

FINANCIAL REPORT  
AUDITED  
**CITY OF KINGSTON, NEW YORK**  
For the Year Ended December 31, 2021

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*Audited for:*

Common Council  
**CITY OF KINGSTON, NEW YORK**

*Audited by:*

RBT CPAs, LLP  
11 Racquet Road  
Newburgh, NY 12550  
(845) 567-9000

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# CITY OF KINGSTON, NEW YORK

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LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Members of the Common Council  
City of Kingston, New York  
420 Broadway  
Kingston, New York 12401

### Report on the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kingston, New York (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kingston's as of December 31, 2021 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Kingston Local Development Corporation nor the Kingston City Land Bank, which represent 100 percent, 100 percent, and 100 percent respectively, of the assets, net position and revenues of the aggregate discretely presented component units as of December 31, 2021, and the respective changes in financial position and cash flows for the year then ended. Those statements were audited by other auditors whose reports has been furnished to us, and opinions, insofar as they relate to the amounts included for the Kingston Local Development Corporation and the Kingston City Land Bank are based solely on the reports of the other auditors.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), 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 City, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 City'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.

### **Auditor's Responsibility**

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 GAAS 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 GAAS 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 City'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 City'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, budgetary comparison information, and schedules of changes in the net OPEB liability and related ratios, OPEB contributions and assumptions, proportionate share of the net pension liability and related ratios and employer contributions on pages 4 through 11 and 53 through 57 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.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kingston's basic financial statements. The schedule of expenditures of federal awards and state transportation assistance as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and by *Title 17, Part 43 of NYCRR* and the schedule of indebtedness 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 schedule of expenditures of federal awards and state transportation assistance and the schedule of indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022 on our consideration of the City'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 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 City's internal control over financial reporting and compliance.

*RBT CPAs, LLP*

Newburgh, NY  
September 23, 2022

**CITY OF KINGSTON, NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying management discussion and analysis of the City of Kingston's (the "City") financial performance has been prepared to provide an overview of the City's financial activities for the year ended December 31, 2021. This discussion and analysis is only an introduction and should be read in conjunction with the City's financial statements.

Requests For Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to John Tuey, Comptroller, City of Kingston, 420 Broadway, Kingston, NY 12401.

**2021 Financial Highlights**

- The City's Governmental net position (defined as assets plus deferred outflows less liabilities and deferred inflows) was a negative \$(96,979,278) at December 31.
- The governmental total net position increased by \$8,771,377 for the year ending December 31, 2021.
- At December 31, the proportionate share of the net pension liability for both retirement systems was included in total liabilities in the amount of \$4,128,365.
- As of the close of the year, the City's governmental funds reported an ending fund balance of \$2,981,573, a decrease of \$324,912 in comparison with the prior year.
- As of the close of the year, the City's Proprietary Funds reported an ending net position of \$9,333,033, an increase of \$387,668 in comparison with the prior year.
- At the end of the year, unassigned fund balance for the General Fund was \$10,213,656.
- At the end of the year, unrestricted net position for the Proprietary Funds was a negative (\$8,954,957).

**Overview of the Financial Statements**

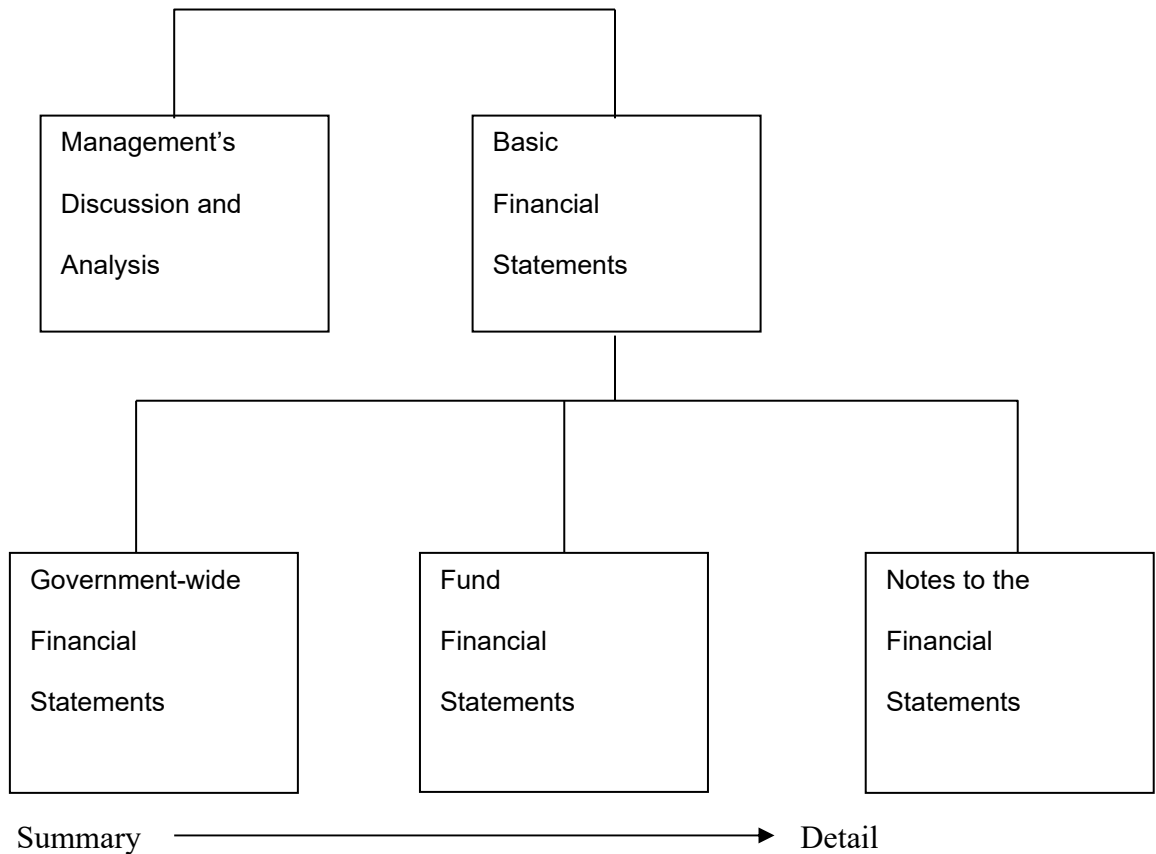
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail following this narrative. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City.



**CITY OF KINGSTON, NEW YORK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 MANAGEMENT’S DISCUSSION AND ANALYSIS**

Required Components of the City’s Basic Financial Statements

**Figure 1**



**Basic Financial Statements**

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City’s financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City’s government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements, they include: 1) the governmental, proprietary and fiduciary fund statements and 2) reconciliations to the government-wide financial statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City’s finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City’s financial status as a whole.

The two government-wide statements report the City’s net position and how it has changed. Net position is the difference between the City’s total assets and total liabilities. Measuring net position is one way to gauge the City’s financial condition.

The governmental activities include most of the City’s basic services such as public safety, road maintenance and administration. Property taxes, sales tax, charges for services and state aid finance most of these activities.

**CITY OF KINGSTON, NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a group of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as New York State general municipal law and local finance law or the City's budget ordinance.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

**Proprietary Funds** – Proprietary funds are funds used to account for business-type activities. The proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Fiduciary Funds** – The City acts in a fiduciary capacity for assets that are held for the benefit of others, such as police evidence. These funds are excluded from the government-wide financial statements because the City cannot use these assets to finance operations.

The City adopts an annual budget for certain funds as required by municipal law. The budget is a legally adopted document that incorporates input from the citizens and management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes management to obtain funds from identified sources to finance these current period activities. The budgetary comparison demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the modified accrual basis of accounting and is presented using the same format, language and classifications as the legal budget document. The schedule shows four columns: 1) the original budget as adopted by the City Council; 2) the final budget as amended by the City Council; 3) the actual revenues, expenditures and ending balances; and 4) the variance between the final budget and actual revenues and expenditures. The schedule is presented as required supplementary information.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**CITY OF KINGSTON, NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS  
GOVERNMENTAL ACTIVITIES  
NET POSITION**

	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
Current Assets	<b>\$ 40,814,949</b>	\$ 27,163,076	\$ 13,651,873	50.26%
Capital Assets	<b>62,772,327</b>	55,972,701	6,799,626	12.15%
Total Assets	<b>103,587,276</b>	83,135,777	20,451,499	24.60%
Deferred Outflows of Resources	<b>42,514,469</b>	40,261,792	2,252,677	5.60%
Current Liabilities	<b>30,090,793</b>	15,562,370	14,528,423	93.36%
Long-Term Liabilities	<b>161,028,510</b>	175,966,975	(14,938,465)	-8.49%
Total Liabilities	<b>191,119,303</b>	191,529,345	(410,042)	-0.21%
Deferred Inflows of Resources	<b>51,961,720</b>	37,618,879	14,342,841	38.13%
Net Position:				
Net Investment in Capital Assets	<b>43,816,537</b>	37,076,465	6,740,072	18.18%
Restricted	<b>1,024,393</b>	919,134	105,259	11.45%
Unrestricted	<b>(141,820,208)</b>	(143,746,254)	1,926,046	-1.34%
Total Net Position	<b>\$ (96,979,278)</b>	\$ (105,750,655)	\$ 8,771,377	-8.29%

**Management’s Explanation of Changes**

The growth in current assets is primarily due to the increase in cash and cash equivalents. This increase was driven by the City’s receipt of the first installment of American Rescue Plan Act funding. The increase in capital assets is primarily due to additional capital purchases and capital project related items. Total liabilities primarily increased due to an accrued liability that was recorded for the first installment of the City’s unspent American Rescue Plan Act funding. The City’s net pension liability decreased by approximately \$16 million during the year but was offset by changes in deferred inflows and outflows related to similar pension and OPEB liabilities.

**CITY OF KINGSTON, NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS  
GOVERNMENTAL ACTIVITIES  
CHANGES IN NET POSITION**

	2021	%	2020	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,781,735	7.00%	\$ 3,021,144	6.14%	\$ 760,591	25.18%
Operating and Capital Grants	8,287,481	15.34%	7,060,804	14.35%	1,226,677	17.37%
General Revenues:						
Real Property Taxes	17,617,093	32.62%	17,683,441	35.93%	(66,348)	-0.38%
Real Property Tax Items	880,691	1.63%	994,722	2.02%	(114,031)	-11.46%
Non Property Taxes	18,539,876	34.33%	15,380,227	31.25%	3,159,649	20.54%
Use of Money and Property	1,885	0.00%	37,574	0.08%	(35,689)	-94.98%
State Aid	3,880,949	7.19%	3,609,789	7.33%	271,160	7.51%
Sale of Property and Compensation for Loss	182,830	0.34%	106,753	0.22%	76,077	71.26%
Loss on Disposal of Assets	(216,199)	-0.40%	-	-0.01%	(216,199)	100.00%
Miscellaneous	1,052,912	1.95%	1,325,006	2.69%	(272,094)	-20.54%
Total Revenues	<u>54,009,253</u>	<u>100.00%</u>	<u>49,219,460</u>	<u>100.00%</u>	<u>4,789,793</u>	<u>9.73%</u>
Expenses:						
General Government	6,630,347	14.66%	8,361,267	16.22%	(1,730,920)	-20.70%
Public Safety	24,482,195	54.12%	26,906,805	52.19%	(2,424,610)	-9.01%
Public Health	194,300	0.43%	245,694	0.48%	(51,394)	-20.92%
Transportation	3,406,641	7.53%	3,805,000	7.38%	(398,359)	-10.47%
Economic Assistance and Opportunity	855,461	1.89%	1,333,702	2.59%	(478,241)	-35.86%
Culture and Recreation	2,999,446	6.63%	3,660,363	7.10%	(660,917)	-18.06%
Home and Community Services	6,249,190	13.81%	6,811,615	13.21%	(562,425)	-8.26%
Interest on Debt	420,296	0.93%	430,913	0.84%	(10,617)	-2.46%
Total Expenses	<u>45,237,876</u>	<u>100.00%</u>	<u>51,555,359</u>	<u>100.00%</u>	<u>(6,317,483)</u>	<u>-12.25%</u>
Increase/(Decrease) in Net Position	<u>\$ 8,771,377</u>		<u>\$ (2,335,899)</u>		<u>\$ 11,107,276</u>	<u>475.50%</u>

**Management's Explanation of Changes**

Total revenues in 2021 increased by 9.73% from 2020 primarily due to increase in operating and capital grants and non-property taxes. The change in operating and capital grants was primarily due to an increase in state and federal assistance for capital projects. The increase in non-property taxes was primarily driven by sales tax, which increased by approximately \$3.2 million from 2020. Total expenses are down \$6,317,483, 12.25% from 2020, with the largest fluctuations being Public Safety (down \$2,424,553, 9.01%) and General Government (down \$1,730,551, 20.70%). The decrease in expenses were due to payroll, expenses related to additional state grants, and capital outlay.

**CITY OF KINGSTON, NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Funds Financial Analysis**

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

**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the year.

The General Fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General Fund was \$10,213,656. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 24.1 percent of total General Fund expenditures.

At December 31, 2021, the governmental funds of the City reported a combined fund balance of \$2,981,573, a 9.8 percent decrease over the prior year end. Included in this change in fund balance are increases in the General fund, Special Grant and Debt Service Funds and a decrease in the Capital Project Fund.

**General Fund Budgetary Highlights:** During the year, the City revised the General Fund budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Capital Asset and Debt Administration – Governmental Activities**

**Capital Assets:** The City's investment in capital assets for its governmental activities as of December 31, 2021 totaled \$62,772,327 (net of accumulated depreciation). These assets include land, construction in progress, buildings, improvements, infrastructure, and machinery and equipment.

**Debt:** As of December 31, 2021, the City had total debt outstanding for its governmental activities of \$18,955,790. The debt is backed by the full faith and credit of the City. The City's governmental debt increased by \$59,544 during the 2021 year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

**CITY OF KINGSTON, NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS  
PROPRIETARY FUNDS  
NET POSITION**

	<b>2021</b>	2020	\$ Change	% Change
Current Assets	<b>\$ 21,321,856</b>	\$ 14,767,427	\$ 6,554,429	44.38%
Capital Assets	<b>47,983,010</b>	44,403,649	3,579,361	8.06%
Deferred Outflows of Resources	<b>5,088,091</b>	5,170,810	(82,719)	-1.60%
Current Liabilities	<b>24,427,624</b>	12,555,937	11,871,687	94.55%
Long-Term Liabilities	<b>34,567,491</b>	39,079,380	(4,511,889)	-11.55%
Deferred Inflows of Resources	<b>6,064,809</b>	3,761,204	2,303,605	61.25%
Net Position:				
Net Investment in Capital Assets	<b>18,287,990</b>	19,413,606	(1,125,616)	-5.80%
Unrestricted	<b>(8,954,957)</b>	(10,468,241)	1,513,284	14.46%
Total Net Position	<b>\$ 9,333,033</b>	\$ 8,945,365	\$ 387,668	4.33%

As shown in the above table, proprietary funds' current assets increased by \$6,554,429 from 2020 to 2021 primarily due to increase in cash equivalent proceeds from the issuance of debt. Current liabilities also increased from 2020 to 2021 by \$11,871,687 due to an increase in Bond Anticipation Notes Payable. Overall, net position increased by \$387,668 from 2020 to 2021. As of December 31, 2021, net position was \$9,333,033.

**CITY OF KINGSTON, NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS  
PROPRIETARY FUNDS  
CHANGES IN NET POSITION**

	2021	2020	\$ Change	% Change
<b>Revenues</b>				
Charges for Services	\$ 10,125,445	\$ 9,855,126	\$ 270,319	2.74%
Other Revenues	<u>1,191,143</u>	937,983	253,160	26.99%
<b>Total Revenues</b>	<u>11,316,588</u>	10,793,109	523,479	4.85%
<b>Expenses</b>				
Personal Services and Benefits	5,146,044	6,152,711	(1,006,667)	-16.36%
Maintenance and Operating Costs	2,858,019	1,953,507	904,512	46.30%
Depreciation	2,079,526	1,866,115	213,411	11.44%
Interest and Other	<u>845,331</u>	579,390	265,941	45.90%
<b>Total Expenses</b>	<u>10,928,920</u>	10,551,723	377,197	3.57%
<b>Change in Net Position</b>	<u>387,668</u>	241,386	146,282	60.60%

As shown in the above table, proprietary funds’ revenues increased by \$523,479 from 2020 to 2021 primarily due to an increase in other revenue, including a refund of prior year expenses received as a result of litigation. Expenses increased from 2020 to 2021 by \$377,197 in part due to an increase in personal services.

**Capital Asset and Debt Administration – Proprietary Funds**

**Capital Assets:** The City’s investment in capital assets for its business activities as of December 31, 2021 totaled \$47,983,010 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

**Debt:** As of December 31, 2021, the City had total debt outstanding pertaining to its business-type activities of \$36,871,086. The debt is backed by the full faith and credit of the City. The City’s total long-term debt pertaining to those business-type activities increased by \$7,780,826 during the 2021 year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

**CITY OF KINGSTON, NEW YORK  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>
<b>ASSETS</b>				
Cash And Cash Equivalents	\$ 18,685,523	\$ 14,116,232	\$ 32,801,755	\$ 4,301,171
Cash And Cash Equivalents, long term	-	3,202,886	3,202,886	-
Cash - Restricted	884,190	-	884,190	212,922
Taxes Receivable (Note I H)	5,873,007	-	5,873,007	-
Due From Other Governments	4,307,157	1,336,770	5,643,927	-
Notes Receivable (Note I I)	1,099,941	-	1,099,941	-
Other Receivables	7,231,322	1,826,636	9,057,958	355,519
Inventories	13,267	257,304	270,571	319,637
Prepaid Items	2,570,615	317,471	2,888,086	6,639
Internal Balances	149,927	(149,927)	-	-
Long Term Receivables	-	-	-	439,885
	<u>40,814,949</u>	<u>20,907,372</u>	<u>61,722,321</u>	<u>5,635,773</u>
Capital Assets, not being depreciated	17,096,450	12,225,483	29,321,933	2,784,953
Capital Assets, being depreciated, net	45,675,877	35,757,527	81,433,404	107,710
Total Capital Assets, net (Note V)	<u>62,772,327</u>	<u>47,983,010</u>	<u>110,755,337</u>	<u>2,892,663</u>
Total Assets	<u>103,587,276</u>	<u>68,890,382</u>	<u>172,477,658</u>	<u>8,528,436</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB (Note VII)	23,327,817	2,894,410	26,222,227	-
Other	-	7,778	7,778	-
Pension (Note VI)	19,186,652	2,185,903	21,372,555	-
Total Deferred Outflows of Resources	<u>42,514,469</u>	<u>5,088,091</u>	<u>47,602,560</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>146,101,745</u>	<u>73,978,473</u>	<u>220,080,218</u>	<u>8,528,436</u>

See accompanying notes to basic financial statements.



CITY OF KINGSTON, NEW YORK  
STATEMENT OF NET POSITION – (CONTINUED)  
DECEMBER 31, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
<b>LIABILITIES</b>				
Accounts Payable	\$ 4,898,402	\$ 2,278,975	\$ 7,177,377	\$ 135,838
Accrued Liabilities	8,888,639	345,417	9,234,056	54,267
Due to Other Governments	5,375,644	-	5,375,644	-
Non-Current Liabilities:				
Due and Payable Within One Year:				
Bond Anticipation Notes Payable (Note VIII)	9,740,507	19,466,179	29,206,686	-
Loans Payable	-	-	-	19,661
Landfill Remediation Liability (Note IX)	38,754	-	38,754	-
Installment Obligations Payable (Note IX)	100,611	263,164	363,775	-
Bonds and Premium Payable (Note IX)	1,048,236	1,601,587	2,649,823	-
Due and Payable More Than One Year:				
Landfill Remediation Liability (Note IX)	338,039	-	338,039	-
Bonds Payable (Note IX)	8,066,436	15,540,156	23,606,592	-
Compensated Absence Liability (Note IX)	3,412,199	461,595	3,873,794	-
Share of Net Pension Liability (Note VI)	4,119,120	9,245	4,128,365	-
Other Post-Employment Benefits (Note VII)	145,092,716	18,614,313	163,707,029	-
Total Liabilities	191,119,303	58,580,631	249,699,934	209,766
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue	-	84,375	84,375	291,315
OPEB (Note VII)	32,780,917	3,256,467	36,037,384	-
Pension (Note VI)	19,180,803	2,723,967	21,904,770	-
Total Deferred Inflows of Resources	51,961,720	6,064,809	58,026,529	291,315
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
	243,081,023	64,645,440	307,726,463	501,081
<b>NET POSITION</b>				
Net Investment in Capital Assets	43,816,537	18,287,990	55,292,236	2,872,138
Restricted for Economic and Community Development	140,203	-	140,203	-
Restricted for Special Purposes	884,190	-	884,190	1,236,828
Unrestricted	(141,820,208)	(8,954,957)	(143,962,874)	3,918,389
<b>TOTAL NET POSITION</b>	<b>\$ (96,979,278)</b>	<b>\$ 9,333,033</b>	<b>\$ (87,646,245)</b>	<b>\$ 8,027,355</b>

See accompanying notes to basic financial statements.



CITY OF KINGSTON, NEW YORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CHANGES IN NET POSITION PRIMARY GOVERNMENT			COMPONENT UNITS
					GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
<b>Governmental Activities:</b>								
General Government Support	\$ (6,630,347)	\$ 704,768	\$ 169,651	\$ -	\$ (5,755,928)	\$ -	\$ (5,755,928)	\$ -
Public Safety	(24,482,195)	1,616,353	120,470	411,009	(22,334,363)	-	(22,334,363)	-
Health	(194,300)	57,756	94,692	-	(41,852)	-	(41,852)	-
Transportation	(3,406,641)	332,645	-	4,386,400	1,312,404	-	1,312,404	-
Economic Assistance & Opportunity	(855,461)	171,500	32,746	292,279	(358,936)	-	(358,936)	-
Culture and Recreation	(2,999,446)	595,418	192,478	-	(2,211,550)	-	(2,211,550)	-
Home and Community Services	(6,249,190)	303,295	-	2,587,756	(3,358,139)	-	(3,358,139)	-
Interest on Debt	(420,296)	-	-	-	(420,296)	-	(420,296)	-
<b>Total Governmental Activities</b>	<b>(45,237,876)</b>	<b>3,781,735</b>	<b>610,037</b>	<b>7,677,444</b>	<b>(33,168,660)</b>	<b>-</b>	<b>(33,168,660)</b>	<b>-</b>
<b>Business-type Activities:</b>								
Water Fund	(5,422,570)	5,464,919	-	267,869	-	310,218	310,218	-
Sewer Fund	(5,506,350)	5,453,666	-	4,191	-	(48,493)	(48,493)	-
<b>Total Business-type Activities</b>	<b>(10,928,920)</b>	<b>10,918,585</b>	<b>-</b>	<b>272,060</b>	<b>-</b>	<b>261,725</b>	<b>261,725</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ (56,166,796)</b>	<b>\$ 14,700,320</b>	<b>\$ 610,037</b>	<b>\$ 7,949,504</b>	<b>(33,168,660)</b>	<b>261,725</b>	<b>(32,906,935)</b>	<b>-</b>
<b>Component Units:</b>								
Kingston Local Development Corp.	\$ (201,985)	\$ 119,157	\$ -	\$ -	-	-	-	(82,828)
Kingston City Land Bank, Inc.	(1,438,569)	-	2,240,894	-	-	-	-	802,325
<b>Total Component Units</b>	<b>\$ (1,640,554)</b>	<b>\$ 119,157</b>	<b>\$ 2,240,894</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>719,497</b>
<b>General Revenues</b>								
Real Property Taxes					17,617,093	-	17,617,093	-
Real Property Tax Items					880,691	-	880,691	-
Non-Property Tax Items					18,539,876	-	18,539,876	-
Use of Money and Property					1,885	5,287	7,172	6,553
Sale of Property					182,830	120,656	303,486	443,283
Loss on Disposal of Assets					(216,199)	-	(216,199)	-
Miscellaneous					1,052,912	-	1,052,912	-
State Aid					3,880,949	-	3,880,949	-
<b>Total General Revenues</b>					<b>41,940,037</b>	<b>125,943</b>	<b>42,065,980</b>	<b>449,836</b>
Change in Net Position					8,771,377	387,668	9,159,045	1,169,333
Net Position - Beginning					(105,763,663)	8,457,470	(97,306,193)	6,858,022
Prior Period Adjustments (Note XVI)					13,008	487,895	500,903	-
Net Position - Beginning, as restated					(105,750,655)	8,945,365	(96,805,290)	6,858,022
Net Position - Ending					<b>\$ (96,979,278)</b>	<b>\$ 9,333,033</b>	<b>\$(87,646,245)</b>	<b>\$ 8,027,355</b>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

	General	Special Grant	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 18,079,981	\$ 155,564	\$ 49,660	\$ 400,318	\$ 18,685,523
Restricted Cash	884,190	-	-	-	884,190
Receivables:					
Taxes	5,873,007	-	-	-	5,873,007
Other	1,012,023	-	14,000	-	1,026,023
Inventory	13,267	-	-	-	13,267
Notes Receivable (Note I I)	-	1,099,941	-	-	1,099,941
Due from Other Funds (Note IV)	6,080,024	-	929,668	274,272	7,283,964
Due from Other Governments	3,860,624	21,470	20,000	405,063	4,307,157
State and Federal Receivable	597,439	558,392	5,024,468	25,000	6,205,299
Prepaid Expenses	714,799	-	-	-	714,799
<b>Total Assets</b>	<b>\$ 37,115,354</b>	<b>\$ 1,835,367</b>	<b>\$ 6,037,796</b>	<b>\$ 1,104,653</b>	<b>\$ 46,093,170</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 1,682,655	\$ 35,851	3,159,146	\$ 20,750	\$ 4,898,402
Accrued Liabilities	8,722,931	-	27,324	2,472	8,752,727
Bond Anticipation Notes Payable (Note VIII)	-	-	9,740,507	-	9,740,507
Due to Other Funds (Note IV)	615,391	516,798	5,747,305	254,543	7,134,037
Due to Other Governments	5,333,070	42,574	-	-	5,375,644
<b>Total Liabilities</b>	<b>16,354,047</b>	<b>595,223</b>	<b>18,674,282</b>	<b>277,765</b>	<b>35,901,317</b>
Deferred Inflows of Resources	5,694,653	1,099,941	-	415,686	7,210,280
Fund Balance:					
Nonspendable	728,066	-	-	-	728,066
Restricted	884,190	-	-	170,000	1,054,190
Assigned Appropriated	2,002,899	-	-	-	2,002,899
Assigned Unappropriated	1,237,843	140,203	2,183,948	241,202	3,803,196
Unassigned	10,213,656	-	(14,820,434)	-	(4,606,778)
<b>Total Fund Balance</b>	<b>15,066,654</b>	<b>140,203</b>	<b>(12,636,486)</b>	<b>411,202</b>	<b>2,981,573</b>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 37,115,354	\$ 1,835,367	\$ 6,037,796	\$ 1,104,653	\$ 46,093,170

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK**  
**RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 18,685,523	\$ -	\$ -	\$ 18,685,523
Restricted Cash	884,190	-	-	884,190
Receivables:				
Taxes	5,873,007	-	-	5,873,007
Other	7,231,322	-	-	7,231,322
Inventory	13,267	-	-	13,267
Notes Receivable	1,099,941	-	-	1,099,941
Due from Other Funds	7,283,964	-	(5,254,170)	2,029,794
Due from Other Governments	4,307,157	-	-	4,307,157
Prepaid Expenses	714,799	1,855,816	-	2,570,615
Capital Assets, net	-	62,772,327	-	62,772,327
Deferred Outflows of Resources - OPEB	-	23,327,817	-	23,327,817
Deferred Outflows of Resources - Pension	-	19,186,652	-	19,186,652
<b>Total Assets and Deferred Outflows</b>	<b>\$ 46,093,170</b>	<b>\$ 107,142,612</b>	<b>\$ (5,254,170)</b>	<b>\$147,981,612</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 4,898,402	\$ -	\$ -	\$ 4,898,402
Accrued Liabilities	8,752,727	135,912	-	8,888,639
Bond Anticipation Notes Payable	9,740,507	-	-	9,740,507
Landfill Remediation Payable	-	376,793	-	376,793
Installment Obligations Payable	-	100,611	-	100,611
Bonds Payable	-	9,114,672	-	9,114,672
Due to Other Funds	7,134,037	-	(5,254,170)	1,879,867
Due to Other Governments	5,375,644	-	-	5,375,644
Compensated Absences	-	3,412,199	-	3,412,199
Net Pension Liability-Proportionate Share	-	4,119,120	-	4,119,120
Other Postemployment Benefits	-	145,092,716	-	145,092,716
Deferred Inflows of Resources - Deferred Revenue	7,210,280	(7,210,280)	-	-
Deferred Inflows of Resources - OPEB	-	32,780,917	-	32,780,917
Deferred Inflows of Resources - Pension	-	19,180,803	-	19,180,803
<b>Total Liabilities and Deferred Inflows</b>	<b>43,111,597</b>	<b>207,103,463</b>	<b>(5,254,170)</b>	<b>244,960,890</b>
<b>Total Fund Balances/Net Position</b>	<b>2,981,573</b>	<b>(99,960,851)</b>	<b>-</b>	<b>(96,979,278)</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances/Net Position</b>	<b>\$ 46,093,170</b>	<b>\$ 107,142,612</b>	<b>\$ (5,254,170)</b>	<b>\$147,981,612</b>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Grant	Capital Projects	Debt Service	Total Governmental Funds
<b>Revenues:</b>					
Real Property Taxes	\$ 17,407,513	\$ -	\$ -	\$ -	\$ 17,407,513
Real Property Tax Items	880,691	-	-	-	880,691
Non Property Tax Items	18,539,876	-	-	-	18,539,876
Departmental Income	2,012,621	-	292,882	-	2,305,503
Intergovernmental Charges	348,384	-	-	67,978	416,362
Use of Money and Property	8,515	-	-	78	8,593
Licenses and Permits	972,409	-	-	-	972,409
Fines and Forfeitures	58,545	-	-	-	58,545
Sale of Property and Compensation for Loss	112,830	-	-	70,000	182,830
Miscellaneous	4,101,709	11,547	114,665	-	4,227,921
State Aid	1,434,229	-	3,901,352	-	5,335,581
Federal Aid	481,695	1,464,561	1,574,174	-	3,520,430
<b>Total Revenues</b>	<b>46,359,017</b>	<b>1,476,108</b>	<b>5,883,073</b>	<b>138,056</b>	<b>53,856,254</b>
<b>Expenditures:</b>					
General Government	4,355,137	-	6,398	25,250	4,386,785
Public Safety	14,134,025	-	-	-	14,134,025
Health	122,645	-	-	-	122,645
Transportation	1,478,978	-	16,740	-	1,495,718
Economic Assistance and Opportunity	583,655	-	5,600	-	589,255
Culture and Recreation	1,532,643	-	-	-	1,532,643
Home and Community Services	2,728,897	1,391,557	-	-	4,120,454
Employee Benefits	14,830,743	-	-	-	14,830,743
Capital Outlay	228,544	-	11,088,378	-	11,316,922
Debt Service	2,357,510	-	128,904	1,421,083	3,907,497
<b>Total Expenditures</b>	<b>42,352,777</b>	<b>1,391,557</b>	<b>11,246,020</b>	<b>1,446,333</b>	<b>56,436,687</b>
Excess/(Deficiency) of Revenues Over Expenditures	4,006,240	84,551	(5,362,947)	(1,308,277)	(2,580,433)
<b>Other Financing Sources/(Uses):</b>					
BANS Redeemed from Appropriations	-	-	2,255,521	-	2,255,521
Operating Transfers In	-	-	105,073	1,339,877	1,444,950
Operating Transfers Out	(1,444,950)	-	-	-	(1,444,950)
<b>Total Other Financing Sources/(Uses)</b>	<b>(1,444,950)</b>	<b>-</b>	<b>2,360,594</b>	<b>1,339,877</b>	<b>2,255,521</b>
<b>Change in Fund Balances</b>	<b>2,561,290</b>	<b>84,551</b>	<b>(3,002,353)</b>	<b>31,600</b>	<b>(324,912)</b>
Fund Balance - Beginning	12,505,364	42,644	(9,634,133)	789,602	3,703,477
Prior Period Adjustment (XVII)	-	13,008	-	(410,000)	(396,992)
Fund Balance - Beginning of Year, as restated	12,505,364	55,652	(9,634,133)	379,602	3,306,485
<b>Fund Balance - Ending</b>	<b>\$ 15,066,654</b>	<b>\$ 140,203</b>	<b>\$(12,636,486)</b>	<b>\$ 411,202</b>	<b>\$ 2,981,573</b>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
<b>Revenues:</b>						
Real Property Taxes	\$ 17,407,513	\$ 209,580	\$ -	\$ -	\$ -	\$ 17,617,093
Real Property Tax Items	880,691	-	-	-	-	880,691
Non Property Tax Items	18,539,876	-	-	-	-	18,539,876
Departmental Income	2,305,503	164,270	-	-	-	2,469,773
Intergovernmental/Grant Income	416,362	-	-	-	-	416,362
Use of Money and Property	8,593	(6,708)	-	-	-	1,885
Licenses and Permits	972,409	-	-	-	-	972,409
Fines and Forfeitures	58,545	-	-	-	-	58,545
Sale of Property	182,830	-	-	-	-	182,830
Loss on Disposal of Assets	-	(216,199)	-	-	-	(216,199)
Miscellaneous	4,227,921	17,421	-	-	-	4,245,342
State and Federal Aid	8,856,011	(15,365)	-	-	-	8,840,646
<b>Total Revenues</b>	<b>53,856,254</b>	<b>152,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,009,253</b>
<b>Expenditures:</b>						
General Government	4,386,785	-	609,953	-	1,633,609	6,630,347
Public Safety	14,134,025	-	627,883	-	9,720,287	24,482,195
Health	122,645	-	-	-	71,655	194,300
Transportation	1,495,718	-	1,354,294	-	556,629	3,406,641
Economic Assistance and Opportunity	589,255	-	-	-	266,206	855,461
Culture and Recreation	1,532,643	-	588,208	-	878,595	2,999,446
Home and Community Services	4,120,454	-	1,120,759	(36,225)	1,044,202	6,249,190
Capital Outlay	11,316,922	-	(11,316,922)	-	-	-
Employee Benefits	14,830,743	(659,560)	-	-	(14,171,183)	-
Debt Service	3,907,497	(7,248)	-	(3,479,953)	-	420,296
<b>Total Expenditures</b>	<b>56,436,687</b>	<b>(666,808)</b>	<b>(7,015,825)</b>	<b>(3,516,178)</b>	<b>-</b>	<b>45,237,876</b>
Excess/(Deficiency) of Revenues Over Expenditures	(2,580,433)	819,807	7,015,825	3,516,178	-	8,771,377
<b>Other Financing Sources/(Uses):</b>						
BANS Redeemed from Appropriations	2,255,521	-	-	(2,255,521)	-	-
Operating Transfers In	1,444,950	-	-	-	(1,444,950)	-
Operating Transfers Out	(1,444,950)	-	-	-	1,444,950	-
<b>Total Other Financing Sources/(Uses)</b>	<b>2,255,521</b>	<b>-</b>	<b>-</b>	<b>(2,255,521)</b>	<b>-</b>	<b>-</b>
<b>Change in Fund Balances</b>	<b>\$ (324,912)</b>	<b>\$ 819,807</b>	<b>\$ 7,015,825</b>	<b>\$ 1,260,657</b>	<b>\$ -</b>	<b>\$ 8,771,377</b>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>ASSETS</b>			
Cash And Cash Equivalents	\$ 9,658,020	\$ 4,458,212	\$ 14,116,232
Cash And Cash Equivalents, long term	3,202,886	-	3,202,886
Due From Other Governments	227,736	1,109,034	1,336,770
Charges For Services	993,689	832,947	1,826,636
Inventories	257,304	-	257,304
Prepaid Items	270,914	46,557	317,471
Due from Other Funds (Note IV)	218	264,339	264,557
	<b>14,610,767</b>	<b>6,711,089</b>	<b>21,321,856</b>
Capital Assets, not being depreciated	8,946,666	3,278,817	12,225,483
Capital Assets, being depreciated, net	11,328,893	24,428,634	35,757,527
Total Capital Assets (Note V)	20,275,559	27,707,451	47,983,010
Total Assets	<b>34,886,326</b>	<b>34,418,540</b>	<b>69,304,866</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB (Note VII)	1,472,265	1,422,145	2,894,410
Other	-	7,778	7,778
Pension (Note VI)	1,215,754	970,149	2,185,903
Total Deferred Outflows of Resources	2,688,019	2,400,072	5,088,091
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>37,574,345</b>	<b>36,818,612</b>	<b>74,392,957</b>

See accompanying notes to the financial statements.



**CITY OF KINGSTON, NEW YORK**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 1,402,776	\$ 876,199	\$ 2,278,975
Accrued Liabilities	210,286	135,131	345,417
Due to Other Funds (Note IV)	2,958	411,526	414,484
Other Postemployment Benefits (Note VII)	-	-	-
Bond Anticipation Notes Payable (Note VIII)	12,773,000	6,693,179	19,466,179
Current Portion of Bonds, Notes, and Loans Payable (Note IX)	793,114	1,071,637	1,864,751
Compensated Absence Liability (Note IX)	57,818	-	57,818
Total Current Liabilities	15,239,952	9,187,672	24,427,624
Non-Current Liabilities:			
Compensated Absence Liability (Note IX)	105,267	298,510	403,777
Bonds, Notes, and Loans Payable (Note IX)	7,864,592	7,675,564	15,540,156
Other Postemployment Benefits (Note VII)	9,768,960	8,845,353	18,614,313
Proportionate Share of Net Pension Liability (Note VI)	5,142	4,103	9,245
Total Non-Current Liabilities	17,743,961	16,823,530	34,567,491
Total Liabilities	32,983,913	26,011,202	58,995,115
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other	-	84,375	84,375
OPEB (Note VII)	1,258,029	1,998,438	3,256,467
Pension (Note VI)	1,515,009	1,208,958	2,723,967
Total Deferred Inflows of Resources	2,773,038	3,291,771	6,064,809
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
	35,756,951	29,302,973	65,059,924
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,043,509	12,244,481	18,287,990
Unrestricted	(4,226,115)	(4,728,842)	(8,954,957)
<b>Total Net Position</b>	<b>\$ 1,817,394</b>	<b>\$ 7,515,639</b>	<b>\$ 9,333,033</b>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 5,091,452	\$ 5,033,993	\$ 10,125,445
Other Revenue	317,307	419,673	736,980
<b>Total Operating Revenues</b>	<b>5,408,759</b>	<b>5,453,666</b>	<b>10,862,425</b>
<b>OPERATING EXPENSES</b>			
Personal Services	3,198,689	1,947,355	5,146,044
Real Property Taxes	344,259	-	344,259
Maintenance, Operations and Contractual Services	804,578	1,709,182	2,513,760
Depreciation	777,714	1,301,812	2,079,526
<b>Total Operating Expenses</b>	<b>5,125,240</b>	<b>4,958,349</b>	<b>10,083,589</b>
<b>Net Operating Income</b>	<b>283,519</b>	<b>495,317</b>	<b>778,836</b>
<b>Non-Operating Income and (Expense)</b>			
Rental Income	56,160	-	56,160
Federal Grant Revenue	12,679	3,772	16,451
State Grant Revenue	255,190	419	255,609
Interest Income	3,319	1,968	5,287
Sale of Property and Compensation for Loss	119,889	767	120,656
Interest on Bonds and Notes	(297,330)	(548,001)	(845,331)
<b>Total Non-Operating Income and (Expense)</b>	<b>149,907</b>	<b>(541,075)</b>	<b>(391,168)</b>
<b>Change in Net Position</b>	<b>433,426</b>	<b>(45,758)</b>	<b>387,668</b>
<b>Net Position, beginning</b>	<b>1,261,351</b>	<b>7,196,119</b>	<b>8,457,470</b>
<b>Prior Period Adjustment (Note XVI)</b>	<b>122,617</b>	<b>365,278</b>	<b>487,895</b>
<b>Net Position, beginning as restated</b>	<b>1,383,968</b>	<b>7,561,397</b>	<b>8,945,365</b>
<b>Net Position, ending</b>	<b>\$ 1,817,394</b>	<b>\$ 7,515,639</b>	<b>\$ 9,333,033</b>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b>Cash Flows From Operating Activities:</b>			
Cash Received From Users	\$ 5,614,345	\$ 5,535,479	\$ 11,149,824
Cash Paid To Employees	(2,929,986)	(1,947,355)	(4,877,341)
Cash Paid For Employees Benefits	-	(1,049,361)	(1,049,361)
Cash Paid For Operating Expenses	(1,292,221)	163,580	(1,128,641)
<b>Net Cash Provided by Operating Activities</b>	<b>1,392,138</b>	<b>2,702,343</b>	<b>4,094,481</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Proceeds From Capital Debt	8,751,286	2,226,558	10,977,844
Proceeds From Capital Debt - Bond Premium	147,047	-	147,047
Proceeds From Sale of Capital Assets	2,033	10,644	12,677
Federal Grant Revenue	-	3,772	3,772
State Grant Revenue	52,862	419	53,281
Purchase of Fixed Assets	(2,015,486)	(2,367,153)	(4,382,639)
Interest Payments on Bonded Indebtedness	(212,580)	(555,636)	(768,216)
Principal Payments on Bonded Indebtedness	(2,282,082)	(1,055,280)	(3,337,362)
<b>Net Cash Provided by /(Used by) Capital and Related Financing Activities</b>	<b>4,443,080</b>	<b>(1,736,676)</b>	<b>2,706,404</b>
<b>Cash Flows From Investing Activities:</b>			
Rental Income	56,160	-	56,160
Interest Received	3,319	1,968	5,287
<b>Net Cash Provided by Investing Activities</b>	<b>59,479</b>	<b>1,968</b>	<b>61,447</b>
Net Increase in Cash and Cash Equivalents	5,894,697	967,635	6,862,332
<b>Cash and Cash Equivalents at January 1, 2021</b>	<b>6,966,209</b>	<b>3,490,577</b>	<b>10,456,786</b>
<b>Cash and Cash Equivalents at December 31, 2021</b>	<b>\$ 12,860,906</b>	<b>\$ 4,458,212</b>	<b>\$ 17,319,118</b>
<b>Reconciliation Of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 283,519	\$ 495,317	\$ 778,836
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation	777,714	1,301,812	2,079,526
Changes in Assets and Liabilities:			
Decrease (Increase) in Receivables	86,576	81,813	168,389
Decrease (Increase) in Inventories	(77,056)	-	(77,056)
Decrease (Increase) in Prepaid Items	(14,990)	(2,459)	(17,449)
Decrease (Increase) in Due From Other Funds	333	429,338	429,671
Increase (Decrease) in Accounts Payable	(3,142)	447,853	444,711
Increase (Decrease) in Deferred Outflows/Inflows, net	1,418,145	968,179	2,386,324
Increase (Decrease) in Net Pension Obligation	(1,259,862)	(1,135,492)	(2,395,354)
Increase (Decrease) in Other Postemployment Benefits	87,073	86,131	173,204
Increase(Decrease) in Accrued Expenses and Other Liabilities	93,828	29,851	123,679
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,392,138</b>	<b>\$ 2,702,343</b>	<b>\$ 4,094,481</b>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2021**

	<b><u>CUSTODIAL FUND</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 273,019</u>
<b>Total Assets</b>	<u><u>\$ 273,019</u></u>
 <b>NET POSITION</b>	
Held in Trust	<u><u>\$ 273,019</u></u>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
DECEMBER 31, 2021**

	<b>CUSTODIAL FUND</b>
<b>EARNINGS</b>	
Police Evidence	<u>\$        38,264</u>
<b>EXPENSES</b>	
Contractual	<u>                58,257</u>
<b>Change in Net Position</b>	(19,993)
<b>Net Position Held in Trust - Beginning</b>	<u>          293,012</u>
<b>Net Position Held in Trust - Ending</b>	<u><u>          \$      273,019</u></u>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Kingston, New York, (the “City”) was established in 1872, and operates in accordance with its Charter and the various other applicable laws of the State of New York. The City operates under a Mayor/Council form of government. The Common Council is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Comptroller serves as chief financial officer. The City provides the following services to its residents: public safety, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City’s reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component units are included in the City’s reporting entity because of their operational or financial relationship with the City.

The City of Kingston Local Development Corporation (the “KLDC”), a not-for-profit corporation which was incorporated on June 1, 1994, administers economic development loans for businesses within the City of Kingston. It also developed and operates a business park for the City. It is governed by a board which is appointed by the Mayor. The City of Kingston Local Development Corporation financial statements are available at its offices located at Kingston City Hall, 420 Broadway, Kingston, New York. The KLDC is included in the City of Kingston’s reporting entity as a discretely presented component unit. See Note XII, Related Party Transactions.

The Kingston City Land Bank, Inc. (the “Land Bank”), a not-for-profit corporation, was incorporated on November 9, 2018 for the purpose of acquiring title to City-owned and other distressed properties in the City of Kingston, removing barriers to redevelopment, and returning them to the tax rolls in viable condition under sound management and ownership. It is governed by a board which includes, and is appointed by, the Mayor. The Land Bank’s financial statements are available at its office at City Hall, 420 Broadway, Kingston, NY. The Land Bank is included in the City of Kingston’s reporting entity as a discretely presented component unit. See Note XII, Related Party Transactions.

The Kingston-Ulster Empire Zone was created by New York State to foster the creation of jobs, enhance the property tax base and encourage investment. The Mayor appoints the majority of the board. Activity for the Kingston-Ulster Empire Zone was minimal for the past year as the program is no longer supported by New York State. Therefore, since financial statements have not been prepared, the limited Empire Zone information has not been included in these financial statements.

The Dietz Stadium had been jointly administered with the Kingston City School District. As of September 19, 2019, the City took over management of the stadium. See Note XII, Related Party Transactions.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America for governmental units as established by the GASB. The notes to the financial statements are an integral part of the statements and are intended to be read with them.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statements of net position and activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Government-wide and Fund Financial Statements – Continued**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, 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 as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual funds are reported as separate columns in the fund financial statements.

**C. 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. 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 in 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.

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.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise taxes, 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 period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major funds:

- 1) Governmental Funds - The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following are the City's major governmental fund types:
  - a) General Fund - the principal operating fund and includes all operations not accounted for and reported in another fund.
  - b) Special Revenue Fund - used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects. This fund is used to account for the activities of the Community Development Office which are generally funded by the U.S. Department of Housing and Urban Development ("HUD").

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued**

- c) Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation long term debt. Debt Service Funds are used when legally mandated for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.
  - d) Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities and equipment (other than those financed by business-type/proprietary funds).
- 2) Proprietary Funds - The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles are similar to businesses in the private sector. Both of the City's proprietary funds are classified as enterprise funds. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, is to be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City's Water and Sewer activities are accounted for as major enterprise funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Although they do not meet the criteria the City has elected to present the Special Revenue and Debt Service Funds as major.

Fiduciary Funds are used to report assets which are held in a trust or custodial capacity for others and are, therefore, not available to support City programs.

**D. Pervasiveness of 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 disclosure 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. Estimates and assumptions are made in a variety of areas, including computation of other postemployment benefits, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**E. Budgetary Data**

Operating budgets - must be submitted by the Mayor in the form of a tentative budget to the Common Council at their regular meeting in October for the following calendar year. The tentative budget includes proposed expenditures and the proposed means of financing for the General and Sewer funds. After public hearings are conducted to obtain taxpayer comments, the Common Council adopts the budgets. Once adopted, the Common Council may amend the legally adopted budgets when unexpected modifications are required within NYS guidelines.

Other funds - capital projects are budgeted over the life of the respective projects and are also subjected to the Council review and approval process. Formal budgets are not required for the Water Fund (an enterprise fund); however, a budget is prepared as a guideline for expenditures. Budgetary controls for the Community Development office are established in accordance with applicable grant agreements which may cover more than one year.



**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Budgetary Data – Continued**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as reservations of fund balance in the governmental funds since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

**F. Property Taxes**

The City of Kingston real property taxes are levied annually no later than December 31 and become a lien on January 1. The City of Kingston real property taxes are due in two installments. The first installment is due 45 days after the passage of the tax levy and the second is due 120 days later. Taxes for County purposes apportioned to the area of the County inside the City of Kingston and the Library are levied together with the general taxes for the City of Kingston on a single bill. The County and Library receive the full amount of their levies annually out of the first amounts collected on the combined bills. The collection of County taxes levied on properties within the City of Kingston and library taxes are enforced by the City. In addition, unpaid city school district taxes levied on properties within the City of Kingston are turned over to the City for enforcement.

**G. Cash and Investments**

The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy. The City's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The City is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**H. Taxes and Other Receivables, and Uncollectible Accounts**

Significant receivables include amounts due from customers primarily for water and sewer charges. No allowance for uncollectible accounts is maintained as uncollected accounts are added on to the subsequent year's tax bills. The General Fund reimburses the utility funds for the full amount even though the City may not have actually received payment.

At December 31, 2021, the City had total real property tax receivables of \$5,873,007. On the fund financial statements, the taxes are offset by deferred inflows of resources in the amount of \$5,027,898 for the City portion. The deferred portion represents the tax liens which were not collected within the first sixty days of the subsequent year. In the government-wide financial statements, property taxes receivable and related revenue include all amounts due to the City, regardless of when received.

Other revenues totaling \$2,182,382 are deferred in the governmental fund financial statements as they were not received within 60 days following year-end and, therefore, are unavailable to pay liabilities of the current period. Other deferred revenue received after 60 days is recognized as revenue in the government-wide statements if grantor eligibility requirements are met.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**I. Notes Receivable**

The following is a summary of notes receivable as of December 31, 2021:

Homeowner Loans - The Housing Rehabilitation Program is a federally funded program for income eligible homeowners in the City of Kingston offering up to \$20,000 in loans per household. The priority of the program is to address health and safety issues, building code violations, and to reduce the cumulative effects of deteriorating properties concentrated in certain neighborhoods of the City. It allows for an interest-free, deferred loan to the homeowner that is spread over a 10 year period. At the end of the tenth year of owner-occupied homeownership, the loan is completely forgiven.

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Due in One Year
Homeowner Loans	\$1,071,231	\$ 157,399	\$ (128,689)	\$ 1,099,941	\$ 114,176
Total Loans	<u>\$1,071,231</u>	<u>\$ 157,399</u>	<u>\$ (128,689)</u>	<u>\$ 1,099,941</u>	<u>\$ 114,176</u>

**J. Internal Balances**

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. See Note IV for a schedule detailing the interfund balances.

**K. Inventories and Prepaid Items**

Inventory is primarily composed of water meters and supplies.

Prepaid items represent payments made by the City for which benefits extend beyond year end.

**L. Capital Assets**

Capital assets are reported at historical cost. The City depreciates capital assets using the straight line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives of assets reported in the Government-wide statements for all assets are as follows:

	All funds except Water		Water Fund	
	Capitalization Threshold	Estimated Useful Life	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 20,000	40 years	\$ 10,000	5 - 75 years
Improvements	20,000	15 years	10,000	5 - 75 years
Machinery and Equipment	10,000	3 -10 years	10,000	3 - 50 years

**M. Infrastructure**

The City includes long-lived improvements to roads, property, sewer and water systems as capital assets in the Government-wide statements. Infrastructure is reported at historical cost and is depreciated using the straight-line method over the estimated useful lives.

Capitalization thresholds and estimated useful lives for infrastructure are as follows:

	Capitalization Threshold	Estimated Useful Life
Roads	\$ 20,000	20 years
Sewer & Other Systems	20,000	30 - 40 years
Water	10,000	10 - 50 years

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**N. Vested Employee Benefits**

City employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee may be entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. A liability for accrued vacation and sick time is reflected in the Government-wide statements under the heading “Compensated Absences.” See Note IX.

The City employees participate in the New York State Employees’ Retirement System and New York State Police and Fire Retirement System. See Note VI.

In addition to providing pension benefits, the City provides health insurance coverage for retired employees. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the City. The City recognizes the cost of providing benefits by recording its share of insurance premiums as a governmental fund expenditure in the year paid.

Substantially all of the City’s employees may become eligible for these benefits if they reach normal retirement age with at least 10 or 20 years of service while working for the City. See Note VII.

**O. Unemployment Insurance**

City employees are covered by unemployment insurance. The City has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the City’s account. The City is exempt from federal unemployment insurance tax.

**P. Deferred Compensation**

The City, through the New York State Deferred Compensation Board, offers its employees a Deferred Compensation Plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (up to the IRS limits) until future years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. The City does not contribute to this plan.

**Q. Risk Retention**

The City assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The City purchases commercial insurance to mitigate these risks, subject to certain deductibles. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

**R. Equity Classification**

1. Government-wide Statements

Equity is defined as net position and displayed in three components:

Net Investment in Capital Assets:

Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**R. Equity Classification – Continued**

Restricted Net Position:

Consists of net assets with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position:

The remaining portion of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

2. Fund Financial Statements

Equity is defined as fund balance and displayed in five fund balance classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds:

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:

Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments or through constitutional provisions or enabling legislation.

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority (the Common Council) before the end of the year. The same level of formal action is required to remove the constraint.

Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision-making authority or by its designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this classification is only used to report a deficit balance.

3. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the City’s policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements. Similarly, when an expenditure is incurred for which multiple classifications of fund balance are available, the City’s policy is to apply fund balance in the following order: restricted, committed, assigned, unassigned.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**S. Interfund Transfers**

The operations of the City give rise to certain transactions between funds, including transfers to provide services and construct assets. Interfund transfers within fund categories are eliminated for the Statement of Activities. A detailed description of the interfund transfers that occurred during the year is provided in Note IV.

**T. Subsequent Events**

Management has evaluated subsequent events from December 31, 2021, through September 23, 2022, the date on which the financial statements were available to be issued.

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the governmental funds.

**A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the City’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Funds Balance Sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Funds Balance Sheet and Net Position reported on the Statement of Net Position. In the description below, positive numbers represent increases to the Balance Sheet line items and negative numbers represent decreases.

- (1) The costs of building and acquiring capital assets (land, infrastructure, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the City as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 99,178,358
Accumulated Depreciation	<u>(36,406,031)</u>
Capital Assets, Net	<u><u>\$ 62,772,327</u></u>

- (2) Workers compensation costs are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes additional prepaid amounts in the assets of the City as a whole.

Prepaid Expenses	<u><u>\$ 1,855,816</u></u>
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- (3) Interest payable and other long-term liabilities are recognized in the government-wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest or other liabilities that were not paid from current financial resources.

Interest Payable at December 31, 2021	<u><u>\$ 135,912</u></u>
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**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND GOVERNMENT-WIDE STATEMENTS – CONTINUED**

**A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities - Continued**

(4) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, these liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds and Installment Obligations Payable	\$ 9,215,283
Compensated Absences Payable	3,412,199
ERS and PFRS Pension Liability-Proportionate Share	4,119,120
Landfill Remediation Liability	376,793
Other Postemployment Benefits	145,092,716
	<u>\$ 162,216,111</u>

(5) Deferred outflows and inflows related to the Other Postemployment Benefits are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources - OPEB	<u>\$ 23,327,817</u>
Deferred Inflows of Resources - OPEB	<u>\$ 32,780,917</u>

(6) Deferred inflows related to grants, taxes and other receivables are reported on the accrual basis in the Statement of Net Position, but on the modified accrual basis in the governmental funds. The adjustments between the two bases at year end were:

Deferred Inflows of Resources - Other	<u>\$ (7,210,280)</u>
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(7) Deferred outflows and inflows related to pensions are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources - Pension	<u>\$ 19,186,652</u>
Deferred Inflows of Resources - Pension	<u>\$ 19,180,803</u>

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED**

**B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities**

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 53,856,254
Loss on disposal of assets	(216,199)
Recognition of deferred property taxes	209,580
Recognition of deferred state and federal grant revenue	(15,365)
Recognition of deferred bond premiums	(6,708)
Recognition of deferred insurance proceeds and fees	181,691
Total revenues reported in the Statement of Activities	<u><u>\$ 54,009,253</u></u>

Total Expenditures/Expenses

Total expenditures reported in governmental funds	\$ 56,436,687
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In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which the liability for compensated absences increased during the year.

377,888

In the Statement of Activities, the expenses for other postemployment benefits are measured based on the actuarially determined OPEB Liability of the City. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which the OPEB expense exceeded the amount of financial resources used during the year.

961,663

**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED**

**B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities – Continued**

In the Statement of Activities, pension expense related to ERS and PFRS defined benefit plans is measured as the change in the City's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds, however, these expenditures are recognized as the sum of (1) amounts paid by the employer to the pension plan, and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense exceeded the amount of financial resources expended during the year. (1,180,038)

Interest payable is recognized in the government-wide statements under full accrual accounting, whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year was less than the interest payable for the prior year. (7,248)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions of \$11,316,922 exceeded depreciation expense of \$4,301,097 in the current year. (7,015,825)

Repayment of principal is an expenditure in the governmental funds but reduces the long-term liability in the Statement of Net Position and does not affect the Statement of Activities. (3,516,178)

The cost of prepaid workers compensation assets are generally reported as expenditures in the year they are incurred and the assets do not appear on the balance sheet, but the Statement of Net Position includes all prepaid assets of the City as a whole. (819,073)

Total expenses reported in the Statement of Activities \$45,237,876

**III. CASH**

At December 31, 2021, the carrying amount of the City's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$37,161,850 and the bank balance was \$37,282,521. The City's deposits at December 31, 2021, and during the year then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the City's agent bank in the City's name. Petty Cash is included in Cash and Cash Equivalents and totaled \$1,400 at year end.



**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**IV. INTERFUND ACTIVITY**

Interfund receivables and payables at December 31, 2021 were as follows:

<u>FUND</u>	<u>RECEIVABLE</u>	<u>PAYABLE</u>
Governmental Funds:		
General	\$ 6,080,024	\$ (615,391)
Special Grant	-	(516,798)
Capital Projects	929,668	(5,747,305)
Debt Service	274,272	(254,543)
Subtotal Governmental Funds	<u>7,283,964</u>	<u>(7,134,037)</u>
Proprietary Funds:		
Water	218	(2,958)
Sewer	264,339	(411,526)
Subtotal Proprietary Funds	<u>264,557</u>	<u>(414,484)</u>
<b>TOTALS</b>	<u><u>\$ 7,548,521</u></u>	<u><u>\$ (7,548,521)</u></u>

Interfund transfers for the year ended December 31, 2021 were as follows:

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General	\$ -	\$ (1,444,950)
Capital Projects	105,073	-
Debt Service	1,339,877	-
<b>TOTALS</b>	<u><u>\$ 1,444,950</u></u>	<u><u>\$ (1,444,950)</u></u>

Interfund transfers were made for the following purposes:

- Repayment of the City’s debt is done through the debt service fund.
- Funding Capital Projects.

**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**V. CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2021 were as follows:

	Beginning Balance 1/1/2021	Additions	Disposals	Reclassifications	Ending Balance 12/31/2021
<b><u>Governmental Activities:</u></b>					
Capital Assets, not being depreciated:					
Land	\$ 647,753	\$ -	\$ -	\$ -	\$ 647,753
Construction in Progress	7,375,823	9,072,874	-	-	16,448,697
Total Capital Assets, not being depreciated	<u>8,023,576</u>	<u>9,072,874</u>	<u>-</u>	<u>-</u>	<u>17,096,450</u>
Capital Assets, being depreciated:					
Buildings	11,078,261	-	-	-	11,078,261
Improvements	19,335,640	270,758	(439,310)	(451,327)	18,715,761
Infrastructure	38,660,678	857,689	-	(340,628)	39,177,739
Machinery and Equipment	12,421,057	1,115,601	-	(426,511)	13,110,147
Total Capital Assets being depreciated	<u>81,495,636</u>	<u>2,244,048</u>	<u>(439,310)</u>	<u>(1,218,466)</u>	<u>82,081,908</u>
Accumulated Depreciation for:					
Buildings	(5,241,054)	(276,956)	-	-	(5,518,010)
Improvements	(7,889,716)	(998,905)	223,111	451,327	(8,214,183)
Infrastructure	(14,078,230)	(1,697,548)	-	340,628	(15,435,150)
Machinery and Equipment	(6,337,511)	(1,327,688)	-	426,511	(7,238,688)
Total Accumulated Depreciation	<u>(33,546,511)</u>	<u>(4,301,097)</u>	<u>223,111</u>	<u>1,218,466</u>	<u>(36,406,031)</u>
Total Capital Assets, being depreciated, net	<u>47,949,125</u>	<u>(2,057,049)</u>	<u>(216,199)</u>	<u>-</u>	<u>45,675,877</u>
Governmental Activities Capital Assets, net	<u>\$ 55,972,701</u>	<u>\$ 7,015,825</u>	<u>\$ (216,199)</u>	<u>\$ -</u>	<u>\$ 62,772,327</u>
<b><u>Business-Type Activities:</u></b>					
Capital Assets, not being depreciated:					
Land	\$ 363,659	\$ -	\$ -	\$ -	\$ 363,659
Construction in Progress	11,510,018	5,462,788	-	(5,110,982)	11,861,824
Total Capital Assets, not being depreciated	<u>11,873,677</u>	<u>5,462,788</u>	<u>-</u>	<u>(5,110,982)</u>	<u>12,225,483</u>
Capital Assets, being depreciated:					
Buildings and Improvements	21,291,358	10,050	-	3,936,940	25,238,348
Infrastructure	32,575,807	19,985	-	1,100,657	33,696,449
Machinery and Equipment	5,078,156	177,097	(10,892)	(120,000)	5,124,361
Total Capital Assets being depreciated	<u>58,945,321</u>	<u>207,132</u>	<u>(10,892)</u>	<u>4,917,597</u>	<u>64,059,158</u>
Accumulated Depreciation for:					
Buildings and Improvements	(12,688,295)	(963,683)	-	73,385	(13,578,593)
Infrastructure	(11,431,405)	(819,224)	-	-	(12,250,629)
Machinery and Equipment	(2,295,649)	(306,498)	9,738	120,000	(2,472,409)
Total Accumulated Depreciation	<u>(26,415,349)</u>	<u>(2,089,405)</u>	<u>9,738</u>	<u>193,385</u>	<u>(28,301,631)</u>
Total Capital Assets, being depreciated, net	<u>32,529,972</u>	<u>(1,882,273)</u>	<u>(1,154)</u>	<u>5,110,982</u>	<u>35,757,527</u>
Business-Type Activities Capital Assets, net	<u>\$ 44,403,649</u>	<u>\$ 3,580,515</u>	<u>\$ (1,154)</u>	<u>\$ -</u>	<u>\$ 47,983,010</u>

Depreciation expense for business-type activities was all charged to Home and Community services.

Depreciation expense for governmental activities was charged to functions as follows:

General Government	\$ 609,953
Public Safety	627,883
Transportation	1,354,294
Culture and Recreation	588,208
Home and Community Services	1,120,759
Total governmental activities depreciation	<u>\$ 4,301,097</u>

**CITY OF KINGSTON, NEW YORK  
 NOTES TO BASIC FINANCIAL STATEMENTS**

**VI. PENSION PLANS**

Plan Description

The City participates in the New York State and Local Employees’ Retirement System (“ERS”) and the New York State and Local Police and Fire Retirement System (“PFRS”). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (“NYSRSSL”). As set forth in the NYSRSSL, the Comptroller of the State of New York (“Comptroller”) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The Systems are noncontributory except for Tier 3, 4, 5 and 6 employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976, who contribute 3% to 6% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. An Eligible Tier 3 or 4 member with ten or more years of membership, or ten years credited service, will not be required to contribute to the Retirement System. Tier 5 and 6 members must continue to contribute throughout their employment.

The City is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Plan Year Ended March 31</u>	<u>ERS</u>	<u>PFRS</u>
2021	\$ 1,373,718	\$ 2,432,856
2020	\$ 1,338,743	\$ 2,425,319
2019	\$ 1,272,396	\$ 2,305,012

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported liabilities of \$32,118 and \$4,096,247 for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and PFRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, as actuarially determined. This information was provided to the City by the ERS and PFRS Systems.

At March 31, 2021, the City’s proportion of the ERS net pension liability was 0.0322552%. At March 31, 2020, the City’s proportion of the ERS net pension liability was 0.0335299%.

At March 31, 2021, the City’s proportion of the PFRS net pension liability was 0.2359214%. At March 31, 2020, the City’s proportion of the PFRS net pension liability was 0.2536257%.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**VI. PENSION PLANS – CONTINUED**

For the year ended December 31, 2021 the City recognized pension expense of \$820,543 for ERS and \$2,283,843 for PFRS. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 392,245	\$ 908,935	\$ 1,301,180
Changes of assumptions	5,905,425	10,064,035	15,969,460
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and difference between the City's contributions and proportionate share of contributions	202,822	429,996	632,818
City's contributions subsequent to the measurement date	1,093,272	2,375,825	3,469,097
<b>Total</b>	<b>\$ 7,593,764</b>	<b>\$ 13,778,791</b>	<b>\$ 21,372,555</b>

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of assumptions	111,378	-	111,378
Net difference between projected and actual earnings on pension plan investments	9,226,120	12,044,774	21,270,894
Changes in proportion and difference between the City's contributions and proportionate share of contributions	125,522	396,976	522,498
<b>Total</b>	<b>\$ 9,463,020</b>	<b>\$ 12,441,750</b>	<b>\$ 21,904,770</b>

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>PFRS</u>
2022	\$ (497,436)	\$ (446,988)
2023	(176,215)	(25,253)
2024	(490,058)	(402,522)
2025	(1,798,819)	(2,133,277)
2026	-	1,969,256
	<u>\$ (2,962,528)</u>	<u>\$ (1,038,784)</u>

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**VI. PENSION PLANS – CONTINUED**

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

Measurement Date	<u>ERS</u>	<u>PFRS</u>
	March 31, 2021	March 31, 2021
Investment Rate of Return	5.90% compounded annually net of investment expense	5.90% compounded annually net of investment expense
Projected Salary Increases	4.40%	6.20%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	April 1, 2015 - March 31, 2020 System's Experience
Inflation Rate	2.70%	2.70%
Mortality Improvement	Society of Actuaries Scale MP - 2020	Society of Actuaries Scale MP - 2020
Cost of Living Adjustment	1.4% Annually	1.4% Annually

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of 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 each of the target asset allocation percentages and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for both retirement systems are summarized below:

Measurement Date	<u>ERS and PFRS</u>	
	March 31, 2021	
Asset Class:	Target <u>Allocation</u>	Long-term Expected Real <u>Rate of Return</u>
Domestic Equity	32%	4.05%
International Equity	15%	6.30%
Private Equity	10%	6.75%
Real Estate	9%	4.95%
Opportunistic/ARS portfolio	3%	4.50%
Credit	4%	3.63%
Real Assets	3%	5.95%
Fixed Income	23%	0.00%
Cash	1%	0.50%
Total	<u>100%</u>	

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**VI. PENSION PLANS – CONTINUED**

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 5.9% for PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the ERS and PFRS net pension liabilities calculated using the discount rates referred to above, as well as what the City's proportionate share of each net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate referred to above:

	1% Decrease 4.9%	Current Assumption 5.9%	1% Increase 6.9%
<b>ERS</b>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (8,914,655)	\$ (32,118)	\$ 8,159,660
<b>PFRS</b>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (17,419,550)	\$ (4,096,247)	\$ 6,932,005

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	(Dollars in Thousands)	
	ERS	PFRS
Measurement Date	March 31, 2021	March 31, 2021
Employers' total pension liability	\$ (220,680,157)	\$ (41,236,775)
Plan net position	220,580,583	39,500,500
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (1,736,275)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	95.79%

Payables to the Pension Plan

For ERS, employer contributions for the plan year ended March 31, 2022 were paid to the System in December 2021. Prepaid retirement contributions as of December 31, 2021 amounted to \$364,424.

For PFRS, employer contributions for the plan year ended March 31, 2022 were paid to the System in February 2022. Accrued retirement contributions as of December 31, 2021 amounted to \$2,375,825.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**VII. OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The City provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts and human resource policies. The benefit levels, employee contributions and employer contributions are governed by the City's contractual agreements. A trust that meets the criteria in paragraph 4 of GASB Statement 75 has not been established.

Benefits Provided

The City's Other Post-Employment Benefits ("OPEB") plan subsidizes the cost of healthcare to eligible retired employees and their spouses and dependent children. Eligibility is based on the respective rules of the New York State and Local Employees Retirement System ("ERS") as well as the provisions of the City's agreements with its employees. The following eligibility rules current apply to the City's employees:

- Public Safety: eligibility for retirement under ERS; 20 years of service
- Staff and water department: eligibility for retirement under ERS; after age 55 with at least 10 years of service

Medical and prescription drug benefits are offered to retirees on a City-subsidized basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the City's plan providing an additional layer of coverage. The City reimburses Medicare Part B premiums for retirees and their spouses.

The benefit terms are dependent on which contract covers the employee. Contribution rates for new retirees are as follows:

Group	Provider Options	Minimum Years of Service		City Contributions (Fixed)		Reimburse Part B Premium		
				Individual	Family	Individual	Spouse	Surviving Spouse
Staff	NYSHIP	10	Under 65	\$ 1,196.00	\$ 2,764.00	Y	Y	Y
		10	Over 65	393.00	N/A			
Public Safety	NYSHIP	20	Under 65	1,196.00	2,764.00	Y	Y	Y
		20	Over 65	39.00	N/A			
Water Dept.	NYSHIP	10	Under 65	1,196.00	2,764.00	Y	Y	Y
		10	Over 65	393.00	N/A			
		30	Under 65	1,196.00	2,764.00			
		30	Over 65	393.00	393 per person			

The City's contribution is equivalent to the portion of health insurance premiums paid that are allocated to retirees, estimated to be \$4,100,662 during the year ended December 31, 2021.

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by benefit terms:

Active employees	265
Retired	306
Total employees covered by benefit terms	571

Total OPEB Liability

The City obtained an actuarial valuation report for the fiscal year ended December 31, 2021. The liability for other postemployment benefits was measured as of December 31, 2021 and totaled \$163,707,029.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**VII. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	3.00%
Projected Salary Increases, Including Wage Inflation	3.00%
Discount Rate	2.25%
Healthcare Cost Trend Rates	Pre-65: 8.0% for pharmacy, medical, dental and vision for 2020, reduced incrementally to an ultimate rate of 5.0% after 7 years  Post-65: Same
Current Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement
Future Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement

- The discount rate was based on a review of the yield derived from the S&P Municipal Bond 20 Year High Grade Rate Index.
- Mortality Rates were based the RP-2006 mortality table with MP-2020 projection.

Changes in the Total OPEB Liability during the year ended 12/31/21:

Balance - Beginning	\$ 162,171,271
Changes for the Year:	
Service Cost	4,597,100
Interest	3,090,334
Changes in Assumptions	(7,364,393)
Differences Between Expected and Actual Experience	5,313,379
Benefit Payments	<u>(4,100,662)</u>
Net Changes	<u>1,535,758</u>
Balance - Ending	<u>\$ 163,707,029</u>



**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**VII. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	\$ 186,741,067	\$ 163,707,029	\$ 140,672,990

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate.

	1% Decrease 7.0% decreasing to 4.0%	Healthcare Cost Trend Rate 8.0% Decreasing to 5.0%	1% Increase 9.0% decreasing to 6.0%
Total OPEB Liability	\$ 133,858,101	\$ 163,707,029	\$ 199,797,067

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$4,954,615. At December 31, 2021, the City reported the following deferred outflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,637,614	\$ 30,145,870
Changes of Assumptions or other inputs	21,584,613	5,891,514
Total	<u>\$ 26,222,227</u>	<u>\$ 36,037,384</u>

City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts recognized in the deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>For Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (2,732,821)
2023	(3,119,733)
2024	(3,552,401)
2025	(410,202)
	<u>\$ (9,815,157)</u>

**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**VIII. SHORT-TERM DEBT**

Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects and enterprise funds. Principal payments must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date.

The following is a summary of the City’s outstanding bond anticipation notes as of December 31, 2021:

Description	Balance 12/31/2020	New Issues	Payments	Balance 12/31/2021
<b>Bond Anticipation Notes:</b>				
Governmental Activities:				
Equipment/Improvement	\$ 8,456,521	\$ 3,539,507	\$ (2,255,521)	\$ 9,740,507
<b>Total Governmental Activities:</b>	<u>8,456,521</u>	<u>3,539,507</u>	<u>(2,255,521)</u>	<u>9,740,507</u>
Business-type Activities:				
Sewer Improvements	4,466,621	2,525,000	(298,442)	6,693,179
Water Improvements	7,187,500	7,300,000	(1,714,500)	12,773,000
<b>Total Business-type Activities</b>	<u>11,654,121</u>	<u>9,825,000</u>	<u>(2,012,942)</u>	<u>19,466,179</u>
<b>Total Bond Anticipation Notes</b>	<u>\$20,110,642</u>	<u>\$ 13,364,507</u>	<u>\$ (4,268,463)</u>	<u>\$ 29,206,686</u>

**Governmental activities**

Interest Paid	\$126,848
Less: Interest accrued - prior year	(44,749)
Plus: Interest accrued - current year	<u>44,644</u>
	<u>\$126,743</u>

**Business-type Activities**

Interest Paid	\$148,346
Less: Interest accrued - prior year	(83,696)
Less: Bond premium amortization	(29,627)
Plus: Interest accrued - current year	<u>188,249</u>
	<u>\$223,272</u>

**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**IX. LONG-TERM DEBT**

The City borrows money for various purposes, including acquiring land and equipment or constructing buildings and improvements. This borrowing enables the cost of these capital assets to be borne by the present and future taxpayers who benefit from the capital assets. The debt is backed by the full faith and credit of the City.

At December 31, 2021, the total long-term principal indebtedness outstanding for serial bonds and installment obligations of the City, was \$26,473,142. See Schedule of Indebtedness.

**Governmental activities**

Interest Paid - Bonds and Installment obligations	\$ 302,467
Less: Interest accrued - prior year net	(104,043)
Less: Bond premium amortization	(1,770)
Plus: Interest accrual adjustments	(497)
Plus: Interest accrued - current year	88,156
Plus: Library Interest accrued - current year	3,112
Interest Expense	<u>\$ 287,425</u>

**Business-type Activities**

Interest Paid	\$ 379,485
Less: Interest accrued - prior year net	(114,159)
Plus: Interest accrual adjustments	12,940
Plus: Interest on settlement	231,727
Plus: Interest accrued - current year	112,066
Interest Expense	<u>\$ 622,059</u>

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
<b>Governmental Activities:</b>					
Bonds payable	\$ 10,241,815	\$ -	\$ (1,127,143)	\$ 9,114,672	\$ 1,048,236
Compensated absences	3,034,311	377,888	-	3,412,199	-
Landfill remediation liability	413,018	-	(36,225)	376,793	38,754
Installment obligations	197,900	-	(97,289)	100,611	100,611
Share of net pension liability	20,030,435	-	(15,911,315)	4,119,120	-
OPEB liability	143,314,584	1,778,132	-	145,092,716	-
Total governmental	<u>177,232,063</u>	<u>2,156,020</u>	<u>(17,171,972)</u>	<u>162,216,111</u>	<u>1,187,601</u>
<b>Business-type Activities:</b>					
Bonds payable	16,918,495	1,451,286	(1,375,086)	16,994,695	1,454,539
Bond premium	-	147,048	-	147,048	147,048
Compensated absences	439,866	21,729	-	461,595	-
Installment obligations	517,644	-	(254,480)	263,164	263,164
Share of net pension liability	2,404,599	-	(2,395,354)	9,245	-
OPEB liability	18,856,688	-	(242,375)	18,614,313	-
Total business-type	<u>39,137,292</u>	<u>1,620,063</u>	<u>(4,267,295)</u>	<u>36,490,060</u>	<u>1,864,751</u>
Total Long Term Debt	<u>\$ 216,369,355</u>	<u>\$ 3,776,083</u>	<u>\$ (21,439,267)</u>	<u>\$ 198,706,171</u>	<u>\$ 3,052,352</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**IX. LONG-TERM DEBT – CONTINUED**

The following is a summary of the maturity of long-term indebtedness for serial bonds and installment obligations:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Sewer Fund</u>		<u>Water Fund</u>	
			<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	1,148,847	267,908	1,071,637	299,698	646,066	172,790
2023	846,229	237,350	814,771	256,923	622,520	162,441
2024	798,571	213,479	809,429	229,601	630,088	145,172
2025	802,364	189,019	712,636	201,431	643,927	126,597
2026	752,272	163,724	717,727	174,597	458,796	111,670
2027-2031	2,598,000	539,694	2,996,000	530,831	2,387,786	391,034
2032-2036	1,835,000	221,053	1,260,000	155,363	1,503,135	157,370
2037-2041	434,000	930	365,000	12,119	980,480	42,401
2042-2046	-	-	-	-	345,829	-
2047-2051	-	-	-	-	292,032	-
	<u>\$ 9,215,283</u>	<u>\$ 1,833,157</u>	<u>\$ 8,747,200</u>	<u>\$ 1,860,563</u>	<u>\$ 8,510,659</u>	<u>\$ 1,309,475</u>

Constitutional Debt Limit- As of the December 31, 2021 calculation, the projected net indebtedness of the City of Kingston aggregated \$55,679,828. Of this amount, \$31,296,169 was subject to the constitutional debt limit and represented approximately 27% of its limit.

Sources of Repayment - Governmental activities debt will be repaid from the General Fund and business-type debt will be repaid from the applicable enterprise fund. Compensated absences, retirement and OPEB liabilities are paid from the fund responsible for the employee's compensation. Generally all other liabilities are paid from the General Fund.

Landfill Costs:

State and federal laws and regulations required the City to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The final closure of the landfill took place in 1998. The current estimated remaining liability is \$376,793 and is reported with other long-term liabilities in the government-wide statement of net assets. Actual costs may vary due to inflation, changes in technology, or changes in regulations.

**X. DEFICIT FUND BALANCES**

The Capital Projects Fund had a deficit fund balance at December 31, 2021. The deficit will be eliminated as short-term debt is converted to permanent financing.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**XI. COMMITMENTS AND CONTINGENCIES**

Grant Funding

The City participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs may be conducted, in accordance with grantor requirements, on a periodic basis. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal.

Judgments and Claims

There are several pending and/or threatened claims against the City for personal injury and/or property damages. In the opinion of counsel, most of these claims are either fully insured or their settlement will not have a material effect on the financial statements. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. However, the City has adopted an insurance program which includes a self-insurance portion. The City has reserved \$205,804 for claims in addition to amounts included in the annual budget.

Also, several property owners within the City have filed certiorari claims for reductions in assessed valuations. In the opinion of counsel, the results of these proceedings cannot be determined at this time.

Authorized Debt

In addition to the debt described in Notes VIII and IX, \$47,829,440 has been authorized but was unissued at December 31, 2021.

Transit

The City dissolved its transit service on July 1, 2019 due to declining Citibus ridership and entered into an agreement with Ulster County for usage of the Area Transit services. The City has committed to pay \$225,000 annually for five years from 2020 – 2024.

Capital Projects

The City of Kingston, other than the Water Department has prepared a capital plan covering twenty eight capital projects. The current estimated total cost of these projects amounts to \$72,557,009 of which 52% is expected to be covered by grants and 48% by local funding. These projects are prioritized based on criteria, the highest of which is legal mandates. Estimated completion timetables run through 2024.

**XII. RELATED PARTY TRANSACTIONS**

The City of Kingston and Kingston City School District (the "District") had undertaken the joint operation and maintenance of Dietz Stadium, a recreational facility, through the Dietz Stadium Commission. As of September 19, 2019, the City and the District signed an inter-municipal agreement, wherein the District conveyed its share of management and capital control to the City for a period of 5 years with an automatic renewal for an additional five years. The District will pay the City \$95,000 per year, plus scheduled increases, and share in capital costs. The City received the first payments of \$95,000 in 2019, \$96,900 in 2020 and billed the District \$98,838 in 2021. This revenue and the related operating and maintenance expenditures are recorded in the General Fund.

Beginning in 2019, the City developed payroll/benefit reimbursement agreements with the KLDC for personnel services provided by the City. The reimbursements are now based upon the amounts established in those agreements. The City received \$40,909 under those agreements for the year ended December 31, 2020 and \$26,913 in 2021.

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**XIII. LEASE AGREEMENTS**

In August 2005, the City entered into an agreement with Aslan Environmental Services (“Aslan”) to implement and manage a process for converting sludge into bio-solid pellets with equipment provided by Aslan. The term of the agreement was for 10 years. The Aslan lease has ended and related litigation was settled in 2022. The City has been processing their sludge with outside agencies, primarily Ulster County Resource Recovery Agency (“UCRRA”).

**XIV. PROPERTY TAX ABATEMENTS**

The City is a party to 17 real property tax abatement agreements under Article 18-A of the real property law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (“PILOT”) in compliance with RPTL 412-A, Article V & XI of the Private Housing Finance Law, Title I of Article 18-A of NYS GML Exemption Policy. In accordance with this policy, the City and the Ulster County IDA grant PILOTs for various activities, such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility.

The following provides information related to the PILOT agreements in effect for the year ended December 31, 2021:

<b>Start Date</b>	<b>Agreement</b>	<b>Total Assessed Value</b>	<b>2021 City Tax Rate</b>	<b>2021 City Tax Value Without Exemptions**</b>	<b>City PILOT and Tax Received For 2021</b>	<b>City Taxes Abated For 2021 *</b>	<b>Potentially Eligible for RPTL 581a</b>
2014	EA Flathbush, LLC	\$ 2,033,000	\$ 14.241919	\$ 28,953.82	\$ 19,200.68	\$ 9,753.14	No
2015	Golden Hill Acquisition LLC	\$ 9,930,000	\$ 14.241919	\$ 141,422.26	\$ 49,497.79	\$ 91,924.47	No
2005	Benedictine Hospital	\$ 2,600,000	\$ 14.241919	\$ 37,028.99	\$ 15,163.37	\$ 21,865.62	No
2014	JBT Holdings LLC	\$ 3,303,000	\$ 14.241919	\$ 47,041.06	\$ 22,647.69	\$ 24,393.37	No
2015	Lace Mill Limited Partnership	\$ 5,341,000	\$ 14.241919	\$ 76,066.09	\$ 15,668.40	\$ 60,397.69	Yes
2006	Kingston Property Associates (Springbrook Village)	\$ 8,539,000	\$ 14.241919	\$ 121,611.75	\$ 122,868.00	\$ (1,256.25)	Yes
1961	Rondout Gardens	\$ 7,576,000	\$ 14.241919	\$ 107,896.78	\$ 6,320.85	\$ 101,575.93	No
2008	Anderson Center (Valentine Ct) **	\$ 360,000	\$ 14.241919	\$ -	\$ 3,019.76	\$ (3,019.76)	No
2002	Brigham Senior Housing LP	\$ 1,679,000	\$ 14.241919	\$ 23,912.18	\$ 17,378.80	\$ 6,533.38	Yes
2015	Birchwood Village LP	\$ 5,258,000	\$ 14.241919	\$ 74,884.01	\$ 10,825.44	\$ 64,058.57	Yes
2020	Landmark Preservation - Yosman	\$ 7,884,000	\$ 14.241919	\$ 112,283.29	\$ 52,593.92	\$ 59,689.37	Yes
2020	Landmark Preservation - Gov Clinton	\$ 8,884,000	\$ 14.241919	\$ 126,525.21	\$ 54,482.65	\$ 72,042.56	Yes
2020	Energy Square Housing Development Fund Co, Inc	\$ 7,593,000	\$ 14.241919	\$ 108,138.89	\$ 7,122.00	\$ 101,016.89	Yes
2020	Hudson Valley Development LLC	\$ 1,620,000	\$ 14.241919	\$ 23,071.91	\$ 7,334.59	\$ 15,737.32	No
2020	Hudson Valley Development LLC	\$ 334,000	\$ 14.241919	\$ 4,756.80	\$ 4,756.80	\$ 0.00	No
2020	Hudson Valley Development LLC	\$ 334,000	\$ 14.241919	\$ 4,756.80	\$ 4,756.80	\$ 0.00	No
2020	Hudson Valley Development LLC	\$ 658,000	\$ 14.241919	\$ 9,371.18	\$ 9,371.18	\$ 0.00	No
2021	Landmark Place HDFC	\$ 1,367,000	\$ 14.241919	\$ 19,468.70	\$ 7,122.00	\$ 12,346.70	No

\*The amount listed in the “City Taxes Abated For 2021” column is based upon market value assessments. These figures would be significantly lower if eligible properties were valued using RPTIL 581a valuation methodology.

\*\*Valentine Court property is owned by a Non-Profit entity eligible and receiving full tax exemption under RPTL 420 (wholly exempt).

**CITY OF KINGSTON, NEW YORK  
NOTES TO BASIC FINANCIAL STATEMENTS**

**XV. PRIOR PERIOD ADJUSTMENTS**

The City restated its opening net position for adjustments pertaining to revenues, prepaid expense and for the OPEB allocation between the sewer fund and the governmental activities. The City also adjusted fund balance for the Special Grant and Debt Service Funds for a revenue reclassification and deferral of revenues to be recorded pertaining to the outstanding Library bond. The City’s net position and fund balances have been restated as follows:

	<u>Primary Government</u>
Net Position Beginning of Year	\$ (97,306,193)
Prior Period Adjustments:	
Governmental Activities - Revenue reclassification	13,008
Business-Type Activities	
Water Fund - Adjustments to prepaid expense	122,617
Sewer Fund - OPEB salary allocation adjustment	<u>365,278</u>
Total Business-Type Activities	<u>487,895</u>
Net Position Beginning of Year, as restated	<u><u>\$ (96,805,290)</u></u>
Governmental Funds	
Fund Balance Beginning of Year	\$ 3,703,477
Prior Period Adjustments:	
Special Grant - Revenue reclassification	13,008
Library Bond Principal deferral adjustment	<u>(410,000)</u>
Fund Balance Beginning of Year, as restated	<u><u>\$ 3,306,485</u></u>

**XVI. SUBSEQUENT EVENTS**

In 2022, the Common Council committed to using fund balance in the General Fund as follows: \$150,000 to fund police department license plate readers, using \$1,484,132 to pay down short term debt which funded equipment purchases and using \$750,000 for City wide paving projects. A resolution was not passed for it yet but \$93,000 of fund balance is expected to be used to pay retro on the police contract that was settled in 2022.

In July 2022, the City received the balance of its American Rescue Plan Act funding, amounting to \$17,301,385 in total. The City’s plans for the use of these funds were published in a pamphlet by the City named *City of Kingston Economic Recovery Plan 2022*.

**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**XVII. NEW ACCOUNTING PRINCIPLES**

In June 2017, GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves note disclosures. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued 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"). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement ("SCA"), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements ("APAs"). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription 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. Under this statement, a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.



**CITY OF KINGSTON, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**XVII. NEW ACCOUNTING PRINCIPLES – CONTINUED**

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and Supersession of GASB Statement No 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and employee benefit plans other than pension plans or other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (“IRC”) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym (“ACFR”). That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for fiscal years ending after December 15, 2021.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. Many of the requirements are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for ACECs made in fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

Management has not estimated the potential impact of these statements, if any, on the City’s financial statements.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF KINGSTON, NEW YORK**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

<u>Total OPEB Liability</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Service Cost	\$ 4,597,100	\$ 5,009,410	\$ 4,617,343	\$ 4,228,337
Interest	3,090,334	5,518,116	5,839,214	5,544,492
Differences Between Expected and Actual Experience	5,313,379	(44,270,163)	(8,959,434)	1,934,543
Changes in Assumptions	(7,364,393)	28,559,165	11,122,788	-
Benefit Payments	(4,100,662)	(3,825,260)	(3,715,754)	(3,505,480)
Net Change in Total OPEB Liability	1,535,758	(9,008,732)	8,904,157	8,201,892
Total OPEB liability - beginning	162,171,271	171,180,003	162,275,846	154,073,954
Total OPEB liability - ending (a)	<u>\$ 163,707,029</u>	<u>\$ 162,171,271</u>	<u>\$ 171,180,003</u>	<u>\$ 162,275,846</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 4,100,662	\$ 3,825,260	\$ 3,715,754	\$ 3,505,480
Net Investment Income	-	-	-	-
Benefit Payments	(4,100,662)	(3,825,260)	(3,715,754)	(3,505,480)
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary net position - beginning	-	-	-	-
Plan Fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's net OPEB liability - ending (a) - (b)	<u>\$ 163,707,029</u>	<u>\$ 162,171,271</u>	<u>\$ 171,180,003</u>	<u>\$ 162,275,846</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Covered Payroll	\$ 21,341,386	\$ 21,511,136	\$ 20,652,801	\$ 20,675,343
Total OPEB Liability as a percentage of covered payroll	767.09%	753.89%	828.85%	784.88%

Notes to Schedule:

Changes of Benefit Terms:

None

Implied Subsidy: Approximately \$540,000 is included in Benefit Payments/Contributions.

Changes in Assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

12/31/18	3.64%
12/31/19	3.26%
12/30/20	1.93%
12/30/21	2.25%

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

**CITY OF KINGSTON, NEW YORK**  
**SCHEDULE OF OPEB CONTRIBUTIONS AND ASSUMPTIONS**

	2021	2020	2019	2018
Actuarial determined contribution (SC + 20 year amort NOL)	\$ 14,448,066	\$ 16,793,756	\$ 16,180,344	\$ 15,136,996
Actual contributions relating to the actuarially determined contribution	(4,100,662)	(3,825,260)	(3,715,754)	(3,505,480)
Contribution (Excess)/Deficiency	<u>\$ 10,347,404</u>	<u>\$ 12,968,496</u>	<u>\$ 12,464,590</u>	<u>\$ 11,631,516</u>
Covered - employee Payroll	\$ 21,341,386	\$ 21,511,136	\$ 20,652,801	\$ 20,675,343
Contributions as a percentage of covered - employee payroll	19.21%	17.78%	17.99%	16.95%

Notes to Schedule:

Valuation date:	1/1/2021	1/1/2020	1/1/2019	1/1/2018
Disclosure date:	12/31/2020	12/31/2020	1/1/2018	1/1/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal			
Amortization method	N/A			
Amortization period	N/A			
Asset valuation method	Market			
Inflation	3.00%			
Healthcare cost trend rates	8% decrease to 5%			
Salary increases	3.00%			
Investment rate of return	2.25%	1.93%	3.26%	3.64%
Retirement age	Rates start at 20 years, or age 55 and 10 years			
Mortality	RP 2006 with MP 2020 Projection			

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

**CITY OF KINGSTON, NEW YORK**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS**

<u>Plan Year Ended</u>	<u>Proportion of the Net Pension Asset (Liability)</u>	<u>Proportionate Share of the Net Pension Asset (Liability)</u>	<u>Covered Payroll</u>	<u>Net Pension Asset (Liability) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
<b>Employees' Retirement System</b>					
3/31/2021	0.03225520%	\$ (32,118)	\$ 8,899,782	0.36%	99.95%
3/31/2020	0.03352990%	\$ (8,878,900)	\$ 9,564,299	92.83%	86.39%
3/31/2019	0.03108170%	\$ (2,202,231)	\$ 9,575,008	23.00%	96.27%
3/31/2018	0.03156560%	\$ (1,014,867)	\$ 8,490,239	11.95%	98.24%
3/31/2017	0.03110000%	\$ (2,922,228)	\$ 8,625,019	33.88%	94.70%
3/31/2016	0.03084540%	\$ (4,950,767)	\$ 9,085,750	54.49%	90.70%
3/31/2015	0.03104620%	\$ (1,045,219)	\$ 8,805,830	11.87%	97.95%
<b>Police and Fire Retirement System</b>					
	<u>Proportion of the Net Pension Asset (Liability)</u>	<u>Proportionate Share of the Net Pension Asset (Liability)</u>	<u>Covered Payroll</u>	<u>Net Pension Asset (Liability) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
3/31/2021	0.23592140%	\$ (4,096,247)	\$ 11,234,584	36.46%	95.79%
3/31/2020	0.25362570%	\$ (13,556,133)	\$ 10,124,452	133.89%	84.86%
3/31/2019	0.25251730%	\$ (4,234,875)	\$ 10,566,486	40.08%	95.09%
3/31/2018	0.26734210%	\$ (2,702,179)	\$ 10,007,857	27.00%	96.93%
3/31/2017	0.26741750%	\$ (5,542,633)	\$ 11,289,209	49.10%	93.50%
3/31/2016	0.26917960%	\$ (7,969,833)	\$ 10,826,434	73.61%	90.20%
3/31/2015	0.26044130%	\$ (716,890)	\$ 10,492,852	6.83%	99.00%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**CITY OF KINGSTON, NEW YORK  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of its Covered Payroll
<b>Employees' Retirement System</b>					
3/31/2021	\$ 1,373,718	\$ 1,373,718	\$ -	\$ 8,899,782	15.44%
3/31/2020	\$ 1,338,743	\$ 1,338,743	\$ -	\$ 9,564,299	14.00%
3/31/2019	\$ 1,272,396	\$ 1,272,396	\$ -	\$ 9,575,008	13.29%
3/31/2018	\$ 1,357,915	\$ 1,357,915	\$ -	\$ 8,490,239	15.99%
3/31/2017	\$ 1,323,022	\$ 1,323,022	\$ -	\$ 8,625,019	15.34%
3/31/2016	\$ 1,511,551	\$ 1,376,551	\$ 135,000	\$ 9,085,750	15.15%
3/31/2015	\$ 1,631,252	\$ 1,221,646	\$ 409,606	\$ 8,805,830	13.87%

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of its Covered Payroll
<b>Police and Fire Retirement System</b>					
3/31/2021	\$ 2,432,856	\$ 2,432,856	\$ -	\$ 11,234,584	21.66%
3/31/2020	\$ 2,425,319	\$ 2,425,319	\$ -	\$ 10,124,452	23.96%
3/31/2019	\$ 2,305,012	\$ 2,305,012	\$ -	\$ 10,566,486	21.81%
3/31/2018	\$ 2,438,708	\$ 2,438,708	\$ -	\$ 10,007,857	24.37%
3/31/2017	\$ 2,288,926	\$ 2,288,926	\$ -	\$ 11,289,209	20.28%
3/31/2016	\$ 2,208,039	\$ 2,208,039	\$ -	\$ 10,826,434	20.39%
3/31/2015	\$ 2,440,711	\$ 2,305,723	\$ 134,988	\$ 10,492,852	21.97%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not fully available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**CITY OF KINGSTON, NEW YORK  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>GENERAL FUND</b>				
	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Real Property Taxes	\$ 17,675,495	\$ 17,675,495	\$ 17,407,513	\$ (267,982)
Other Property Tax Items	1,326,000	1,326,000	880,691	(445,309)
Non Property Tax Items	14,675,000	14,675,000	18,539,876	3,864,876
Departmental Income	2,923,376	3,928,100	2,012,621	(1,915,479)
Intergovernmental Charges	402,000	477,000	348,384	(128,616)
Use of Money and Property	145,300	145,300	8,515	(136,785)
Licenses and Permits	980,910	980,910	972,409	(8,501)
Fines and Forfeitures	125,000	125,000	58,545	(66,455)
Sale of Property and Compensation for Loss	128,000	134,353	112,830	(21,523)
Miscellaneous Local Sources	163,371	168,370	4,101,709	3,933,339
State Aid	3,079,777	3,913,275	1,434,229	(2,479,046)
Federal Aid	21,057	286,326	481,695	195,369
<b>Total Revenues</b>	<b>41,645,286</b>	<b>43,835,129</b>	<b>46,359,017</b>	<b>2,523,888</b>
<b>EXPENDITURES</b>				
General Government Support	5,832,929	5,572,851	4,355,137	1,217,714
Public Safety	13,482,310	14,331,732	14,134,025	197,707
Health	105,552	296,559	122,645	173,914
Transportation	1,596,099	1,611,347	1,478,978	132,369
Economic Assistance and Opportunity	763,762	2,130,368	583,655	1,546,713
Culture and Recreation	1,551,527	1,854,044	1,532,643	321,401
Home and Community Service	2,633,927	3,164,169	2,728,897	435,272
Employee Benefits	14,946,531	14,569,094	14,830,743	(261,649)
Capital Outlay	80,625	1,082,213	228,544	853,669
Debt Service	771,547	2,406,547	2,357,510	49,037
<b>Total Expenditures</b>	<b>41,764,809</b>	<b>47,018,924</b>	<b>42,352,777</b>	<b>4,666,147</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>(119,523)</b>	<b>(3,183,795)</b>	<b>4,006,240</b>	<b>7,190,035</b>
<b>Other Financing Sources/(Uses):</b>				
Operating Transfers In	140,000	3,122,625	-	(3,122,625)
Operating Transfers Out	(1,355,876)	(1,465,337)	(1,444,950)	20,387
<b>Total Other Financing Sources</b>	<b>(1,215,876)</b>	<b>1,657,288</b>	<b>(1,444,950)</b>	<b>(3,102,238)</b>
<b>Net Change in Fund Balance</b>	<b>(1,335,399)</b>	<b>(1,526,507)</b>	<b>2,561,290</b>	<b>4,087,797</b>
Appropriated Fund Balance, Unassigned	1,335,399	1,526,507	-	(1,526,507)
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,561,290</b>	<b>\$ 2,561,290</b>



# **OTHER INFORMATION**



**CITY OF KINGSTON NEW YORK  
SCHEDULE OF INDEBTEDNESS  
DECEMBER 31, 2021**

	Date of Issue	Date of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Refinanced During Fiscal Year	Outstanding End of Fiscal Year	Interest Paid During Fiscal Year	Interest Accrued at 12/31/2021	Due Within the Next Year
<b><u>BOND ANTICIPATION NOTES</u></b>											
Various Improvements	2020	2021	1.500%	\$ 12,457,463	\$ -	\$ (2,544,463)	\$ (9,913,000)	\$ -	\$ 186,862	\$ -	\$ -
Water Improvements	2021	2022	1.250%	-	6,064,507	-	9,913,000	15,977,507	-	73,230	15,977,507
Water Improvements	2020	2021	1.250%	5,831,500	-	(358,500)	(5,473,000)	-	75,807	-	-
Sewer Improvements	2017	2022	0.000%	465,679	-	(9,500)	-	456,179	-	-	456,179
Water Improvements	2021	2022	1.500%	-	7,300,000	-	5,473,000	12,773,000	-	159,663	12,773,000
Water Improvements	2017	2021	0.400%	1,356,000	-	(15,000)	(1,341,000)	-	12,525	-	-
<b>TOTAL BOND ANTICIPATION NOTES</b>				<b>20,110,642</b>	<b>13,364,507</b>	<b>(2,927,463)</b>	<b>(1,341,000)</b>	<b>29,206,686</b>	<b>275,194</b>	<b>232,893</b>	<b>29,206,686</b>
<b>BOND PREMIUM</b>	2021	2022		-	147,048	-	-	147,048	-	-	147,048
<b><u>INSTALLMENT OBLIGATIONS</u></b>											
Wendel Energy	2007	2022	4.490%	655,957	-	(322,474)	-	333,483	22,394	4,744	333,483
Vehicle Lease	2017	2022	3.350%	59,587	-	(29,295)	-	30,292	2,027	945	30,292
<b>TOTAL INSTALLMENT PURCHASE DEBT</b>				<b>715,544</b>	<b>-</b>	<b>(351,769)</b>	<b>-</b>	<b>363,775</b>	<b>24,421</b>	<b>5,689</b>	<b>363,775</b>
<b><u>SERIAL BONDS</u></b>											
Clean Water Revolving Loan	2004	2025	4.25 - 5.025%	795,000	-	(145,000)	-	650,000	9,412	12,074	155,000
Clean Water Revolving Loan	2005	2025	3.814 - 4.27%	130,000	-	(26,000)	-	104,000	270	1,690	26,000
Clean Water Revolving Loan	2005	2024	3.529 - 3.969%	365,000	-	(85,000)	-	280,000	7,367	2,755	90,000
Clean Water Revolving Loan	2011	2031	0.281 - 4.113%	3,400,000	-	(300,000)	-	3,100,000	63,488	10,222	310,000
Various Public Improvements	2010	2027	2.00 - 4.25%	1,130,000	-	(225,000)	-	905,000	41,951	7,802	230,000
Clean Water Revolving Loan	2012	2032	0.285 - 3.4%	2,280,000	-	(165,000)	-	2,115,000	49,369	10,897	165,000
Refunding Serial Bonds	2015	2026	2.00 - 5.00%	979,999	-	(199,999)	-	780,000	35,056	13,776	165,000
Public Improvement	2015	2035	2.00 - 3.5%	5,450,000	-	(535,000)	-	4,915,000	142,825	40,097	520,000
Public Improvement	2018	2038	3.00 - 3.375%	10,301,704	-	(751,704)	-	9,550,000	302,494	94,080	700,000
Drinking Water Statutory Bond	2020	2040	.25%-2.425%	471,394	-	(20,000)	-	451,394	5,299	1,588	26,395
Drinking Water Statutory Bond	2020	2050	0.00%	1,857,213	-	(49,526)	-	1,807,687	-	-	50,380
Drinking Water Bond 2021B	2021	2041	.18%-2.6180%	-	110,286	-	1,341,000	1,451,286	-	2,664	65,000
<b>TOTAL SERIAL BONDS</b>				<b>27,160,310</b>	<b>110,286</b>	<b>(2,502,229)</b>	<b>1,341,000</b>	<b>26,109,367</b>	<b>657,531</b>	<b>197,645</b>	<b>2,502,775</b>
<b>TOTAL INDEBTEDNESS</b>				<b>\$ 47,986,496</b>	<b>\$ 13,621,841</b>	<b>\$ (5,781,461)</b>	<b>\$ -</b>	<b>\$ 55,826,876</b>	<b>\$ 957,146</b>	<b>\$ 436,227</b>	<b>\$ 32,220,284</b>



**OTHER REPORTING  
REQUIRED BY  
GOVERNMENT AUDITING  
STANDARDS**



**CITY OF KINGSTON, NEW YORK  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE TRANSPORTATION ASSISTANCE  
DECEMBER 31, 2021**

<u>Grantor/ Program Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Entity Identifying Number/NYS Contract/ Reference Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b><u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
DIRECT PROGRAMS:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 493,983	\$ 1,406,308
<b><u>US DEPARTMENT OF JUSTICE</u></b>				
DIRECT PROGRAMS:				
Bulletproof Vest Partnership Program	16.607	N/A	-	5,523
PASSED THROUGH US MARSHALS SERVICE:				
US Marshalls Service-Regional Fugitive Task Force	N/A	N/A	-	743
<b><u>US DEPARTMENT OF THE TREASURY</u></b>				
DIRECT PROGRAMS:				
Coronavirus Relief Fund	21.019 *	N/A		309,098
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		108,730
<b><u>US DEPARTMENT OF AGRICULTURE</u></b>				
DIRECT PROGRAMS:				
<i>SNAP Cluster</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A		7,228
<b><u>US DEPARTMENT OF TRANSPORTATION</u></b>				
PASSED THROUGH NEW YORK STATE:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205 *	N/A	-	998,078
Recreational Trails Program	20.219	N/A		20,000
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>				
DIRECT PROGRAMS:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	-	58,253
PASSED THROUGH NEW YORK STATE:				
<i>Clean Water State Revolving Fund Cluster</i>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	-	518,466
<b><u>US DEPARTMENT OF HOMELAND SECURITY</u></b>				
DIRECT PROGRAMS:				
Hazard Mitigation Grant	97.039	N/A	-	3,772
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	36,045
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	N/A	-	63,052
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 493,983</u>	<u>\$ 3,535,296</u>
* A major program				
N/A - Passthrough entity identifying number not applicable or not available.				
<b><u>STATE TRANSPORTATION ASSISTANCE</u></b>				
New York State Department of Transportation:				
CHIPS - Capital Reimbursement Component		N/A		\$ 1,494,793
Multi Modal PIN #8MA428.30A	**	N/A		675,994
Albany Ave Arterial		N/A		26,383
TOTAL STATE TRANSPORTATION ASSISTANCE EXPENDITURES				<u>\$ 2,197,170</u>

\*\* State transportation program tested

**CITY OF KINGSTON, NEW YORK  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE TRANSPORTATION ASSISTANCE  
DECEMBER 31, 2021**

**NOTE 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the Federal award activity of the City of Kingston, New York under programs of the federal government for the year ended December 31, 2021. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The federal information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE 2 – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - Indirect Cost Rate**

The City of Kingston, New York has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 – Sub-recipients**

The following is a summary of sub-recipient activity for 2021:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	<u>\$ 493,983</u>

In addition, the City of Kingston has designated the Kingston Local Development Corporation (“KLDC”) as its subrecipient for purposes of the RUD 108 Loan program. See KLDC financial statement for details on outstanding 108 loans.

**NOTE 5 – Loans Outstanding**

The City had the following gross loan receivable balances outstanding at December 31, 2021, which were originally funded with federal awards. Loans made during the year are included in the federal expenditures presented in the schedule:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures for the Year Ended December 31, 2021</u>	<u>Amount Outstanding December 31, 2021</u>
Community Development Block Grant Program	14.218	<u>\$ 157,399</u>	<u>\$ 1,099,941</u>



**CITY OF KINGSTON, NEW YORK  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE TRANSPORTATION ASSISTANCE  
DECEMBER 31, 2021**

**NOTE 6 - Reconciliation to Financial Statements**

The federal expenditures presented in the Schedule of Expenditures of Federal Awards and State Transportation Assistance (the “SEFA”) reconcile to the Federal revenue reported in the Statement of Revenues, Expenditures and Changes in Fund Balance as follows:

	<u>Federal</u>	<u>State</u>
Federal expenditures as reported in the SEFA	\$ 3,535,296	\$ 2,197,170
Reconciling items:		
SEFA is reported on the basis of expenditures not revenues	1,585	(303,709)
Non-DOT State Aid	<u>-</u>	<u>3,697,729</u>
	<u>\$ 3,536,881</u>	<u>\$ 5,591,190</u>
Federal and State aid as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 3,520,430	\$ 5,335,581
Federal and State aid as reported in the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	<u>16,451</u>	<u>255,609</u>
Total Federal and State Aid	<u>\$ 3,536,881</u>	<u>\$ 5,591,190</u>

**NOTE 7 – State Matching Costs**

State Transportation Operation Assistance Program grant is 80% federal funded, 10% state funded, and 10% local match.



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

Members of the Common Council  
City of Kingston, New York  
420 Broadway  
Kingston, New York 12401

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kingston, New York ("the City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Kingston, New York's basic financial statements, and have issued our report thereon dated September 23, 2022. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the City of Kingston, New York's financial statements. This report does not include the results of the Kingston Local Development Corporation (a component unit) auditors' testing of internal control over financial reporting and on compliance and other matters which is reported separately by their auditors. The financial statements of the Kingston City Land Bank (a component unit) were not audited in accordance with *Government Auditing Standards*, and accordingly their report did not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Kingston City Land Bank.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Kingston, New York'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Kingston, New York'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 required to be reported under *Government Auditing Standards*.

#### City of Kingston, New York's Response to the Findings

The City of Kingston, New York's response to the findings identified in our audit is described in the accompanying management responses to findings and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

#### 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.

*RBT CPAs, LLP*

Newburgh, NY  
September 23, 2022



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

Members of the Common Council  
City of Kingston  
420 Broadway  
Kingston, New York 12401

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

We have audited the City of Kingston, New York (“the City”)’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Kingston, New York’s major federal programs for the year ended December 31, 2021. The City’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Kingston, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Kingston, New York’s compliance.

## Opinion

In our opinion, the City of Kingston, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2021.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item, 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

The City of Kingston, New York's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the City of Kingston, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Kingston, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kingston, New York's 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 federal 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 federal 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RBT CPAs, LLP*

Newburgh, NY  
September 23, 2022



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH STATE  
TRANSPORTATION ASSISTANCE PROGRAM TESTED  
AND ON INTERNAL CONTROL OVER COMPLIANCE**

Members of the Common Council  
City of Kingston  
420 Broadway  
Kingston, New York 12401

**Report on Compliance for State Transportation Assistance Programs**

We have audited the City of Kingston, New York's (the "City") compliance with the types of compliance requirements described in the preliminary *Title 17, Part 43 of the New York State Codification of Rules and Regulations (NYCRR)* that could have a direct and material effect on each of the City's state transportation assistance programs that were tested for the year ended December 31, 2021. The programs tested are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state transportation assistance programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's state transportation assistance programs tested based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Title 17, Part 43 of NYCRR*. Those standards and Title 17, Part 43 of NYCRR require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a tested state transportation assistance program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state transportation assistance program that was tested. However, our audit does not provide a legal determination on the City's compliance.

## Opinion

In our opinion, the City of Kingston, New York, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its state transportation assistance programs tested for the year ended December 31, 2021.

## Report on Internal Control Over Compliance

The management of the City of Kingston, New York is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements of laws, regulations, contracts, and grants applicable to the state transportation assistance programs tested. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the state transportation assistance programs that were tested in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on internal control over compliance in accordance with *Title 17, Part 43 of NYCRR*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 transportation assistance program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 transportation assistance 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *Title 17, Part 43 of NYCRR*. Accordingly, this report is not suitable for any other purpose.

*RBT CPAs, LLP*

Newburgh, NY  
September 23, 2022

**CITY OF KINGSTON, NEW YORK  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021**

**A. Financial Statement Findings**

None noted

**B. Findings and Questioned Costs for Federal Awards**

**14.218 Community Development Block Grants/Entitlement Grants**

Finding 2020-001	CDBG Approvals Internal Control
Condition:	The Community Development expenditures did not contain all of the proper approval signatures.
Criteria:	A minimum of three approval signatures are required for expenditures.
Cause:	There was some turnover in the department.
Effect:	Required approval signatures were not all documented.
Recommendation:	RBT recommends that all internal controls are completely satisfied for all expenditures.
Finding 2020-002	Reporting
Condition:	One of the quarterly federal financial reports could not be tied back to the bank activity.
Criteria:	Community Development is required to submit quarterly deferral financial reports.
Cause:	The amounts reported did not all agree to the bank activity.
Effect:	The report was not accurate.
Recommendation:	RBT recommends that all the amounts on the reports tie to the banking activity before submission.



**CITY OF KINGSTON, NEW YORK  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 DECEMBER 31, 2021**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u> Yes	<u>  X  </u> No
Significant deficiency(s) identified?	<u>  X  </u> Yes	<u>          </u> None reported

Noncompliance material to the financial statements noted?	<u>          </u> Yes	<u>  X  </u> No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u>          </u> Yes	<u>  X  </u> No
Significant deficiency(s) identified?	<u>          </u> Yes	<u>  X  </u> None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	<u>  X  </u> Yes	<u>          </u> No
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Identification of major programs:

<u>CFDA/Grant Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
21.019	Coronavirus Relief Fund

Dollar threshold to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee	<u>  X  </u> Yes	<u>          </u> No
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State Awards

Internal control over state transportation expended:

Material weakness(es) identified?	<u>          </u> Yes	<u>  X  </u> No
Significant deficiency(s) identified?	<u>          </u> Yes	<u>  X  </u> None reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 17, part 43.2 of NYCRR?	<u>          </u> Yes	<u>  X  </u> No
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Identification of program tested:

Multi Modal PIN #8MA428.30A

**CITY OF KINGSTON, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2021**

**SECTION II –FINDINGS**

**A. Financial Statement Findings**

Finding 2021-001

**Condition:** Community Development Agency (“CD”) paid an invoice of one entity with another entity’s check stock. Additionally, CD is not voiding checks when check sequences get skipped and not properly recording these items within the accounting software.

**Criteria:** Check stock for different entities should be maintained separately and verified before using. Additionally, all checks should be written in sequential order and recorded within the accounting software, including those that are voided.

**Cause:** Controls over check stock usage and recording have not been evaluated or implemented.

**Effect:** The payment on incorrect check stock and not properly recording check sequences in the accounting software created more accounting adjustments and reconciliations than were necessary.

**Recommendation:** RBT recommends all checks are issued in sequence and skipped checks are voided. Additionally, controls should be developed to keep check stock secure and segregated.

**B. Findings and Questioned Costs for Federal Awards**

21.019

Finding 2021-002

**Condition:** Required quarterly reports were not submitted timely or were not submitted at all based on the specifications noted in the Compliance Supplement.

**Criteria:** Starting September 20, 2020, reporting was required to be submitted via the Grant Solutions portal on a quarterly basis.

**Cause:** The City was not aware of all the specific reporting requirements.

**Effect:** Project Completion and Certification Reports were submitted to FEMA instead of the Grant Solutions portal as stipulated in the Compliance Supplement.

**Recommendation:** RBT recommends that the City follow all reporting requirements

**CITY OF KINGSTON**  
**Office of the Comptroller**  
comptroller@kingston-ny.gov

John Tuey, Comptroller



Steven T. Noble, Mayor

RBT CPA's  
11 Racquet Road  
Newburgh, NY 12550

Re: Corrective Action Plan  
City of Kingston 2021 Audit

Finding 2021-001 Community Development Cash Disbursement Process:

Finding: The Community Development Agency ("CD") paid an invoice of one entity with another entities check stock. Additionally, CD is not voiding checks when checks sequences get skipped and not properly recording these items within the accounting software.

Corrective Actions Planned: The Community Development will ensure that checks are issued in sequence and void skipped checks when and if they occur. They will also implement controls to keep check stock secure and separate. This corrective action will be put in place 10/1/2022 by Amanda Bruck, Director of Community Development.

Finding 2021-002 Coronavirus Relief Fund (CFDA 21.019) Reporting

Finding: Required quarterly reports were not submitted timely or were not submitted at all based on the specifications noted in the Compliance Supplement.

Corrective Actions Planned: The City of Kingston will ensure that project managers will review the Compliance Supplement for each Federal grant to ensure that compliance requirements are being met. This corrective action will be put in place 10/1/2022 by Ruth Ann Devitt, Director of Grants Management.

