>9,962</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 14,976</u>	<u>\$ 41,254</u>	<u>\$ 7,722</u>	<u>\$ 10,986</u>	<u>\$ 2,289</u>	<u>\$ 25,128</u>	<u>\$ 9,962</u>

TOWN OF KENT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds						Permanent Fund	
	Hopson Swift House	Kenico Road Fund	KCS Activity Fund	Recreation Programs	Food Bank	Records Preservation	Walter Skiff Fund	Total
<u>Assets</u>								
Cash and cash equivalents	\$ -	\$ 138	\$ 43,597	\$ 183	\$ 15,880	\$ 10,345	\$ 1,073	\$ 156,921
Investments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	498
Accounts Receivable	-	-	-	-	-	-	-	26,114
Due From Other Funds	-	-	-	-	-	-	-	-
<u>Total Assets</u>	<u>-</u>	<u>138</u>	<u>43,597</u>	<u>183</u>	<u>15,880</u>	<u>10,345</u>	<u>1,073</u>	<u>183,533</u>
<u>Liabilities and Fund Balances</u>								
<u>Liabilities</u>								
Accounts Payable	-	-	1,526	-	-	-	-	11,381
Due to Other Funds	-	-	-	183	74	-	-	5,805
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>1,526</u>	<u>183</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>17,186</u>
<u>Fund Balances</u>								
Nonspendable	-	-	-	-	-	-	1,073	1,571
Restricted	-	-	42,071	-	-	10,345	-	52,416
Committed	-	138	-	-	15,806	-	-	112,360
<u>Total Fund Balances</u>	<u>-</u>	<u>138</u>	<u>42,071</u>	<u>-</u>	<u>15,806</u>	<u>10,345</u>	<u>1,073</u>	<u>166,347</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 43,597</u>	<u>\$ 183</u>	<u>\$ 15,880</u>	<u>\$ 10,345</u>	<u>\$ 1,073</u>	<u>\$ 183,533</u>

TOWN OF KENT  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						
	Dog Fund	School Cafeteria	Building Inspection Fund	Shunichi Kuga	Selectmen's Fund	Santa Fund	Ward Recreation
<u>Revenues:</u>							
Intergovernmental	\$ -	\$ 74,931	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	20	4	46	-
Donations and other	-	-	-	150	-	23,422	-
Charges for services	3,613	3,589	184,405	2,970	-	-	-
<u>Total Revenues</u>	<u>3,613</u>	<u>78,520</u>	<u>184,405</u>	<u>3,140</u>	<u>4</u>	<u>23,468</u>	<u>-</u>
<u>Expenditures:</u>							
General Government	-	-	156,797	1,645	-	-	-
Public Safety	11,007	-	-	-	-	-	-
Health and Welfare	-	-	-	-	201	5,609	-
Recreation	-	-	-	-	-	-	-
Education	-	104,623	-	-	-	-	-
<u>Total Expenditures</u>	<u>11,007</u>	<u>104,623</u>	<u>156,797</u>	<u>1,645</u>	<u>201</u>	<u>5,609</u>	<u>-</u>
Excess (deficiency) of Revenues Over Expenditures	<u>(7,394)</u>	<u>(26,103)</u>	<u>27,608</u>	<u>1,495</u>	<u>(197)</u>	<u>17,859</u>	<u>-</u>
<u>Other Financing Sources (Uses):</u>							
Operating Transfers In	7,500	35,000	-	-	-	-	-
Operating Transfers Out	-	-	(27,608)	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>7,500</u>	<u>35,000</u>	<u>(27,608)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Change in Fund Balances</u>	<u>106</u>	<u>8,897</u>	<u>-</u>	<u>1,495</u>	<u>(197)</u>	<u>17,859</u>	<u>-</u>
<u>Fund Balances Beginning of Year</u>	<u>7,270</u>	<u>32,276</u>	<u>-</u>	<u>9,491</u>	<u>2,486</u>	<u>7,269</u>	<u>9,962</u>
<u>Fund Balances End of Year</u>	<u>\$ 7,376</u>	<u>\$ 41,173</u>	<u>\$ -</u>	<u>\$ 10,986</u>	<u>\$ 2,289</u>	<u>\$ 25,128</u>	<u>\$ 9,962</u>

TOWN OF KENT  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						Permanent Fund	
	Hopson Swift House	Kenico Road Fund	KCS Activity Fund	Recreation Programs	Food Bank	Records Preservation	Walter Skiff Fund	Total
<u>Revenues:</u>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,931
Investment Income	-	-	76	-	-	19	2	167
Donations and other	-	-	12,563	-	20,252	-	-	56,387
Charges for services	-	-	-	843	-	2,162	-	197,582
<u>Total Revenues</u>	<u>-</u>	<u>-</u>	<u>12,639</u>	<u>843</u>	<u>20,252</u>	<u>2,181</u>	<u>2</u>	<u>329,067</u>
<u>Expenditures:</u>								
General Government	38,896	-	-	-	-	-	-	197,338
Public Safety	-	-	-	-	-	-	-	11,007
Health and Welfare	-	-	-	-	21,852	-	-	27,662
Recreation	-	-	-	499	-	-	-	499
Education	-	-	9,833	-	-	-	-	114,456
<u>Total Expenditures</u>	<u>38,896</u>	<u>-</u>	<u>9,833</u>	<u>499</u>	<u>21,852</u>	<u>-</u>	<u>-</u>	<u>350,962</u>
<u>Excess of Revenues Over (Under)</u>								
<u>Expenditures</u>	<u>(38,896)</u>	<u>-</u>	<u>2,806</u>	<u>344</u>	<u>(1,600)</u>	<u>2,181</u>	<u>2</u>	<u>(21,895)</u>
<u>Other Financing Sources (Uses):</u>								
Operating Transfers In	-	-	-	-	-	-	-	42,500
Operating Transfers Out	-	-	-	(344)	-	-	-	(27,952)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,548</u>
<u>Net Change in Fund Balances</u>	<u>(38,896)</u>	<u>-</u>	<u>2,806</u>	<u>-</u>	<u>(1,600)</u>	<u>2,181</u>	<u>2</u>	<u>(7,347)</u>
<u>Fund Balances Beginning of Year</u>	<u>38,896</u>	<u>138</u>	<u>39,265</u>	<u>-</u>	<u>17,406</u>	<u>8,164</u>	<u>1,071</u>	<u>173,694</u>
<u>Fund Balances End of Year</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 42,071</u>	<u>\$ -</u>	<u>\$ 15,806</u>	<u>\$ 10,345</u>	<u>\$ 1,073</u>	<u>\$ 166,347</u>

TOWN OF KENT  
SCHEDULE OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2022

Total tax collection including interest and lien fees for prior fiscal year	\$ 11,212,747
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Reimbursement for revenue loss on Tax relief for elderly for prior fiscal year	-
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Base	<u>\$ 11,212,747</u>
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	General Purpose	Schools	Sewers	Urban Renewal
Debt limitation:				
2-1/4 times base	\$25,228,681	\$ -	\$ -	\$ -
4-1/2 times base	-	50,457,362	-	-
3-3/4 times base	-	-	42,047,801	-
3-1/4 times base	-	-	-	36,441,428
Total debt limitation	<u>25,228,681</u>	<u>50,457,362</u>	<u>42,047,801</u>	<u>36,441,428</u>

Indebtedness:				
General Obligation Bond USDA Loans	-	-	1,285,860	-
Regional School District #1 town share balance as of prior fiscal year	-	699,654	-	-
Bonds authorized but not issued	<u>2,925,000</u>	<u>-</u>	<u>450,000</u>	<u>-</u>
Total indebtedness	<u>2,925,000</u>	<u>699,654</u>	<u>1,735,860</u>	<u>-</u>

Debt limitation in excess of outstanding and authorized debt	<u>\$22,303,681</u>	<u>\$ 49,757,708</u>	<u>\$40,311,941</u>	<u>\$36,441,428</u>
-----------------------------------------------------------------	---------------------	----------------------	---------------------	---------------------

Total capacity of borrowing (7 times base)	\$ 78,489,229
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Total present indebtedness	<u>5,360,514</u>
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Margin for additional borrowing	<u>\$ 73,128,715</u>
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TOWN OF KENT  
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Grand List Year	Balances 6/30/2021	Current Levy	Lawful Corrections		Collectable Taxes	Collections			Transfers To Suspense	Balances 6/30/2022
			Additions	Deductions		Taxes	Interest and Liens	Total		
2020	\$ -	\$ 11,196,450	\$ 6,692	\$ 16,579	\$ 11,186,563	\$ 11,100,380	\$ 46,850	11,147,230	\$ 62	\$ 86,121
2019	93,419	-	419	1,065	92,773	44,812	8,862	53,674	445	47,516
2018	17,343	-	-	-	17,343	3,203	1,149	4,352	-	14,140
2017	4,579	-	-	-	4,579	768	421	1,189	309	3,502
2016	2,769	-	760	-	3,529	1,000	557	1,557	-	2,529
2015	1,619	-	-	81	1,538	275	248	523	-	1,263
2014	2,590	-	-	86	2,504	1,888	1,995	3,883	-	616
2013	1,690	-	-	1	1,689	1,421	1,821	3,242	-	268
2012	1,085	-	34	-	1,119	960	1,328	2,288	-	159
2011	758	-	-	-	758	731	1,173	1,904	-	27
2010	580	-	-	-	580	557	994	1,551	-	23
2009	552	-	-	-	552	547	1,075	1,622	-	5
2008	281	-	-	1	280	275	591	866	-	5
2007	768	-	-	-	768	112	295	407	-	656
2006	53	-	-	1	52	52	134	186	-	-
Totals	<u>\$ 128,086</u>	<u>\$ 11,196,450</u>	<u>\$ 7,905</u>	<u>\$ 17,814</u>	<u>\$ 11,314,627</u>	<u>\$ 11,156,981</u>	<u>\$ 67,493</u>	<u>\$ 11,224,474</u>	<u>\$ 816</u>	<u>\$ 156,830</u>

TOWN OF KENT  
SCHEDULE OF ASSESSED VALUE OF TAXABLE PROPERTY  
PAST FOUR FISCAL YEARS  
JUNE 30, 2022

<u>Fiscal Year Ended</u>	<u>Grand List Year</u>	<u>Real Estate Gross Assessment</u>	<u>Personal Property Gross Assessment</u>	<u>Motor Vehicle Gross Assessment</u>	<u>Exemptions</u>	<u>Net Taxable Grand Lis</u>
6/30/2022	2020	\$ 683,579,900	\$ 20,531,119	\$ 29,510,510	\$ (131,655,795)	\$ 601,965,734
6/30/2021	2019	675,944,155	18,988,189	27,605,900	(127,739,420)	594,798,824
6/30/2020	2018	673,127,300	18,125,579	26,872,070	(126,279,430)	591,845,519
6/30/2019	2017	690,493,135	17,641,361	26,773,660	(130,743,330)	604,164,826
6/30/2018	2016	685,542,935	17,617,621	26,347,235	(1,208,637,574)	(479,129,783)

TOWN OF KENT  
SCHEDULE OF PRINCIPAL TAXPAYERS  
2020 GRAND LIST  
JUNE 30, 2022

Taxpayer	Assessment (1)	Percent of Net Taxable Grand List
Connecticut Light & Power	\$ 9,387,190	1.56%
Rock Cobble Farm, LLC	5,825,710	0.97%
Kent School Corporation	5,848,500	0.97%
Blitzer, David S. Trustee	5,316,300	0.88%
Rachel Fitch LLC	4,644,700	0.77%
Cohn Mitchell D Trustee	3,896,300	0.65%
Iron Mountain Property LLC	3,701,400	0.61%
Keswin, Jeffrey A. & Erica	3,632,500	0.60%
JLAA LLC	3,544,700	0.59%
Willow Brook Farms LLC	3,516,490	0.58%
	<u>\$ 49,313,790</u>	<u>8.19%</u>

1) The net taxable grand list as of October 1, 2020 totaled: \$ 601,965,734

Source: Town Assessor Department

For further clarification of the above information, please contact the Kent Tax Assessor at (860) 927-3160.



Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And  
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With  
*Government Auditing Standards*

To the Board of Finance of the  
Town of Kent, Connecticut  
Kent, CT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kent, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Kent, Connecticut's basic financial statements, and have issued our report thereon dated February 23, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Kent, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Kent, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Kent, Connecticut's internal control.

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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



Sinnamon & Associates, LLC  
Certified Public Accountants

Canaan, Connecticut  
February 23, 2023



Independent Auditor's Report On Compliance For Each Major State Program;  
Report On Internal Control Over Compliance; And Report On The Schedule  
Of Expenditures Of State Financial Assistance Required By The State Single Audit Act

To the Board of Finance of the  
Town of Kent, Connecticut  
Kent, CT

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

***Opinion on Each Major State Program***

We have audited the Town of Kent, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Kent, Connecticut's major state programs for the year ended June 30, 2022. The Town of Kent, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Kent, Connecticut, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Kent, Connecticut's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Kent, Connecticut's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

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

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

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

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

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

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

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

#### **Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Kent, Connecticut and the related notes to the financial statements, which collectively comprise the Town of Kent, Connecticut's basic financial statements as of and for the year ended June 30, 2022, and have issued our report thereon dated February 23, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



Sinnamon & Associates, LLC  
Certified Public Accountants

February 23, 2023  
Canaan, Connecticut

TOWN OF KENT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State Grant Program CORE-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>Office of Policy and Management:</u>			
Property tax relief on property of totally disabled persons	11000-OPM20600-17011	\$ -	\$ 75
Property tax relief for Veterans	11000-OPM20600-17024	-	817
Tiered Payment in lieu of taxes (PILOT) on state-owned property	11000-OPM20600-17111	-	23,651
Payment in lieu of taxes (PILOT) on state-owned property	11000-OPM20600-35691	-	8,405
Municipal grants in aid	12052-OPM20600-43587	-	-
		-	32,948
<u>Judicial Branch</u>			
Judicial fines and fees	34001-JUD95162-40001	-	295
<u>Department of Transportation:</u>			
Highway Planning & Construction			
Capital Resurfacing			
Town aid road grants transportation fund	12052-DOT57131-43455	-	146,075
Town aid road grants transportation fund - STO	13033-DOT57131-43459	-	146,075
		-	292,150
<u>Connecticut State Library</u>			
Historic documents preservation grant	12060-CSL66094-35150	-	5,500
<u>Department of Education:</u>			
Child Nutrition Program	11000-SDE64370-16211	-	813
School Breakfast	11000-SDE64370-17046	-	2,649
Healthy Foods Initiative	11000-SDE64370-16212	-	1,246
Talent Development	11000-SDE64370-12552	-	744
		-	5,452
<u>Total State Financial Assistance Before Exempt Programs</u>		-	336,345
<u>Exempt Programs</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	29,919
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005		1,298
<u>Total Exempt Programs</u>		-	31,217
<u>Total State Financial Assistance</u>		\$ -	\$ 367,562

TOWN OF KENT  
NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Kent under programs of the State of Connecticut for the fiscal year ended June 30, 2022. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Kent through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including road repair and maintenance, capital improvements, tax relief, general assistance and education.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Kent conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

**Basis of Accounting**

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

TOWN OF KENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

**I. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        Yes        X No

Significant deficiency(s) identified        Yes        X None Reported

Noncompliance material to financial statements noted?        Yes        X No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?        Yes        X No

Significant deficiency(s) identified        Yes        X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?        Yes        X No

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	State CORE-CT <u>Number</u>	<u>Expenditures</u>
<u>Department of Transportation:</u>		
Town aid road grants transportation fund	12052-DOT57131-43455	\$ 146,075
Town aid road grants transportation fund - STO	13033-DOT57131-43459	146,075

Dollar threshold used to distinguish between type A and type B programs: \$100,000

**II - FINANCIAL STATEMENTS FINDINGS**

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

**III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any matters required to be reported in accordance with the State Single Audit Act.