

F+A

City of Kingston
Parks and Recreation Department
ltimbrouck@kingston-ny.gov



Steven T. Noble, Mayor

Lynsey Timbrouck, Director

September 27, 2021

Dear President Shaut:

As part of our mid-year review, the Parks and Recreation Department would like to request a \$0 impact internal budget transfer to reconcile some of our accounts.

I respectfully request an internal transfer totaling \$14,000. Please see the attached spreadsheet for details.

Thank you in advance for your consideration.

Respectfully,

Lynsey Timbrouck
Director, Kingston Parks and Recreation

cc: John Tuey, Comptroller, City of Kingston

THE CITY OF KINGSTON COMMON COUNCIL

**FINANCE AND AUDIT
COMMITTEE REPORT**

<u>REQUEST DESCRIPTION</u>		
INTERNAL TRANSFER <u> X </u>	CONTINGENCY TRANSFER <u> </u>	TRANSFER <u> </u>
AUTHORIZATION <u> </u>	BUDGET MODIFICATION <u> </u>	BONDING REQUEST <u> </u>
CLAIMS <u> </u>	ZONING <u> </u>	OTHER <u> </u>

DEPARTMENT: <u>Parks and Recreation</u>	DATE: <u>9/27/2021</u>
Description:	
Internal budget transfer of \$14,000.00 to reconcile department accounts.	
(See attached spreadsheet for breakdown)	
Estimated Financial Impact: \$0	Signature _____

Motion by _____

Seconded by _____

Action Required:

SEQRA Decision:
 Type I Action
 Type II Action
 Unlisted Action

Negative Declaration of Environmental Significance:

Conditioned Negative Declaration:

Seek Lead Agency Status:

Positive Declaration of Environmental Significance:

<u>Committee Vote</u>	<u>YES</u>	<u>NO</u>
Reynolds Scott Childress, Ward 3, Chairman		
Don Tallerman, Ward 5		
Anthony Davis, Ward 6		
Steven Schabot, Ward 8		
Michele Hirsch, Ward 9		

General Fund Budgetary Transfer

To:					From:				
<u>Fund</u>	<u>Dept</u>	<u>Acct #</u>	<u>Acct Description</u>	<u>Amount</u>	<u>Fund</u>	<u>Dept</u>	<u>Acct #</u>	<u>Acct Description</u>	<u>Amount</u>
A1	7110	5103	Parks Overtime Pay	10,000.00	A1	7180	5111	Pool/Beach Seasonal Employees	10,000.00
A1	7210	5422	Dietz Stadium Electricity	4,000.00	A1	7210	5421	Dietz Stadium Telephone	2,000.00
					A1	7180	5422	Pool/Beach Electricity	2,000.00
				<u>14,000.00</u>					<u>14,000.00</u>

F+A

City of Kingston
Parks and Recreation Department
ltimbrouck@kingston-ny.gov



Steven T. Noble, Mayor

Lynsey Timbrouck, Director

September 14, 2021

Dear President Shaut:

As you are aware, the Parks and Recreation Department was awarded \$40,000 of CDBG-CVIII funds (CARES Act funding) for its Drop-In School Support Program at the Everett Hodge Community Center (EHC) and Rondout Neighborhood Center (RNC).

This past June, the Common Council voted unanimously in favor to approve the CDBG reimbursement transfer for computers at both the RNC and EHC. As part of that transfer, \$12,074.21 was approved for the EHC. Due to a minor increase in equipment costs, we will need an additional transfer of \$636.00 from the CDBG Reimbursement account. This will cause no additional financial impact.

I respectfully request the following fund transfer:

Transfer \$ 636.00 from: A1-7-7143-22-42020 – CDBG Reimbursement
to: A1-7-7143-12-5205 – Computer/Data Processing Equipment

Thank you in advance for your consideration.

Respectfully,

Lynsey Timbrouck
Director, Kingston Parks and Recreation

cc. Amanda L. Bruck, Director, Office of Community Development
John Tuey, Comptroller, City of Kingston

THE CITY OF KINGSTON COMMON COUNCIL

**FINANCE AND AUDIT
COMMITTEE REPORT**

REQUEST DESCRIPTION

INTERNAL TRANSFER X
AUTHORIZATION _____
CLAIMS _____

CONTINGENCY TRANSFER _____
BUDGET MODIFICATION _____
ZONING _____

TRANSFER _____
BONDING REQUEST _____
OTHER _____

DEPARTMENT Parks and Recreation

DATE September 14, 2021

Description:

Transfer \$636.00 to cover additional costs of processing equipment for the Everette Hodge Community Center for its Drop-In School Support program. The funding will be reimbursed by CDBG through its CARES Act funding:

Transfer \$ 636.00 from: A1-7-7143- 22-42020 – CDBG Reimbursement
to: A1-7-7143-12-5205 – Computer/Data Processing Equipment

Estimated Financial Impact 0

Signature _____



Motion by _____

Seconded by _____

Action Required:

SEQRA Decision:

Type I Action _____

Type II Action _____

Unlisted Action _____

Negative Declaration of Environmental Significance: _____

Conditioned Negative Declaration: _____

Seek Lead Agency Status: _____

Positive Declaration of Environmental Significance: _____

<u>Committee Vote</u>	<u>YES</u>	<u>NO</u>
Reynolds Scott-Childress, Chairman		
Don Tallerman, Ward 5		
Anthony Davis, Ward 6		
Steven Schabot, Ward 8		
Michele Hirsch, Ward 9		

Steven T. Noble
Mayor

Stephan Knox
Director

CITY OF KINGSTON
Building Safety & Zoning Enforcement

5 Garraghan Drive
Kingston, NY 12401
Phone (845) 331-1217
Fax (845) 331-1224



F+A

September 28, 2021

Aldersperson at Large Andrea Shaut
City of Kingston Common Council
420 Broadway
Kingston, NY 12401

Dear Aldersperson at Large Shaut,

I respectfully submit the following request to transfer funds from one budget line item to another.

During yearly service conducted by personnel in the DPW garage, several of our vehicles would not pass inspection without the replacement of tires. The department's budget for vehicle maintenance, which has been reduced quite a bit in the last three years, has been expended and thus this request for a transfer.

We ask for your consideration in this matter and will make ourselves available for any questions or concerns.

Sincerely,


Stephan Knox
Director of Building Safety & Zoning Enforcement

Cc. Mayor, Steven T. Noble
Corporation Counsel, Kevin Bryant
Comptroller, John Tuey

1 THE CITY OF KINGSTON COMMON COUNCIL

**FINANCE AND AUDIT
COMMITTEE REPORT**

<u>REQUEST DESCRIPTION</u>		
INTERNAL TRANSFER <input checked="" type="checkbox"/>	CONTINGENCY TRANSFER _____	TRANSFER _____
AUTHORIZATION _____	BUDGET MODIFICATION _____	BONDING REQUEST _____
CLAIMS _____	ZONING _____	OTHER _____

DEPARTMENT: <u>Building Safety</u>	DATE: <u>9/28/2021</u>
Description: Request for internal transfer to cover additional vehicle maintenance expenses.	
From: Contracted Services A1362014 5472	\$1,800.00
To: Vehicle Maintenance A1362014 5444	\$1,800.00
Estimated Financial Impact: \$0	Signature: <u></u>

Motion by _____

Seconded by _____

Action Required:

SEQRA Decision:
 Type I Action _____
 Type II Action _____
 Unlisted Action _____

Negative Declaration of Environmental Significance: _____

Conditioned Negative Declaration: _____

Seek Lead Agency Status: _____

Positive Declaration of Environmental Significance: _____

<u>Committee Vote</u>	<u>YES</u>	<u>NO</u>
Reynolds Scott Childress, Ward 3, Chairman	<input type="checkbox"/>	<input type="checkbox"/>
Don Tallerman, Ward 5	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Davis, Ward 6	<input type="checkbox"/>	<input type="checkbox"/>
Michele Hirsch, Ward 9	<input type="checkbox"/>	<input type="checkbox"/>
Steven Schabot, Ward 8	<input type="checkbox"/>	<input type="checkbox"/>

F+A

Tinti, Elisa

From: Baker, Daniel
Sent: Wednesday, September 29, 2021 10:48 AM
To: Shaut, Andrea
Cc: Tuey, John; Tinti, Elisa; Scott-Childress, Reynolds
Subject: Assessor's Office Communication (Local Adjustments to the Adjusted Base Proportions)
Attachments: Local Adjustments to the Adjusted base Proportions 2021 Roll for 2022 Bills.pdf; PR-6701 for 2021 Roll and 2022 Bills.pdf; PR-6703 for 2021 Roll and 2022 Bills.pdf

Madam President,

Please accept this email as a communication for the October Common Council Meeting. I respectfully request this item be placed on the monthly Finance Committee agenda until the committee needs to address it, which typically at the same meeting that the budget is approved.

Attached you will find the allowable and lawful local adjustments to the adjusted base proportions for the 2022 City of Kingston Tax Levy.

Please let me know if you have any questions, comments or concerns.

Respectfully,

Daniel Baker
City of Kingston
Assessor
(845) 334-3912
dbaker@kingston-ny.gov

CONFIDENTIALITY NOTICE
This e-mail, including attachments, may contain information that is confidential and it may be protected by the attorney/client or other privileges. This e-mail, including attachments, constitutes information to be conveyed only to the designated recipient(s). The unauthorized use, dissemination, distribution or reproduction of this e-mail, including attachments is prohibited and may be unlawful.

Local Adjustments to the Adjusted Base Proportions

The municipality may make certain adjustments to the ABPs.
See Subsection 1903-4(c) of the Real Property Tax Law

City of Kingston

2021

STEP 1 - Subtract the Adjusted Base Proportion for the Homestead Class from the Current Percentage for the Homestead Class

Current Percentage for Homestead Class (Part I of form RP-6701)		66.12262
Adjusted Base Proportion for Homestead Class (column R of form RP-6703)	-	<u>51.95256</u>
Difference		14.17006

STEP 2 - Take the Difference computed in STEP 1 and multiply it by 10%, 20%, 25%, 30%, 40%, 50%, 60%, 70%, 75%, 80%, and 90%.
Add this amount to the Homestead Adjusted Base Proportion.

Select a Percentage	Amount to be added to Homestead ABP	POSSIBLE TAX SHARES WHICH MAY BE ADOPTED	
		<u>Homestead</u>	<u>NonHomestead</u>
		51.95256	48.04744
10%	1.41701	53.36957	46.63043
20%	2.83401	54.78658	45.21342
25%	3.54252	55.49508	44.50492
30%	4.25102	56.20358	43.79642
40%	5.66802	57.62059	42.37941
50%	7.08503	59.03759	40.96241
60%	8.50204	60.45460	39.54540
70%	9.91904	61.87161	38.12839
75%	10.62755	62.58011	37.41989
80%	11.33605	63.28861	36.71139
90%	12.75305	64.70562	35.29438
100%	14.17006	66.12262	33.87738

CERTIFICATE OF ADJUSTED BASE PROPORTIONS PURSUANT TO ARTICLE 19, RPTL
FOR THE 2021 ASSESSMENT ROLL

Approved Assessing Unit City of Kingston, 510800
Name of Portion City of Kingston, 510800
Reference Roll 2020
Levy Roll 2021

CERTIFICATION

Section I DETERMINATION OF PORTION CLASS NET CHANGE IN ASSESSED VALUE DUE TO PHYSICAL AND C
EQUALIZATION CHANGES AND COMPUTATION OF CLASS CHANGE IN LEVEL OF ASSESSMENT FA

	(A) Total Assessed Value on the Reference Roll Excluding Special Franchise & Wholly Exempt	(B) Total Assessed Value of Physical and Quantity Increases between the Reference Roll and Levy Roll	(C) Total Assessed Value of Physical and Quantity Decreases between the Reference Roll and Levy Roll	(D) Net Assessed Value of Physical and Quantity Changes	(E) Surviving Total Assessed Value on the Reference Roll
Class				(B-C)	(A-C)
Homestead	1110962485.00	11917509.00	1055000.00	10,822,500	1,109,867,485
Nonhomestead	582078504.00	20418500.00	2528000.00	17,890,500	579,550,504

	(F) Total Assessed Value of Equalization Increases between the Reference Roll and Levy Roll	(G) Total Assessed Value of Equalization Decreases between the Reference Roll and Levy Roll	(H) Net Equalization Changes	(I) Change in Level of Assessment Factor
Class			(F-G)	(H/E)+1
Homestead	4575000.00	5042550.00	(467,550)	0.9996
Nonhomestead	2817000.00	8033500.00	(5,216,500)	0.9910

I, the clerk of the legislative body of the approved
assessing unit identified above, hereby certify
that the legislative body determined on _____
base percentages, current percentages, and
current base proportions as set forth herein for the
assessment roll and portion as identified above,

Section II COMPUTATION OF PORTION CLASS ADJUSTMENT FACTOR

	(J) Taxable Assessed Value on the Levy Roll Excluding Special Franchise & Wholly Exempt	(K) Taxable Assessed Value on the Levy Roll at the Reference Roll Level of Assesmen (J/I)	(L) Assessed Value of Special Franchise on the Levy Roll at the Reference Roll Level of Assmnt	(M) Total Taxable Assessed Value on the Levy Roll at the Reference Roll Level of Assessment (K+L)	(N) Taxable Assessed Value on the Reference Roll	(O) Class Adjustment Factor (M/N)
Class						
Homestead	1096316290.00	1,096,778,326	0	1,096,778,326	1,084,140,601	1.0117
Nonhomestead	514095168.00	518,764,537	65897952.00	584,662,489	555,450,411	1.0526

signature

title

date

Section III COMPUTATION OF ADJUSTED BASE PROPORTIONS

	(P) Current Base Proportions	(Q) Current Base Proportions adjusted for Physical and Quantity Changes (P*O)	(R) Adjusted Base Proportions (Q/sum of Q)
Class			
Homestead	52.9418	53.5589	51.9526
Nonhomestead	47.0582	49.5331	48.0474
Total	100.0000	103.0920	100.0000

RP-6701

NEW YORK STATE OFFICE OF REAL PROPERTY SERVICES
16 SHERIDAN AVENUE, ALBANY, NY 12210-2714

10/27/99

CERTIFICATE OF BASE PERCENTAGES, CURRENT PERCENTAGES AND
CURRENT BASE PROPORTIONS PURSUANT TO ARTICLE 19, RPTL, FOR THE
LEVY OF TAXES ON THE 2021 ASSESSMENT ROLL

Approved Assessing Unit City of Kingston, 510800
Name of Portion City of Kingston, 510800

CERTIFICATION

DETERMINATION OF BASE PERCENTAGES

Section I	(A) 1991 Taxable Assessed Value	(B) 1991 Class Equalization Rate	(C) Estimated Market Value A/(B/100)	(D) Base Percentages C/sum of C
Class				
Homestead	293,998,760	51.33	572,762,049	67.2225
Nonhomestead	142,124,337	50.89	279,277,534	32.7775
Total	436,123,097		852,039,583	100.0000

DETERMINATION OF CURRENT PERCENTAGES

Section II	(E) Prior Year Taxable Assessed Value	(F) Prior Year Class Equalization Rate	(G) Estimated Market Value E/(F/100)	(H) Current Percentages G/sum of G
Class				
Homestead	1084140601.00	90.00	1,204,600,668	66.1226
Nonhomestead	555450411.00	90.00	617,167,123	33.8774
Total	1,639,591,012		1,821,767,791	100.0000

I, the clerk of the legislative body of the approved
assessing unit identified above, hereby certify
that the legislative body determined on _____
base percentages, current percentages, and
current base proportions as set forth herein for the
assessment roll and portion as identified above.

DETERMINATION OF CURRENT BASE PROPORTIONS

Section III	(I) Local Base Proportion for the 1992 Assessment Roll	(J) Updated Local Base Proportion	(K) Prospective Current Base Proportion Part (J) Prorated to 100.00	(L) Adjusted Base Proportion used for Prior Tax Levy	(M) % difference between prior Adjusted Base Proportion and Prospective Current Base Proportion ((K/L)-1*100)	(N) Maximum Current Base Proportion (L*1.05)	(O) Current Base Proportions
Class		I*(H/D)	J/sum of J				
Homestead	50.2249	49.4032	48.9876	55.18267	-11.23		52.9418
Nonhomestead	49.7751	51.4453	51.0125	44.81733	13.82	47.0582	47.0582
Total	100.0000	100.8485	100.0000	100.0000			100.0000

signature

title

date

Ratio
CBPH to CPH
0.800660958

F+A

CITY OF KINGSTON
Office of the City Engineer
jschultheis@kingston-ny.gov

John M. Schultheis, P.E., City Engineer



Steven T. Noble, Mayor

Andrea Shaut., Alderman-At-Large, President of the Common Council
Kingston City Hall
420 Broadway
Kingston, New York 12401

September 30, 2021

RE: Citywide Sewers, phases 1 and 2

Dear President Shaut:

To advance this project we request authorization by the Common Council for spending in the first instance. The expected plan of finance for this project is 100% reimbursement of all costs up to \$855,000 by HUD CDBG funds.

If approved by the Common Council, we will proceed with design of sanitary and storm sewer replacement or rehabilitation projects including Prospect Street, Sterling Street, and Van Deusen Street. Following design, we will determine which portions of the project to advertise for bids under one or more projects. Based on the available funding, we could award all or part of the designed streets for construction. Construction is expected during 2022.

In addition to the authorization for spending, we request a finding to satisfy the SEQR that the project is a type 2 action under SEQR, 6 CRR NY 617.5 (c) (2): *replacement, rehabilitation or reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building, energy, or fire codes unless such action meets or exceeds any of the thresholds in section 617.4 of this Part.*

Please consider adding this item to the next available meeting of the finance and audit committee.

Respectfully,

John M. Schultheis, P.E.
City Engineer

Cc: Steve Noble, Mayor
Amanda Bruck, Office of Community Development
John Tuey, Comptroller

1THE CITY OF KINGSTON COMMON COUNCIL

**FINANCE AND AUDIT
COMMITTEE REPORT**

<u>REQUEST DESCRIPTION</u>		
INTERNAL TRANSFER _____	CONTINGENCY TRANSFER _____	TRANSFER _____
AUTHORIZATION _____	BUDGET MODIFICATION _____	BONDING REQUEST <u>X</u> _____
CLAIMS _____	ZONING _____	OTHER _____

DEPARTMENT: <u>Engineering</u>	DATE: <u>10/13/2021</u>
Description:	
Request authorization for the Citywide Sewers Phase 1 and 2 Project in the amount of \$855,000, the full amount expected to be reimbursed by HUD / CDBG Funds.	
Authorize the Mayor to execute all and any contracts related to this project.	
Affirm that the project is a Type 2 action under SEQRA, 6 CRR NY 617.5 (c) (2).	
Estimated Financial Impact: \$ 0	

Motion by _____

Seconded by _____

Action Required:

SEQRA Decision:
 Type I Action _____
 Type II Action _____
 Unlisted Action _____

Negative Declaration of Environmental Significance: _____

Conditioned Negative Declaration: _____

Seek Lead Agency Status: _____

Positive Declaration of Environmental Significance: _____

<u>Committee Vote</u>	<u>YES</u>	<u>NO</u>
Reynolds Scott Childress, Ward 3, Chairman		
Don Tallerman, Ward 5		
Anthony Davis, Ward 6		
Michele Hirsch, Ward 9		
Steven Schabot, Ward 8		

CITY OF KINGSTON

Office of the Mayor

mayor@kingston-ny.gov

F7A

Steven T. Noble
Mayor



October 1, 2021

Honorable Andrea Shaut
President/Alderman-at-Large
Kingston Common Council
420 Broadway
Kingston, NY 12401

Re: Fair Street Extension and Easement

Dear President Shaut,

As you are aware, pursuant to Resolution no. 43 of 2021, the Common Council approved the conveyance of property owned by the City of Kingston at 21 North Front Street, the former parking garage, to the Kingston Local Development Corporation for development in accordance with the request for qualifications previously issued by my office. Subsequently, the Kingston Local Development Corporation has entered into a land development agreement to convey the premises to the Kingstonian Development, LLC for said development.

As part of this development project, it will be necessary to partially abandon Fair Street Extension and to grant certain easements to the developer to accommodate the construction of the commercial building and parking garage and the pedestrian bridge to be constructed over Schwenk Drive.

I am therefore recommending to the Council that they authorize the partial abandonment of Fair Street Extension pursuant to statute and this may require a public hearing. Also, I am recommending that the Council authorize the conveyance of an easement to the Kingstonian Development, LLC for construction/location of those portions of the development project that fall within the boundaries of Fair St Ext. provided that the developer agree to be responsible for all maintenance of Fair Street Extension. I am also recommending that the Council authorize the conveyance of an easement to Kingstonian Development, LLC to allow for an ADA compliant pedestrian access bridge over Schwenk Drive and the location of structural support for the pedestrian bridge and elevator tower adjacent to Schwenk Drive as necessary.

Please feel free to contact me if you have any questions or concerns.

Respectfully Submitted,

Steven T. Noble
Mayor

STN:rjv

CITY OF KINGSTON

F+A

Office of the City Clerk & Registrar of Vital Statistics

cityclerk@kingston-ny.gov

Steven T. Noble, Mayor
Elisa Tinti, City Clerk & Registrar



Deidre Sills, Deputy Clerk
Susan Mesches, Deputy Registrar

President Shaut
President of the Council
420 Broadway
Kingston, New York 12401

September 13, 2021

Dear President Shaut,

The alarm panel in City Hall needs to be updated with new equipment as the current equipment No longer has parts available due to its age. The cost of replacing the Panic Button Control Panel & devices is \$6,950.00. I request the following interdepartmental transfer to cover this expense. This transfer has no financial impact.

Thank you,
Elisa Tinti

1THE CITY OF KINGSTON COMMON COUNCIL

**FINANCE AND AUDIT
COMMITTEE REPORT**


<u>REQUEST DESCRIPTION</u>		
INTERNAL TRANSFER <input checked="" type="checkbox"/>	CONTINGENCY TRANSFER <input checked="" type="checkbox"/>	TRANSFER _____
AUTHORIZATION _____	BUDGET MODIFICATION _____	BONDING REQUEST _____
CLAIMS _____	ZONING _____	OTHER _____

DEPARTMENT: City Clerk DATE: June 2021

Description: Requesting a transfer of \$4,950.00 to cover the expense of replacing the Panic Button Control Panel and Devices

From: A1.1620.14.5471 \$4,950.00 Service Contracts

To: A1.1620.14.5443 \$4,950.00 Building Maintenance

Estimated Financial Impact: \$0 Signature 

Motion by _____

Seconded by _____

Action Required:

SEQRA Decision:
Type I Action _____
Type II Action _____
Unlisted Action _____

Negative Declaration of Environmental Significance: _____

Conditioned Negative Declaration: _____

Seek Lead Agency Status: _____

Positive Declaration of Environmental Significance: _____

<u>Committee Vote</u>	<u>YES</u>	<u>NO</u>
Reynolds Scott Childress, Ward 3, Chairman	<input type="checkbox"/>	<input type="checkbox"/>
Don Tallerman, Ward 5	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Davis, Ward 6	<input type="checkbox"/>	<input type="checkbox"/>
Michele Hirsch, Ward 9	<input type="checkbox"/>	<input type="checkbox"/>
Steven Schabot, Ward 8	<input type="checkbox"/>	<input type="checkbox"/>

Safeco Alarm Systems, Inc.



PO Box 1849

Kingston, NY 12402

(800) 432-4440 (845) 338-4440

(FAX) (845) 338-0964

dmulqueen@safecoalarms.com

www.safecoalarms.com

September 8, 2021

Kingston City Hall
420 Broadway
Kingston NY 12401

Replacement of Panic Button Control Panel & Devices

Install one (1) DMP Control Panel

- Replace Existing as it is showing signs of age, and due to age, we can no longer get parts

Install twenty-two (22) panic buttons; 20 Replacements and 2 new additions

Install Two (2) Repeater

Install one (1) High Power Transceiver

Install One (1) Keypad

- Replace Existing

Install Cellular Communicator

Install One (1) Low Temp Sensor

Install One (1) High Water Sensor

Notes:

- Program & Test
- NYS prevailing wage rates apply
-

Total Install Cost

\$6,950.00

Monthly Monitoring:

\$40.00

Submitted by,

Douglas Mulqueen

Douglas Mulqueen

FA

1THE CITY OF KINGSTON COMMON COUNCIL

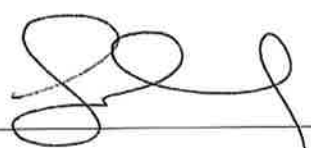
FINANCE AND AUDIT
COMMITTEE REPORT

<u>REQUEST DESCRIPTION</u>		
INTERNAL TRANSFER _____	CONTINGENCY TRANSFER _____	TRANSFER _____
AUTHORIZATION <u>X</u>	BUDGET MODIFICATION _____	BONDING REQUEST _____
CLAIMS _____	ZONING _____	OTHER _____

DEPARTMENT: Comptroller DATE: 10/1/2021

Description:

Request the Common Council to accept the RBT CPA's independent auditors report for the year ended December 31, 2020.

Estimated Financial Impact: \$0 Signature 

Motion by _____

Seconded by _____

Action Required:

SEQRA Decision:

Type I Action _____

Type II Action _____

Unlisted Action _____

Negative Declaration of Environmental Significance: _____

Conditioned Negative Declaration: _____

Seek Lead Agency Status: _____

Positive Declaration of Environmental Significance: _____

<u>Committee Vote</u>	<u>YES</u>	<u>NO</u>
Reynolds Scott Childress, Ward 3, Chairman		
Don Tallerman, Ward 5		
Anthony Davis, Ward 6		
Michele Hirsch, Ward 9		
Steven Schabot, Ward 8		

FINANCIAL REPORT
AUDITED
CITY OF KINGSTON, NEW YORK
For the Year Ended December 31, 2020

Audited for:

Common Council
CITY OF KINGSTON, NEW YORK

Audited by:

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

CITY OF KINGSTON, NEW YORK

TABLE OF CONTENTS

FINANCIAL SECTION	<u>Page</u>
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12 – 13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Total Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19 – 20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Net Position – Fiduciary Fund	23
Statement of Changes in Fiduciary Net Position	24
Notes to Basic Financial Statements	25 – 51

	<u>Page</u>
Required Supplementary Information	
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios	52
Schedule of OPEB Contributions and Assumptions	53
Schedule of the City’s Proportionate Share of the Net Pension Liability and Related Ratios	54
Schedule of Employer Contributions	55
Schedule of Revenues and Expenditures Compared to Budget – General Fund	56
Other Supplementary Information	
Schedule of Indebtedness	57
OTHER REPORTING REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
Schedule of Expenditures of Federal Awards and State Transportation Assistance	58
Notes to the Schedule of Expenditures of Federal Awards and State Transportation Assistance	59 – 60
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 <i>Government Auditing Standards</i>	61 – 62
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	63 – 64
Summary Schedule of Prior Audit Findings	65
Schedule of Findings and Questioned Costs	66 – 67
Management Responses to Findings and Corrective Action Plan	68



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

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's Water Fund, as shown on the Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Balance – Proprietary Funds, and the financial statements of the discretely presented component units, which cumulatively represent 19% of the assets, 9% of net position and 11% of the revenues of the reporting entity. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Water Fund and the discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective 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, New York, as of December 31, 2020, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, and schedules of changes in the City's total other postemployment benefit liability ("OPEB") and related ratios, OPEB contributions and assumptions, proportionate share of the net pension liability and related ratios, and employer contributions on pages 4-11 and 52-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the City's basic financial statements. The accompanying schedule of expenditures of federal awards 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 *Title 17, Part 43 of NYCRR*, and schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement, 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 schedules of indebtedness and expenditures of federal awards and state transportation assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As described in Note XV to the financial statements, the spread of the global pandemic, coronavirus disease (COVID-19), has created economic uncertainty.

As described in Note XVI, the City implemented GASB 84, Fiduciary Activities for the year ended December 31, 2020. This implementation required that the Statement of Changes in Fiduciary Net Position be presented along with the Statement of Net Position - Fiduciary Fund. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 29, 2021, 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
September 29, 2021

**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, 2020. 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.

2020 Financial Highlights

- The City's Governmental net position (defined as assets plus deferred outflows less liabilities and deferred inflows) was a negative \$(105,763,663) at December 31.
- The governmental total net position decreased by \$2,348,907 for the year ending December 31, 2020.
- At December 31, the proportionate share of the net pension liability for both retirement systems was included in total liabilities in the amount of \$20,030,434.
- As of the close of the year, the City's governmental funds reported an ending fund balance of \$3,703,477, a decrease of \$1,071,163 in comparison with the prior year.
- As of the close of the year, the City's Proprietary Funds reported an ending net position of \$8,457,470, an increase of \$484,047 in comparison with the prior year.
- At the end of the year, unassigned fund balance for the General Fund was \$9,226,690.
- At the end of the year, unrestricted net position for the Proprietary Funds was a negative (\$10,956,136).

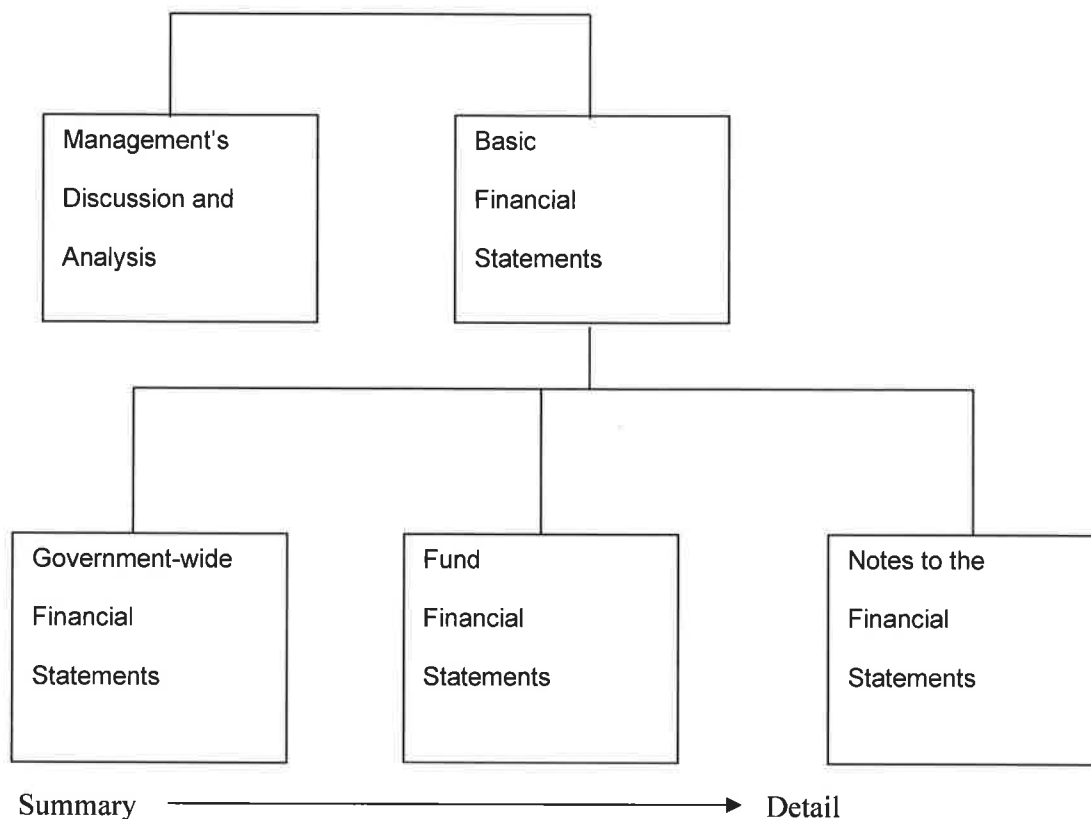
Overview of the Financial Statements

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**

	2020	2019	\$ Change	% Change
Current Assets	\$ 27,150,068	\$ 25,625,582	\$ 1,524,486	5.95%
Capital Assets	55,972,701	51,211,789	4,760,912	9.30%
Total Assets	83,122,769	76,837,371	6,285,398	8.18%
Deferred Outflows of Resources	40,261,792	13,372,903	26,888,889	201.07%
Current Liabilities	15,562,370	13,690,250	1,872,120	13.67%
Long-Term Liabilities	175,966,975	169,854,101	6,112,874	3.60%
Total Liabilities	191,529,345	183,544,351	7,984,994	4.35%
Deferred Inflows of Resources	37,618,879	8,259,012	29,359,867	355.49%
Net Position:				
Net Investment in Capital Assets	37,076,465	33,641,642	3,434,823	10.21%
Restricted	919,134	818,206	100,928	12.34%
Unrestricted	(143,759,262)	(136,052,937)	(7,706,325)	5.66%
Total Net Position	\$ (105,763,663)	\$ (101,593,089)	\$ (4,170,574)	4.11%

Management's Explanation of Changes

The increase in capital assets is primarily due to additional capital purchases and capital project related items. Total liabilities primarily increased due to an increase in net pension liability of approximately \$16 million during the year and due to an increase in OPEB liability of over \$9 million. Deferred inflows and outflows also increased related to similar pension and OPEB changes.

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

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

	2020	%	2019	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,021,144	6.14%	\$ 3,720,182	7.74%	\$ (699,038)	-18.79%
Operating and Capital Grants	7,047,796	14.32%	6,111,042	12.72%	936,754	15.33%
General Revenues:						
Real Property Taxes	17,683,441	35.93%	17,708,048	36.85%	(24,607)	-0.14%
Real Property Tax Items	994,722	2.02%	785,970	1.64%	208,752	26.56%
Non Property Taxes	15,380,227	31.26%	14,649,632	30.49%	730,595	4.99%
Use of Money and Property	37,574	0.08%	214,207	0.45%	(176,633)	-82.46%
State Aid	3,609,789	7.34%	3,693,154	7.69%	(83,365)	-2.26%
Sale of Property and Compensation for Loss	106,753	0.22%	212,368	0.44%	(105,615)	-49.73%
Loss on Disposal of Assets	-	0.00%	(336,277)	-0.71%	336,277	100.00%
Miscellaneous	1,325,006	2.69%	1,290,597	2.69%	34,409	2.67%
Total Revenues	<u>49,206,452</u>	<u>100.00%</u>	<u>48,048,923</u>	<u>100.00%</u>	<u>1,157,529</u>	<u>2.41%</u>
Expenses:						
General Government	8,361,267	16.22%	6,432,187	12.30%	1,929,080	29.99%
Public Safety	26,906,805	52.18%	29,101,869	55.65%	(2,195,064)	-7.54%
Public Health	245,694	0.48%	208,649	0.40%	37,045	17.75%
Transportation	3,805,000	7.38%	4,732,199	9.05%	(927,199)	-19.59%
Economic Assistance and Opportunity	1,333,702	2.59%	1,599,235	3.06%	(265,533)	-16.60%
Culture and Recreation	3,660,363	7.10%	4,191,069	8.01%	(530,706)	-12.66%
Home and Community Services	6,811,615	13.21%	5,561,151	10.63%	1,250,464	22.49%
Interest on Debt	430,913	0.84%	469,945	0.90%	(39,032)	-8.31%
Total Expenses	<u>51,555,359</u>	<u>100.00%</u>	<u>52,296,304</u>	<u>100.00%</u>	<u>(740,945)</u>	<u>-1.42%</u>
Increase/(Decrease) in Net Position	<u>\$ (2,348,907)</u>		<u>\$ (4,247,381)</u>		<u>1,898,474</u>	<u>-44.70%</u>

Management's Explanation of Changes

Total revenues in 2020 increased by 2.41% from 2019 primarily due to increase in operating and capital grants. This was due to increase in state and federal assistance for transportation projects. Total expenses are down \$740,945, 1.42% from 2019, with the largest fluctuations being Public Safety (down \$2,195,064, 7.54%) and General Government (up \$1,929,080, 29.99%). The increase 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 \$9,226,690. 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 23.1 percent of total General Fund expenditures.

At December 31, 2020, the governmental funds of the City reported a combined fund balance of \$3,703,477, a 23 percent decrease over the prior year end. Included in this change in fund balance are increases in the General fund and decreases in the Special Grant, Capital Project and Debt Service Funds.

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, 2020 totaled \$55,972,701 (net of accumulated depreciation). These assets include land, construction in progress, buildings, improvements, infrastructure, and machinery and equipment.

Debt: As of December 31, 2020, the City had total debt outstanding for its governmental activities of \$18,896,236. The debt is backed by the full faith and credit of the City. The City's governmental debt increased by \$1,326,089 during the 2020 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**

	2020	2019	\$ Change	% Change
Current Assets	\$ 14,644,810	\$ 10,552,941	\$ 4,091,869	38.77%
Capital Assets	44,403,649	43,988,770	414,879	0.94%
Deferred Outflows of Resources	5,170,810	1,768,919	3,401,891	192.31%
Current Liabilities	12,921,215	7,846,745	5,074,470	64.67%
Long-Term Liabilities	39,079,380	41,299,723	(2,220,343)	-5.38%
Deferred Inflows of Resources	3,761,204	1,183,010	2,578,194	217.94%
Net Position:				
Net Investment in Capital Assets	19,413,606	18,757,944	655,662	3.50%
Restricted	-	1,276,864	(1,276,864)	-100.00%
Unrestricted	(10,956,136)	(14,053,656)	3,097,520	-22.04%
Total Net Position	\$ 8,457,470	\$ 5,981,152	\$ 2,476,318	41.40%

As shown in the above table, proprietary funds' current assets increased by \$4,091,869 from 2019 to 2020 primarily due to increase in cash equivalent proceeds from the issuance of debt. Short-term liabilities also increased from 2019 to 2020 by \$5,074,470 due an increase in Bond Anticipation Notes Payable. Overall, net position increased by \$2,476,318 from 2019 to 2020. As of December 31, 2020, net position was \$8,457,470.

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

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

	2020	2019	\$ Change	% Change
Revenues				
Charges for Services	\$ 9,855,126	\$ 9,608,662	\$ 246,464	2.57%
Other Revenues	815,366	3,043,984	(2,228,618)	-73.21%
Total Revenues	10,670,492	12,652,646	(1,982,154)	-15.67%
Expenses				
Personal Services and Benefits	5,787,433	5,200,534	586,899	11.29%
Maintenance and Operating Costs	1,953,507	2,224,148	(270,641)	-12.17%
Depreciation	1,866,115	1,865,601	514	0.03%
Interest and Other	579,390	687,253	(107,863)	-15.69%
Total Expenses	10,186,445	9,977,536	208,909	2.09%
Change in Net Position	484,047	2,675,110	(2,191,063)	-81.91%
Net Position - Ending	\$ 8,457,470	\$ 5,981,152	2,476,318	41.40%

As shown in the above table, proprietary funds' revenues decreased by \$1,982,154 from 2019 to 2020 primarily due to a decrease in federal aid. Expenses increased from 2019 to 2020 by \$208,909 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, 2020 totaled \$44,403,649 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

Debt: As of December 31, 2020, the City had total debt outstanding pertaining to its business-type activities of \$29,090,260. 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 \$3,859,434 during the 2020 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, 2020**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
ASSETS				
Cash And Cash Equivalents	\$ 7,338,862	\$ 4,600,277	\$ 11,939,139	\$ 3,591,918
Cash And Cash Equivalents, long term	-	5,856,509	5,856,509	-
Cash - Restricted	876,490	-	876,490	568,117
Taxes Receivable (Note I H)	5,836,406	-	5,836,406	-
Due From Other Governments	3,970,371	1,067,957	5,038,328	-
Notes Receivable (Note I I)	1,071,231	-	1,071,231	-
Other Receivables	6,565,792	2,048,831	8,614,623	19,848
Inventories	9,204	180,248	189,452	99,818
Prepaid Items	1,761,456	251,493	2,012,949	1,455
Internal Balances	(279,744)	279,744	-	-
Long Term Receivables	-	-	-	758,667
	<u>27,150,068</u>	<u>14,285,059</u>	<u>41,435,127</u>	<u>5,039,823</u>
Capital Assets, not being depreciated	8,023,576	11,873,677	19,897,253	2,784,953
Capital Assets, being depreciated, net	47,949,125	32,529,972	80,479,097	126,486
Total Capital Assets, net (Note V)	<u>55,972,701</u>	<u>44,403,649</u>	<u>100,376,350</u>	<u>2,911,439</u>
Total Assets	<u>83,122,769</u>	<u>58,688,708</u>	<u>141,811,477</u>	<u>7,951,262</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB (Note VII)	26,903,587	3,391,241	30,294,828	-
Other	-	10,000	10,000	-
Pension (Note VI)	13,358,205	1,769,569	15,127,774	-
Total Deferred Outflows of Resources	<u>40,261,792</u>	<u>5,170,810</u>	<u>45,432,602</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>123,384,561</u>	<u>63,859,518</u>	<u>187,244,079</u>	<u>7,951,262</u>

See accompanying notes to basic financial statements.

CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION – (CONTINUED)
DECEMBER 31, 2020

	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	COMPONENT
	ACTIVITIES	ACTIVITIES	PRIMARY	UNITS
	GOVERNMENT		GOVERNMENT	
LIABILITIES				
Accounts Payable	\$ 2,825,147	\$ 539,557	\$ 3,364,704	\$ 63,450
Accrued Liabilities	403,897	309,874	713,771	4,267
Due to Other Governments	2,611,719	-	2,611,719	-
Non-Current Liabilities:				
Due and Payable Within One Year:				
Bond Anticipation Notes Payable (Note VIII)	8,456,521	9,832,442	18,288,963	-
Loans Payable	-	-	-	147,187
Landfill Remediation Liability (Note IX)	34,303	-	34,303	-
Installment Obligations Payable (Note IX)	97,289	254,480	351,769	-
Bonds Payable (Note IX)	1,133,494	1,368,735	2,502,229	-
Due and Payable More Than One Year:				
Loans Payable	-	-	-	400,000
Bond Anticipation Notes Payable (Note XI)	-	1,821,679	1,821,679	-
Landfill Remediation Liability (Note IX)	378,715	-	378,715	-
Installment Obligations Payable (Note IX)	100,611	263,164	363,775	-
Bonds Payable (Note IX)	9,108,321	15,549,760	24,658,081	-
Compensated Absence Liability (Note IX)	3,034,311	439,866	3,474,177	-
Share of Net Pension Liability (Note VI)	20,030,434	2,404,599	22,435,033	-
Other Post-Employment Benefits (Note VII)	143,314,583	18,856,688	162,171,271	-
Total Liabilities	<u>191,529,345</u>	<u>51,640,844</u>	<u>243,170,189</u>	<u>614,904</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	-	96,476	96,476	478,336
OPEB (Note VII)	37,173,157	3,618,633	40,791,790	-
Pension (Note VI)	445,722	46,095	491,817	-
Total Deferred Inflows of Resources	<u>37,618,879</u>	<u>3,761,204</u>	<u>41,380,083</u>	<u>478,336</u>
TOTAL LIABILITIES AND DEFERRED				
INFLOWS OF RESOURCES				
	<u>229,148,224</u>	<u>55,402,048</u>	<u>284,550,272</u>	<u>1,093,240</u>
NET POSITION				
Net Investment in Capital Assets	37,076,465	19,413,606	54,927,077	2,863,141
Restricted for Economic and Community Development	42,644	-	42,644	-
Restricted for Special Purposes	876,490	-	876,490	788,531
Unrestricted	(143,759,262)	(10,956,136)	(153,152,404)	3,206,350
TOTAL NET POSITION	<u>\$ (105,763,663)</u>	<u>\$ 8,457,470</u>	<u>\$ (97,306,193)</u>	<u>\$ 6,858,022</u>

See accompanying notes to basic financial statements.

**CITY OF KINGSTON, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	
Governmental Activities:								
General Government Support	\$ (8,361,267)	\$ 433,739	\$ 22,794	\$ -	\$ (7,904,734)	\$ -	\$ (7,904,734)	\$ -
Public Safety	(26,906,805)	1,410,784	54,998	237,308	(25,203,715)	-	(25,203,715)	-
Health	(245,694)	43,309	59,128	-	(143,257)	-	(143,257)	-
Transportation	(3,805,000)	297,603	-	4,493,682	986,285	-	986,285	-
Economic Assistance & Opportunity	(1,333,702)	163,947	274,963	192,124	(702,668)	-	(702,668)	-
Culture and Recreation	(3,660,363)	355,381	231,937	-	(3,073,045)	-	(3,073,045)	-
Home and Community Services	(6,811,615)	316,381	-	1,480,862	(5,014,372)	-	(5,014,372)	-
Interest on Debt	(430,913)	-	-	-	(430,913)	-	(430,913)	-
Total Governmental Activities	(51,555,359)	3,021,144	643,820	6,403,976	(41,486,419)	-	(41,486,419)	-
Business-type Activities:								
Water Fund	(5,190,777)	4,937,749	-	556,847	-	303,819	303,819	-
Sewer Fund	(4,995,668)	5,114,314	-	34,363	-	153,009	153,009	-
Total Business-type Activities	(10,186,445)	10,052,063	-	591,210	-	456,828	456,828	-
Total Primary Government	\$ (61,741,804)	\$ 13,073,207	\$ 643,820	\$ 6,995,186	(41,486,419)	456,828	(41,029,591)	-
Component Units:								
Kingston Local Development Corp.	\$ (110,413)	\$ 122,646	\$ -	\$ -	-	-	-	12,233
Kingston City Land Bank, Inc.	(571,858)	-	823,599	-	-	-	-	251,741
Total Component Units	\$ (682,271)	\$ 122,646	\$ 823,599	\$ -	-	-	-	263,974
General Revenues								
Real Property Taxes					17,683,441	-	17,683,441	-
Real Property Tax Items					994,722	-	994,722	-
Non-Property Tax Items					15,380,227	-	15,380,227	-
Use of Money and Property					37,574	16,274	53,848	6,667
Sale of Property					106,753	10,945	117,698	-
Miscellaneous					1,325,006	-	1,325,006	-
State Aid					3,609,789	-	3,609,789	-
Total General Revenues					39,137,512	27,219	39,164,731	6,667
Change in Net Position					(2,348,907)	484,047	(1,864,860)	270,641
Net Position - Beginning					(101,593,089)	5,981,152	(95,611,937)	6,587,381
Cumulative Effect and Prior Period Adjustment (Note XVI)					(1,821,667)	1,992,271	170,604	-
Net Position - Beginning, as restated					(103,414,756)	7,973,423	(95,441,333)	6,587,381
Net Position - Ending					\$ (105,763,663)	\$ 8,457,470	\$(97,306,193)	\$ 6,858,022

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Special Grant	Capital Projects	Debt Service	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 6,916,657	\$ 44,560	\$ 49,638	\$ 328,007	\$ 7,338,862
Restricted Cash	876,490	-	-	-	876,490
Receivables:					
Taxes	5,836,406	-	-	-	5,836,406
Other	1,085,543	-	-	-	1,085,543
Inventory	9,204	-	-	-	9,204
Notes Receivable (Note I I)	-	1,071,231	-	-	1,071,231
Due from Other Funds (Note IV)	4,648,107	-	676,544	289,270	5,613,921
Due from Other Governments	3,514,561	22,733	23,077	410,000	3,970,371
State and Federal Receivable	1,559,591	123,304	3,797,354	-	5,480,249
Prepaid Expenses	724,713	-	-	-	724,713
Total Assets	\$ 25,171,272	\$ 1,261,828	\$ 4,546,613	\$ 1,027,277	\$ 32,006,990
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,704,147	\$ 9,201	1,106,222	\$ 5,577	\$ 2,825,147
Accrued Liabilities	238,794	-	19,471	2,472	260,737
Bond Anticipation Notes Payable (Note VIII)	-	-	8,456,521	-	8,456,521
Due to Other Funds (Note IV)	1,077,901	-	4,598,532	217,232	5,893,665
Due to Other Governments	4,312,974	123,387	-	-	4,436,361
Total Liabilities	7,333,816	132,588	14,180,746	225,281	21,872,431
Deferred Inflows of Resources	5,332,092	1,086,596	-	12,394	6,431,082
Fund Balance:					
Nonspendable	733,917	-	-	-	733,917
Restricted	876,490	-	-	-	876,490
Assigned Appropriated	1,467,557	-	-	-	1,467,557
Assigned Unappropriated	200,710	42,644	-	789,602	1,032,956
Unassigned	9,226,690	-	(9,634,133)	-	(407,443)
Total Fund Balance	12,505,364	42,644	(9,634,133)	789,602	3,703,477
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25,171,272	\$ 1,261,828	\$ 4,546,613	\$ 1,027,277	\$ 32,006,990

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, 2020**

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 7,338,862	\$ -	\$ -	\$ 7,338,862
Restricted Cash	876,490	-	-	876,490
Receivables:				
Taxes	5,836,406	-	-	5,836,406
Other	6,565,792	-	-	6,565,792
Inventory	9,204	-	-	9,204
Notes Receivable	1,071,231	-	-	1,071,231
Due from Other Funds	5,613,921	-	(5,254,170)	359,751
Due from Other Governments	3,970,371	-	-	3,970,371
Prepaid Expenses	724,713	1,036,743	-	1,761,456
Capital Assets, net	-	55,972,701	-	55,972,701
Deferred Outflows of Resources - OPEB	-	26,903,587	-	26,903,587
Deferred Outflows of Resources - Pension	-	13,358,205	-	13,358,205
Total Assets and Deferred Outflows	\$ 32,006,990	\$ 97,271,236	\$ (5,254,170)	\$ 124,024,056
LIABILITIES				
Accounts Payable	\$ 2,825,147	\$ -	\$ -	\$ 2,825,147
Accrued Liabilities	260,737	143,160	-	403,897
Bond Anticipation Notes Payable	8,456,521	-	-	8,456,521
Landfill Remediation Payable	-	413,018	-	413,018
Installment Obligations Payable	-	197,900	-	197,900
Bonds Payable	-	10,241,815	-	10,241,815
Due to Other Funds	5,893,665	-	(5,254,170)	639,495
Due to Other Governments	4,436,361	(1,824,642)	-	2,611,719
Compensated Absences	-	3,034,311	-	3,034,311
Net Pension Liability-Proportionate Share	-	20,030,434	-	20,030,434
Other Postemployment Benefits	-	143,314,583	-	143,314,583
Deferred Inflows of Resources - Deferred Revenue	6,431,082	(6,431,082)	-	-
Deferred Inflows of Resources - OPEB	-	37,173,157	-	37,173,157
Deferred Inflows of Resources - Pension	-	445,722	-	445,722
Total Liabilities and Deferred Inflows	28,303,513	206,738,376	(5,254,170)	229,787,719
Total Fund Balances/Net Position	3,703,477	(109,467,140)	-	(105,763,663)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 32,006,990	\$ 97,271,236	\$ (5,254,170)	\$ 124,024,056

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, 2020

	General	Special Grant	Capital Projects	Debt Service	Total Governmental Funds
Revenues:					
Real Property Taxes	\$ 17,545,839	\$ -	\$ -	\$ -	\$ 17,545,839
Real Property Tax Items	994,722	-	-	-	994,722
Non Property Tax Items	15,380,227	-	-	-	15,380,227
Departmental Income	1,541,474	-	-	-	1,541,474
Intergovernmental Charges	386,116	-	-	-	386,116
Use of Money and Property	39,162	18	-	164	39,344
Licenses and Permits	989,176	-	-	-	989,176
Fines and Forfeitures	63,149	-	-	-	63,149
Sale of Property and Compensation for Loss	106,753	-	-	-	106,753
Miscellaneous	4,566,670	32,640	177,273	-	4,776,583
State Aid	1,136,978	88,760	2,370,300	-	3,596,038
Federal Aid	163,406	587,422	2,856,731	-	3,607,559
Total Revenues	42,913,672	708,840	5,404,304	164	49,026,980
Expenditures:					
General Government	4,055,884	-	72,513	19,910	4,148,307
Public Safety	14,016,093	-	5,646	-	14,021,739
Health	98,203	-	-	-	98,203
Transportation	1,366,721	-	-	-	1,366,721
Economic Assistance and Opportunity	561,393	-	-	-	561,393
Culture and Recreation	1,462,181	-	3,949	-	1,466,130
Home and Community Services	2,540,890	857,243	13,983	-	3,412,116
Employee Benefits	14,248,152	-	-	-	14,248,152
Capital Outlay	919,737	-	8,091,965	-	9,011,702
Debt Service	599,988	-	68,669	1,495,023	2,163,680
Total Expenditures	39,869,242	857,243	8,256,725	1,514,933	50,498,143
Excess/(Deficiency) of Revenues Over Expenditures	3,044,430	(148,403)	(2,852,421)	(1,514,769)	(1,471,163)
Other Financing Sources/(Uses):					
BANS Redeemed from Appropriations	-	-	400,000	-	400,000
Operating Transfers In	-	-	-	1,431,793	1,431,793
Operating Transfers Out	(1,431,793)	-	-	-	(1,431,793)
Total Other Financing Sources/(Uses)	(1,431,793)	-	400,000	1,431,793	400,000
Change in Fund Balances	1,612,637	(148,403)	(2,452,421)	(82,976)	(1,071,163)
Fund Balance - Beginning	10,722,123	191,047	(7,181,712)	872,578	4,604,036
Cumulative Effect Adjustment (Note XVI)	170,604	-	-	-	170,604
Fund Balance - Beginning of Year, as restated	10,892,727	191,047	(7,181,712)	872,578	4,774,640
Fund Balance - Ending	\$ 12,505,364	\$ 42,644	\$(9,634,133)	\$ 789,602	\$ 3,703,477

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, 2020**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 17,545,839	\$ 137,602	\$ -	\$ -	\$ -	\$ 17,683,441
Real Property Tax Items	994,722	-	-	-	-	994,722
Non Property Tax Items	15,380,227	-	-	-	-	15,380,227
Departmental Income	1,541,474	99,251	-	-	-	1,640,725
Intergovernmental/Grant Income	386,116	-	-	-	-	386,116
Use of Money and Property	39,344	(1,770)	-	-	-	37,574
Licenses and Permits	989,176	-	-	-	-	989,176
Fines and Forfeitures	63,149	-	-	-	-	63,149
Sale of Property	106,753	-	-	-	-	106,753
Loss on Disposal of Assets	-	-	-	-	-	-
Miscellaneous	4,776,583	(28,251)	-	-	-	4,748,332
State and Federal Aid	7,203,597	(27,360)	-	-	-	7,176,237
Total Revenues	49,026,980	179,472	-	-	-	49,206,452
Expenditures:						
General Government	4,148,307	-	640,851	-	3,572,109	8,361,267
Public Safety	14,021,739	-	623,425	-	12,261,641	26,906,805
Health	98,203	-	-	-	147,491	245,694
Transportation	1,366,721	-	1,271,869	-	1,166,410	3,805,000
Economic Assistance and Opportunity	561,393	-	-	-	772,309	1,333,702
Culture and Recreation	1,466,130	-	521,228	-	1,673,005	3,660,363
Home and Community Services	3,412,116	-	1,193,417	(85,684)	2,291,766	6,811,615
Capital Outlay	9,011,702	-	(9,011,702)	-	-	-
Employee Benefits	14,248,152	7,636,579	-	-	(21,884,731)	-
Debt Service	2,163,680	(7,111)	-	(1,725,656)	-	430,913
Total Expenditures	50,498,143	7,629,468	(4,760,912)	(1,811,340)	-	51,555,359
Excess/(Deficiency) of Revenues Over Expenditures	(1,471,163)	(7,449,996)	4,760,912	1,811,340	-	(2,348,907)
Other Financing Sources/(Uses):						
BANS Redeemed from Appropriations	400,000	-	-	(400,000)	-	-
Operating Transfers In	1,431,793	-	-	-	(1,431,793)	-
Operating Transfers Out	(1,431,793)	-	-	-	1,431,793	-
Total Other Financing Sources/(Uses)	400,000	-	-	(400,000)	-	-
Change in Fund Balances	\$ (1,071,163)	\$(7,449,996)	\$ 4,760,912	\$ 1,411,340	\$ -	\$ (2,348,907)

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	WATER FUND	SEWER FUND	TOTAL
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash And Cash Equivalents	\$ 1,109,700	\$ 3,490,577	\$ 4,600,277
Cash And Cash Equivalents, long term	5,856,509	-	5,856,509
Due From Other Governments	12,729	1,055,228	1,067,957
Charges For Services	1,080,265	968,566	2,048,831
Inventories	180,248	-	180,248
Prepaid Items	207,395	44,098	251,493
Due from Other Funds (Note IV)	-	639,495	639,495
	8,446,846	6,197,964	14,644,810
Capital Assets, not being depreciated	5,727,903	6,145,774	11,873,677
Capital Assets, being depreciated, net	12,016,332	20,513,640	32,529,972
Total Capital Assets (Note V)	17,744,235	26,659,414	44,403,649
Total Assets	26,191,081	32,857,378	59,048,459
DEFERRED OUTFLOWS OF RESOURCES			
OPEB (Note VII)	1,678,353	1,712,888	3,391,241
Other	-	10,000	10,000
Pension (Note VI)	930,930	838,639	1,769,569
Total Deferred Outflows of Resources	2,609,283	2,561,527	5,170,810
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	28,800,364	35,418,905	64,219,269

See accompanying notes to the financial statements.

CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2020

	WATER FUND	SEWER FUND	TOTAL
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 111,211	\$ 428,346	\$ 539,557
Accrued Liabilities	150,718	159,156	309,874
Due to Other Funds (Note IV)	2,407	357,344	359,751
Other Postemployment Benefits (Note IX)	248,800	-	248,800
Bond Anticipation Notes Payable (Note VIII)	5,831,500	4,000,942	9,832,442
Current Portion of Bonds, Notes, and Loans Payable (Note IX)	567,935	1,055,280	1,623,215
Compensated Absence Liability (Note IX)	7,576	-	7,576
Total Current Liabilities	6,920,147	6,001,068	12,921,215
Non-Current Liabilities:			
Bond Anticipation Notes Payable (Note IX)	1,356,000	465,679	1,821,679
Compensated Absence Liability (Note IX)	172,592	259,698	432,290
Bonds, Notes, and Loans Payable (Note IX)	7,065,723	8,747,201	15,812,924
Other Postemployment Benefits (Note IX)	9,483,390	9,124,498	18,607,888
Proportionate Share of Net Pension Liability (Note IX)	1,265,004	1,139,595	2,404,599
Total Non-Current Liabilities	19,342,709	19,736,671	39,079,380
Total Liabilities	26,262,856	25,737,739	52,000,595
DEFERRED INFLOWS OF RESOURCES			
Other	-	96,476	96,476
OPEB (Note VII)	1,251,907	2,366,726	3,618,633
Pension (Note VI)	24,250	21,845	46,095
Total Deferred Inflows of Resources	1,276,157	2,485,047	3,761,204
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	27,539,013	28,222,786	55,761,799
NET POSITION			
Net Investment in Capital Assets	7,023,294	12,390,312	19,413,606
Unrestricted	(5,761,943)	(5,194,193)	(10,956,136)
Total Net Position	\$ 1,261,351	\$ 7,196,119	\$ 8,457,470

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, 2020

	WATER FUND	SEWER FUND	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 4,794,780	5,060,346	\$ 9,855,126
Program Grants and Subsidies	-	3,436	3,436
Other Revenue	83,228	53,968	137,196
Total Operating Revenues	4,878,008	5,117,750	9,995,758
OPERATING EXPENSES			
Personal Services	3,261,588	2,525,845	5,787,433
Real Property Taxes	326,166	-	326,166
Maintenance, Operations and Contractual Services	616,929	1,010,412	1,627,341
Depreciation	763,374	1,102,741	1,866,115
Total Operating Expenses	4,968,057	4,638,998	9,607,055
Net Operating Income/(Loss)	(90,049)	478,752	388,703
Non-Operating Income and (Expense)			
Rental Income	59,741	-	59,741
Federal Grant Revenue	-	30,927	30,927
State Grant Revenue	556,847	-	556,847
Interest Income	7,788	8,486	16,274
Sale of Property and Compensation for Loss	5,917	5,028	10,945
Interest on Bonds and Notes	(222,720)	(356,670)	(579,390)
Total Non-Operating Income and (Expense)	407,573	(312,229)	95,344
Change in Net Position	317,524	166,523	484,047
Net Position, beginning	943,827	5,037,325	5,981,152
Prior Period Adjustment (Note XVI)	-	1,992,271	1,992,271
Net Position, beginning as restated	943,827	7,029,596	7,973,423
Net Position, ending	\$ 1,261,351	\$ 7,196,119	\$ 8,457,470

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	WATER FUND	SEWER FUND	TOTAL
Cash Flows From Operating Activities:			
Cash Received From Users	\$ 4,811,335	\$ 5,150,981	\$ 9,962,316
Cash Paid To Employees	(1,586,570)	(2,525,845)	(4,112,415)
Cash Paid For Operating Expenses	(1,948,579)	1,272,610	(675,969)
Net Cash Provided by Operating Activities	1,276,186	2,162,149	3,438,335
Cash Flows From Capital and Related Financing Activities:			
Proceeds From Capital Debt	5,585,576	70,255	5,655,831
Proceeds From Capital Debt - Bond Premium	29,626	-	29,626
Proceeds From Sale of Capital Assets	12,705	5,028	17,733
Federal Grant Revenue	-	864,656	864,656
State Grant Revenue	544,118	(5,340)	538,778
Purchase of Fixed Assets	(2,631,123)	(529,572)	(3,160,695)
Interest Payments on Bonded Indebtedness	(196,391)	(363,802)	(560,193)
Principal Payments on Bonded Indebtedness	(860,363)	(1,084,928)	(1,945,291)
Net Cash Used by Capital and Related Financing Activities	2,484,148	(1,043,703)	1,440,445
Cash Flows From Investing Activities:			
Rental Income	59,741	-	59,741
Interest Received	7,788	8,486	16,274
Net Cash Provided by Investing Activities	67,529	8,486	76,015
Net Increase (Decrease) in Cash and Cash Equivalents	3,827,863	1,126,932	4,954,795
Cash and Cash Equivalents at January 1, 2020	3,138,346	2,363,645	5,501,991
Cash and Cash Equivalents at December 31, 2020	\$ 6,966,209	\$ 3,490,577	\$ 10,456,786
Reconciliation Of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ (90,049)	\$ 478,752	\$ 388,703
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	763,374	1,102,741	1,866,115
Changes in Assets and Liabilities:			
Decrease (Increase) in Receivables	(66,673)	33,231	(33,442)
Decrease (Increase) in Inventories	(17,484)	-	(17,484)
Decrease (Increase) in Prepaid Items	44,520	2,165	46,685
Decrease (Increase) in Due From Other Funds	(637)	122,343	121,706
Increase (Decrease) in Accounts Payable	100,675	(49,926)	50,749
Increase (Decrease) in Deferred Outflows/Inflows, net	(1,054,738)	231,041	(823,697)
Increase (Decrease) in Net Pension Obligation	969,676	835,117	1,804,793
Increase (Decrease) in Other Postemployment Benefits	640,575	(2,570,714)	(1,930,139)
Increase(Decrease) in Accrued Expenses and Other Liabilities	(13,053)	1,977,399	1,964,346
Net Cash Provided by Operating Activities	\$ 1,276,186	\$ 2,162,149	\$ 3,438,335

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020**

	<u>CUSTODIAL FUND</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 293,012</u>
Total Assets	<u><u>\$ 293,012</u></u>
 NET POSITION	
Held in Trust	<u><u>\$ 293,012</u></u>

See accompanying notes to the financial statements.

**CITY OF KINGSTON, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	<u>CUSTODIAL FUND</u>
EARNINGS	
Police Evidence	<u>\$ -</u>
Change in Net Position	-
Net Position Held in Trust - Beginning	<u>293,012</u>
Net Position Held in Trust - Ending	<u><u>\$ 293,012</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, 2019 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, 2020, the City had total real property tax receivables of \$5,836,406. On the fund financial statements, the taxes are offset by deferred inflows of resources in the amount of \$4,818,318 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 \$1,612,764 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, 2020:

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 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 12/31/2019	Additions	Reductions	Balance 12/31/2020	Due in One Year
Homeowner Loans	\$ 1,098,498	\$ 143,513	\$ (170,780)	\$ 1,071,231	\$ 97,440
Total Loans	<u>\$ 1,098,498</u>	<u>\$ 143,513</u>	<u>\$ (170,780)</u>	<u>\$ 1,071,231</u>	<u>\$ 97,440</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	\$ 5,000	15 - 40 years
Improvements	20,000	15 years	5,000	15 - 40 years
Machinery and Equipment	10,000	3 -10 years	5,000	3 - 40 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	5,000	15 - 40 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 should only be 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, 2020, through September 29, 2021, 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	\$ 89,519,212
Accumulated Depreciation	<u>(33,546,511)</u>
Capital Assets, Net	<u>\$ 55,972,701</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>\$ 1,036,743</u>
------------------	---------------------

- (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, 2020	<u>\$ 143,160</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**

- (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	\$ 10,439,715
Compensated Absences Payable	3,034,311
ERS and PFRS Pension Liability-Proportionate Share	20,030,434
Landfill Remediation Liability	413,018
Other Postemployment Benefits	143,314,583
	<u>\$ 177,232,061</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>\$ 26,903,587</u>
Deferred Inflows of Resources - OPEB	<u>\$ 37,173,157</u>

- (6) In the governmental funds, amounts due to the New York State Retirement System include costs incurred through year end that are expected to be liquidated with expendable available resources. In the Statement of Net Position, these amounts are recorded as of the retirement plan measurement date. This is the amount by which the fund liability is adjusted for the timing difference.

Due to Other Governments	<u>\$ (1,824,642)</u>
--------------------------	-----------------------

- (7) 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>\$ (6,431,082)</u>
---------------------------------------	-----------------------

- (8) 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>\$ 13,358,205</u>
Deferred Inflows of Resources - Pension	<u>\$ 445,722</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	\$49,026,980
Recognition of deferred property taxes	137,602
Recognition of deferred state and federal grant revenue	(27,360)
Recognition of deferred bond premiums	(1,770)
Recognition of deferred insurance proceeds and fees	71,000
Total revenues reported in the Statement of Activities	<u>\$49,206,452</u>

Total Expenditures/Expenses

Total expenditures reported in governmental funds	\$50,498,143
---	--------------

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.

308,455

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.

3,803,420

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. 3,784,170

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. (7,111)

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 \$9,011,702 exceeded depreciation expense of \$4,250,790 in the current year. (4,760,912)

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. (1,811,340)

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. (259,466)

Total expenses reported in the Statement of Activities \$ 51,555,359

III. CASH

At December 31, 2020, the carrying amount of the City's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$18,963,900 and the bank balance was \$19,375,173. The City's deposits at December 31, 2020, 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 \$1,250 at year end.

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

IV. INTERFUND ACTIVITY

Interfund receivables and payables at December 31, 2020 were as follows:

<u>FUND</u>	<u>RECEIVABLE</u>	<u>PAYABLE</u>
Governmental Funds:		
General	\$ 4,648,107	\$ (1,077,901)
Capital Projects	676,544	(4,598,532)
Debt Service	289,270	(217,232)
Subtotal Governmental Funds	<u>5,613,921</u>	<u>(5,893,665)</u>
Proprietary Funds:		
Water	-	(2,407)
Sewer	639,495	(357,344)
Subtotal Proprietary Funds	<u>639,495</u>	<u>(359,751)</u>
TOTALS	<u>\$ 6,253,416</u>	<u>\$ (6,253,416)</u>

Interfund transfers for the year ended December 31, 2020 were as follows:

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General	\$ -	\$ (1,431,793)
Debt Service	1,431,793	-
Subtotal Governmental Funds	<u>1,431,793</u>	<u>(1,431,793)</u>
TOTALS	<u>\$ 1,431,793</u>	<u>\$ (1,431,793)</u>

Interfund transfers were made for the following purposes:

- Repayment of the City's debt is done through the debt service fund.

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

V. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2020 were as follows:

	Beginning Balance 1/1/2020	Additions	Disposals	Reclassifications	Ending Balance 12/31/2020
Governmental Activities:					
Capital Assets, not being depreciated:					
Land	\$ 647,753	\$ -	\$ -	\$ -	\$ 647,753
Construction in Progress	2,216,686	5,159,137	-	-	7,375,823
Total Capital Assets, not being depreciated	2,864,439	5,159,137	-	-	8,023,576
Capital Assets, being depreciated:					
Buildings	11,514,092	-	(435,831)	-	11,078,261
Improvements	17,891,701	1,443,939	-	-	19,335,640
Infrastructure	37,700,845	1,364,985	(405,152)	-	38,660,678
Machinery and Equipment	12,041,796	1,043,641	(664,380)	-	12,421,057
Total Capital Assets being depreciated	79,148,434	3,852,565	(1,505,363)	-	81,495,636
Accumulated Depreciation for:					
Buildings	(5,399,928)	(276,957)	435,831	-	(5,241,054)
Improvements	(6,914,418)	(975,298)	-	-	(7,889,716)
Infrastructure	(12,498,386)	(1,665,288)	405,152	(319,708)	(14,078,230)
Machinery and Equipment	(5,988,352)	(1,333,247)	664,380	319,708	(6,337,511)
Total Accumulated Depreciation	(30,801,084)	(4,250,790)	1,505,363	-	(33,546,511)
Total Capital Assets, being depreciated, net	48,347,350	(398,225)	-	-	47,949,125
Governmental Activities Capital Assets, net	\$ 51,211,789	\$ 4,760,912	\$ -	\$ -	\$ 55,972,701
Business-Type Activities:					
Capital Assets, not being depreciated:					
Land	\$ 363,659	\$ -	\$ -	\$ -	\$ 363,659
Construction in Progress	10,451,675	2,020,334	-	(961,991)	11,510,018
Total Capital Assets, not being depreciated	10,815,334	2,020,334	-	(961,991)	11,873,677
Capital Assets, being depreciated:					
Buildings and Improvements	21,277,460	20,670	(6,772)	-	21,291,358
Infrastructure	32,565,997	9,810	-	-	32,575,807
Machinery and Equipment	4,141,369	242,970	(268,174)	961,991	5,078,156
Total Capital Assets being depreciated	57,984,826	273,450	(274,946)	961,991	58,945,321
Accumulated Depreciation for:					
Buildings and Improvements	(11,882,973)	(810,996)	5,674	-	(12,688,295)
Infrastructure	(10,668,010)	(763,395)	-	-	(11,431,405)
Machinery and Equipment	(2,260,407)	(291,724)	256,482	-	(2,295,649)
Total Accumulated Depreciation	(24,811,390)	(1,866,115)	262,156	-	(26,415,349)
Total Capital Assets, being depreciated, net	33,173,436	(1,592,665)	(12,790)	961,991	32,529,972
Business-Type Activities Capital Assets, net	\$ 43,988,770	\$ 427,669	\$ (12,790)	\$ -	\$ 44,403,649

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	\$ 640,851
Public Safety	623,425
Transportation	1,271,869
Culture and Recreation	521,228
Home and Community Services	1,193,416
Total governmental activities depreciation	\$ 4,250,789

**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, 2020, the City reported liabilities of \$8,878,900 and \$13,556,133 for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2020 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, 2020, the City's proportion of the ERS net pension liability was 0.0335299%. At March 31, 2019, the City's proportion of the ERS net pension liability was 0.0310817%.

At March 31, 2020, the City's proportion of the PFRS net pension liability was 0.2536257%. At March 31, 2019, the City's proportion of the PFRS net pension liability was 0.2525173%.

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

VI. PENSION PLANS – CONTINUED

For the year ended December 31, 2020 the City recognized pension expense of \$3,139,874 for ERS and \$4,914,376 for PFRS. At December 31, 2020, 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	\$ 522,559	\$ 902,696	\$ 1,425,255
Changes of assumptions	178,779	1,158,721	1,337,500
Net difference between projected and actual earnings on pension plan investments	4,551,756	6,104,753	10,656,509
Changes in proportion and difference between the City's contributions and proportionate share of contributions	259,125	427,533	686,658
City's contributions subsequent to the measurement date	1,021,852	-	1,021,852
Total	\$ 6,534,071	\$ 8,593,703	\$ 15,127,774

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ 227,064	\$ 227,064
Changes of assumptions	154,373	-	154,373
Changes in proportion and difference between the City's contributions and proportionate share of contributions	15,831	94,549	110,380
Total	\$ 170,204	\$ 321,613	\$ 491,817

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>
2021	\$ 947,939	\$ 1,791,550
2022	1,349,966	1,946,118
2023	1,685,029	2,401,011
2024	1,359,081	1,996,956
2025	-	136,455
	\$ 5,342,015	\$ 8,272,090

**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, 2020	March 31, 2020
Investment Rate of Return	6.80% compounded annually net of investment expense	6.80% compounded annually net of investment expense
Projected Salary Increases	4.20%	5.00%
Decrement Tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation Rate	2.50%	2.50%
Mortality Improvement	Society of Actuaries Scale MP - 2018	Society of Actuaries Scale MP - 2018

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, 2020	
Asset Class:	Target <u>Allocation</u>	Long-term Expected Real <u>Rate of Return</u>
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies	2%	3.25%
Opportunistic Portfolio	3%	4.65%
Real Assets	3%	5.95%
Bonds and Mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-indexed bonds	4%	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 6.8% for ERS and 6.8% 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 5.8%	Current Assumption 6.8%	1% Increase 7.8%
ERS			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (16,295,289)	\$ (8,878,900)	\$ (2,048,375)
PFRS			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (24,238,642)	\$ (13,556,133)	\$ (3,989,704)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

Measurement Date	(Dollars in Thousands)	
	ERS	PFRS
March 31, 2020	March 31, 2020	March 31, 2020
Employers' total pension liability	\$ (194,596,261)	\$ (35,309,017)
Plan net position	168,115,682	29,964,080
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ (5,344,937)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	84.86%

Payables to the Pension Plan

For ERS, employer contributions for the plan year ended March 31, 2021 were paid to the System in December 2020. Prepaid retirement contributions as of December 31, 2020 amounted to \$340,764.

For PFRS, employer contributions for the plan year ended March 31, 2021 were paid to the System in February 2021. Accrued retirement contributions as of December 31, 2020 amounted to \$1,824,642.

**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	\$ 1,031.82	\$ 1,193.79	Y	Y	Y
		10	Over 65	388.60	N/A			
Public Safety	NYSHIP	20	Under 65	1,031.82	1,193.79	Y	Y	Y
		20	Over 65	388.60	N/A			
Water Dept.	NYSHIP	10	Under 65	928.64	835.65	Y	Y	Y
		10	Over 65	349.74	N/A			
		30	Under 65	1,031.82	835.65			
		30	Over 65	388.60	N/A			

The City's contribution is equivalent to the portion of health insurance premiums paid that are allocated to retirees, estimated to be \$3,825,260 during the year ended December 31, 2020.

Employees Covered by Benefit Terms

At December 31, 2020, 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 as of December 31, 2020. The liability for other postemployment benefits was measured as of December 31, 2020 and totaled \$162,171,271.

**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, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	3.00%
Projected Salary Increases, Including Wage Inflation	3.00%
Discount Rate	1.93%
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 per Fidelity Investments.
- Mortality Rates were based the RP-2006 mortality table with MP-2020 projection.

Changes in the Total OPEB Liability during the year ended 12/31/20:

Balance - Beginning	\$ 171,180,003
Changes for the Year:	
Service Cost	5,009,410
Interest	5,518,116
Changes in Assumptions	28,559,165
Differences Between Expected and Actual Experience	(44,270,163)
Benefit Payments	<u>(3,825,260)</u>
Net Changes	<u>(9,008,732)</u>
Balance - Ending	<u>\$ 162,171,271</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 0.93%	Discount Rate 1.93%	1% Increase 2.93%
Total OPEB Liability	\$ 183,647,684	\$ 162,171,271	\$ 140,694,856

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	\$ 133,019,211	\$ 162,171,271	\$ 197,317,704

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$8,204,910. At December 31, 2020, 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	\$ 773,824	\$ 40,791,790
Changes of Assumptions or other inputs	29,521,004	-
Total	<u>\$ 30,294,828</u>	<u>\$ 40,791,790</u>

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

2021	\$ (2,322,616)
2022	(2,322,616)
2023	(2,709,529)
2024	<u>(3,142,201)</u>
	<u>\$ (10,496,962)</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, 2020:

Description	Balance 12/31/2019	New Issues	Payments	Balance 12/31/2020
Bond Anticipation Notes:				
Governmental Activities:				
Equipment/Improvement	\$ 5,804,776	\$ 3,051,745	\$ (400,000)	\$ 8,456,521
Total Governmental Activities:	<u>5,804,776</u>	<u>3,051,745</u>	<u>(400,000)</u>	<u>8,456,521</u>
Business-type Activities:				
Sewer Improvements	4,396,366	148,255	(78,000)	4,466,621
Water Improvements	4,140,137	5,456,020	(2,408,657)	7,187,500
Total Business-type Activities	<u>8,536,503</u>	<u>5,604,275</u>	<u>(2,486,657)</u>	<u>11,654,121</u>
Total Bond Anticipation Notes	<u>\$14,341,279</u>	<u>\$ 8,656,020</u>	<u>\$ (2,886,657)</u>	<u>\$ 20,110,642</u>

Governmental activities

Interest Paid	\$116,096
Less: Interest accrued - prior year	(40,311)
Plus: Interest accrued - current year	<u>44,749</u>
	<u>\$120,534</u>

Business-type Activities

Interest Paid	\$143,779
Less: Interest accrued - prior year	(76,456)
Plus: Interest accrued - current year	<u>83,696</u>
	<u>\$151,019</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, 2020, the total long-term principal indebtedness outstanding for serial bonds and installment obligations of the City, was \$27,875,854. See Schedule of Indebtedness.

Governmental activities

Interest Paid - Bonds and Installment obligations	\$ 341,722
Less: Interest accrued - prior year net	(113,822)
Plus: Interest accrued - current year	100,497
Plus: Library Interest accrued - current year	<u>3,546</u>
Interest Expense	331,943
Less: Library portion of interest paid and accrued	<u>(21,564)</u>
Total Governmental Activities Interest	<u>\$ 310,379</u>

Business-type Activities

Interest Paid	\$ 416,414
Less: Interest accrued - prior year net	(127,829)
Plus: Interest accrued - current year	<u>139,786</u>
Interest Expense	<u>\$ 428,371</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental Activities:					
Bonds payable	\$ 11,426,958	\$ -	\$ (1,185,143)	\$ 10,241,815	\$ 1,133,494
Compensated absences	2,725,856	308,455	-	3,034,311	-
Landfill remediation liability	498,702	-	(85,684)	413,018	34,303
Installment obligations	338,413	-	(140,513)	197,900	97,289
Share of net pension liability	5,822,800	14,207,635	-	20,030,435	-
OPEB liability	150,407,681	-	(7,093,097)	143,314,584	-
Total governmental	<u>171,220,410</u>	<u>14,516,090</u>	<u>(8,504,437)</u>	<u>177,232,063</u>	<u>1,265,086</u>
Business-type Activities:					
Bonds payable	15,886,745	2,328,607	(1,296,857)	16,918,495	1,368,735
Bond anticipation note payable	8,536,503	5,604,275	(2,486,657)	11,654,121	9,832,442
Compensated absences	485,839	-	(45,973)	439,866	-
Installment obligations	807,578	-	(289,934)	517,644	254,480
Share of net pension liability	614,306	1,790,293	-	2,404,599	-
OPEB liability	20,772,327	-	(1,915,639)	18,856,688	-
Total business-type	<u>47,103,298</u>	<u>9,723,175</u>	<u>(6,035,060)</u>	<u>50,791,413</u>	<u>11,455,657</u>
Total Long Term Debt	<u>\$ 218,323,708</u>	<u>\$ 24,239,265</u>	<u>\$ (14,539,497)</u>	<u>\$ 228,023,476</u>	<u>\$ 12,720,743</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:

	Governmental Activities		Business-type Activities			
	Principal	Interest	Sewer Fund		Water Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,230,783	\$ 332,703	\$ 1,055,280	\$ 325,658	\$ 567,935	\$ 142,713
2022	1,153,293	367,027	1,071,637	291,748	576,619	130,293
2023	845,876	330,534	814,771	256,923	556,587	117,679
2024	798,218	295,854	809,429	229,601	565,441	109,579
2025	802,011	288,458	712,636	201,431	579,280	76,875
2026-2030	2,922,508	625,021	3,131,728	643,239	2,038,282	348,083
2031-2035	2,008,235	271,765	1,657,000	202,574	1,378,630	114,357
2036-2040	678,791	28,618	550,000	27,097	665,266	20,140
2041-2045	-	-	-	-	341,560	-
2046-2050	-	-	-	-	364,058	-
	<u>\$ 10,439,715</u>	<u>\$ 2,539,980</u>	<u>\$ 9,802,481</u>	<u>\$ 2,178,271</u>	<u>\$ 7,633,658</u>	<u>\$ 1,059,719</u>

Constitutional Debt Limit- As of the December 31, 2020 calculation, the projected net indebtedness of the City of Kingston aggregated \$47,979,791. Of this amount, \$29,765,336 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 \$413,018 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, 2020. 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 \$195,804 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, \$49,770,044 has been authorized but was unissued at December 31, 2020.

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 nineteen capital projects. The current estimated total cost of these projects amounts to \$45,336,730 of which 49% is expected to be covered by grants and 51% by local funding. These projects are prioritized based on criteria, the highest of which is legal mandates. Estimated completion timetables run through August 2025.

XII. RELATED PARTY TRANSACTIONS

The City of Kingston and Kingston City School 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 School District signed an inter-municipal agreement, wherein the School 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 School District will pay the City \$95,000 per year, plus scheduled increases, and share in capital costs. The City received the first payment of \$95,000 in 2019 and \$96,900 in 2020. 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. The City also received \$227,793 from the Community Foundations of the Hudson Valley in the form of a grant for the benefit of the Land Bank for staffing expenses.

**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. \$-0- was paid in 2020, as the City is currently in litigation with Aslan. The total financial impact of any settlement has yet to be determined. 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, 2020:

Start Date	Agreement	Total Assessed Value	2020 City Tax Rate	2020 City Tax Value Without Exemptions**	City PILOT and Tax Received For 2020	City Taxes Abated For 2020 *	Potentially Eligible for RPTL 581a
2014	EA Flathbush, LLC	\$ 2,033,000	\$ 14.297658	\$ 29,067.14	\$ 19,926.03	\$ 9,141.11	No
2015	Golden Hill Acquisition LLC	\$ 9,930,000	\$ 14.297658	\$ 141,975.74	\$ 46,797.28	\$ 95,178.46	No
2005	Benedictine Hospital	\$ 2,600,000	\$ 14.297658	\$ 37,173.91	\$ 15,222.72	\$ 21,951.19	No
2014	JBT Holdings LLC	\$ 3,303,000	\$ 14.297658	\$ 47,225.16	\$ 23,503.26	\$ 23,721.90	No
2015	Lace Mill Limited Partnership	\$ 5,341,000	\$ 14.297658	\$ 76,363.79	\$ 16,260.20	\$ 60,103.59	Yes
2006	Kingston Property Associates (Springbrook Village)	\$ 8,539,000	\$ 14.297658	\$ 122,087.70	\$ 127,324.00	\$ (5,236.30)	Yes
1961	Rondout Gardens	\$ 7,576,000	\$ 14.297658	\$ 108,319.06	\$ 5,921.42	\$ 102,397.64	Yes
2008	Anderson Center (Valentine Ct) **	\$ 400,000	\$ 14.297658	\$ -	\$ 3,019.76	\$ (3,019.76)	No
2002	Brigham Senior Housing LP	\$ 1,679,000	\$ 14.297658	\$ 24,005.77	\$ 32,069.62	\$ (8,063.85)	Yes
2015	Birchwood Village LP	\$ 5,258,000	\$ 14.297658	\$ 75,177.09	\$ 11,234.32	\$ 63,942.77	Yes
2020	Landmark Preservation - Yosman	\$ 6,884,000	\$ 14.297658	\$ 98,425.08	\$ 53,510.56	\$ 44,914.52	Yes
2020	Landmark Preservation - Gov Clinton	\$ 3,884,000	\$ 14.297658	\$ 55,532.10	\$ 55,432.21	\$ 99.89	Yes
2020	Energy Square Housing Development Fund Co, Inc	\$ 593,000	\$ 14.297658	\$ 8,478.51	\$ 7,391.00	\$ 1,087.51	Yes
2020	Hudson Valley Development LLC	\$ 1,400,000	\$ 14.297658	\$ 20,016.72	\$ 7,363.29	\$ 12,653.43	No
2020	Hudson Valley Development LLC	\$ 334,000	\$ 14.297658	\$ 4,775.42	\$ 4,775.42	\$ (0.00)	No
2020	Hudson Valley Development LLC	\$ 334,000	\$ 14.297658	\$ 4,775.42	\$ 4,775.42	\$ (0.00)	No
2020	Hudson Valley Development LLC	\$ 658,000	\$ 14.297658	\$ 9,407.86	\$ 9,407.86	\$ (0.00)	No

*The amount listed in the “City Taxes Abated For 2020” 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. UNCERTAINTY

Beginning in March 2020, local, U.S., and world governments encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. There is unprecedented uncertainty surrounding the duration of the pandemic and its long-term economic ramifications. Accordingly, while management cannot quantify the financial and any other impacts to the City as on September 28, 2021, management does believe that a material impact on the City’s financial position and results of future operation is reasonably possible.

XVI. CUMULATIVE EFFECT AND PRIOR PERIOD ADJUSTMENTS

The City implemented GASB 84, *Fiduciary Activities*, in 2020. As a result, the City recorded a cumulative effect adjustment, increasing beginning fund balance and beginning net position by \$170,604. Additionally, for the year ended December 31, there was a correction for OPEB allocation between the sewer fund and the governmental activities of \$1,992,271. The City’s net position has been restated as follows:

	<u>Primary Government</u>
Net Position Beginning of Year	\$ (95,611,937)
Prior Period Adjustment:	
OPEB allocation:	
Sewer Fund	1,992,271
Governmental Activities	(1,992,271)
 GASB 84 Implementation (cumulative effect adjustment):	
Change to General Fund	<u>170,604</u>
Net Change in Net Position	170,604
 Net Position Beginning of year, as restated	<u><u>\$ (95,441,333)</u></u>

XVII. SUBSEQUENT EVENTS

The City has issued two Bond Anticipation Notes (“BAN”) in 2021. In March 2021 a BAN in the amount of \$12,773,00 was issued, including \$7,300,000 in new funding for Water Fund projects, due March 2022 at an interest rate of 1.50%. In August 202, the City issued a BAN in the amount of \$15,977,507 including \$6,064,507 in new funding for various capital projects, due August 2022 at an interest rate of 1.25%.

In April 2021, the Common Council committed to using \$499,394 of fund balance in the General Fund to fund a comprehensive zoning code revision project. In August 2021, the Common Council committed to using \$298,695 of fund balance in the General Fund for cameras and related equipment for the police department.

In June 2021, in a case involving a sanitary sewage sludge facility, Supreme Court, by decision and order, set damages as \$651,468. Litigation is continuing so that the determination of the funding of any settlement will be made when the final decision and order is issued.

In July 2021, the City received notification that it would receive \$17.3 million in American Rescue Plan Act funding, of which \$8,650,000 has been received in 2021. The City has not finalized its plans for the use of these funds.

CITY OF KINGSTON, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

XVIII. NEW ACCOUNTING PRINCIPLES

In January of 2017, GASB issued Statement No. 84, Fiduciary Activities. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City implemented this standard for the year ended December 31, 2020.

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 City is required to implement this standard for the year ending December 31, 2022. The City has not evaluated the effect of GASB 87 on its financial statements.

In March 2018, GASB issued Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The City implemented this standard for the year ended December 31, 2020 as required. The implementation did not have a significant impact on the City's financial statements.

GASB has also issued Statements 89 through 94, 96 and 97, none of which are expected to have any substantive effects on the City's net position. GASB 95 extended the implementation dates of several standards. The dates listed above are reflective of those changes.

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

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**

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

Notes to Schedule:

Valuation date:	1/1/2020	1/1/2019	1/1/2018
Disclosure date:	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	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>
Employees' Retirement System					
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%
Police and Fire Retirement System					
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
Employees' Retirement System					
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
Police and Fire Retirement System					
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, 2020**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Real Property Taxes	\$ 17,545,839	\$ 17,545,839	\$ 17,545,839	\$ -
Other Property Tax Items	885,000	885,000	994,722	109,722
Non Property Tax Items	15,136,000	15,136,000	15,380,227	244,227
Departmental Income	2,140,975	2,637,175	1,541,474	(1,095,701)
Intergovernmental Charges	693,505	693,505	386,116	(307,389)
Use of Money and Property	180,300	180,300	39,162	(141,138)
Licenses and Permits	802,569	802,569	989,176	186,607
Fines and Forfeitures	144,000	144,000	63,149	(80,851)
Sale of Property and Compensation for Loss	50,500	50,500	106,753	56,253
Miscellaneous Local Sources	4,464,211	4,464,211	4,566,670	102,459
State Aid	610,199	953,131	1,136,978	183,847
Federal Aid	206,677	206,677	163,406	(43,271)
Total Revenues	42,859,775	43,698,907	42,913,672	(785,235)
EXPENDITURES				
General Government Support	6,344,974	5,533,989	4,055,884	1,478,105
Public Safety	13,367,866	14,334,717	14,016,093	318,624
Health	115,718	114,499	98,203	16,296
Transportation	1,791,830	1,582,102	1,366,721	215,381
Economic Assistance and Opportunity	587,545	813,137	561,393	251,744
Culture and Recreation	1,898,003	2,173,388	1,462,181	711,207
Home and Community Service	2,694,744	2,941,346	2,540,890	400,456
Employee Benefits	15,037,744	15,475,068	14,248,152	1,226,916
Capital Outlay	543,550	1,216,716	919,737	296,979
Debt Service	624,566	601,161	599,988	1,173
Total Expenditures	43,006,540	44,786,123	39,869,242	4,916,881
Excess of Revenues Over/(Under) Expenditures	(146,765)	(1,087,216)	3,044,430	4,131,646
Other Financing Sources/(Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(1,457,793)	(172,779)	(1,431,793)	(1,259,014)
Total Other Financing Sources	(1,457,793)	(172,779)	(1,431,793)	(1,259,014)
Net Change in Fund Balance	(1,604,558)	(1,259,995)	1,612,637	2,872,632
Appropriated Fund Balance, Unassigned	1,604,558	1,259,995	-	(1,259,995)
Total	\$ -	\$ -	\$ 1,612,637	\$ 1,612,637

**OTHER
SUPPLEMENTARY
INFORMATION**

**CITY OF KINGSTON NEW YORK
SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2020**

	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 12/31/2020	Due Within the Next Year
<u>BOND ANTICIPATION NOTES</u>											
Various Improvements	2019	2020	2.000%	\$ 9,732,463	\$ -	\$ (475,000)	\$ (9,257,463)	\$ -	\$ 194,650	\$ -	\$ -
Various Improvements	2020	2021	1.500%	-	3,200,000	-	9,257,463	12,457,463	-	65,921	11,101,463
Water Improvements	2019	2020	3.000%	1,880,000	-	(48,500)	(1,831,500)	-	56,243	-	-
Water Improvements	2020	2021	1.250%	-	4,000,000	-	1,831,500	5,831,500	-	57,100	5,831,500
Sewer Improvements	2017	2022	0.000%	468,679	-	(3,000)	-	465,679	-	-	-
Water Improvements	2015	2020	0.000%	2,116,125	244,032	(40,000)	(2,320,157)	-	5,176	-	-
Water Improvements	2017	2021	1.170%	144,012	1,211,988	-	-	1,356,000	3,806	5,424	1,356,000
TOTAL BOND ANTICIPATION NOTES				14,341,279	8,656,020	(566,500)	(2,320,157)	20,110,642	259,875	128,445	18,288,963
<u>INSTALLMENT OBLIGATIONS</u>											
Equipment Lease	2005	2020	4.490%	68,518	-	(68,518)	-	-	3,077	-	-
Wendel Energy	2007	2022	4.490%	967,785	-	(311,828)	-	655,957	33,040	10,669	322,474
Equipment Lease	2015	2020	3.000%	21,770	-	(21,770)	-	-	661	-	-
Vehicle Lease	2017	2022	3.350%	87,918	-	(28,331)	-	59,587	2,991	169	29,295
TOTAL INSTALLMENT PURCHASE DEBT				1,145,991	-	(430,447)	-	715,544	39,769	10,838	351,769
<u>SERIAL BONDS</u>											
Clean Water Revolving Loan	2004	2025	4.25 - 5.025%	935,000	-	(140,000)	-	795,000	13,450	11,979	145,000
Clean Water Revolving Loan	2005	2025	3.814 - 4.27%	152,000	-	(22,000)	-	130,000	1,271	2,104	26,000
Clean Water Revolving Loan	2005	2024	3.529 - 3.969%	450,000	-	(85,000)	-	365,000	8,998	3,576	85,000
Clean Water Revolving Loan	2011	2031	0.281 - 4.113%	3,700,000	-	(300,000)	-	3,400,000	67,634	21,881	300,000
Various Public Improvements	2010	2027	2.00 - 4.25%	1,350,000	-	(220,000)	-	1,130,000	50,851	9,677	225,000
Clean Water Revolving Loan	2012	2032	0.285 - 3.4%	2,445,000	-	(165,000)	-	2,280,000	51,638	11,438	165,000
Refunding Serial Bonds	2015	2026	2.00 - 5.00%	1,179,999	-	(200,000)	-	979,999	45,056	18,359	200,000
Public Improvement	2015	2035	2.00 - 3.5%	5,975,000	-	(525,000)	-	5,450,000	153,425	43,218	535,000
Public Improvement	2018	2038	3.00 - 3.375%	11,126,704	-	(825,000)	-	10,301,704	326,044	105,923	751,703
Drinking Water Statutory Bond	2020	2040	.25%-2.425%	-	471,394	-	-	471,394	-	874	20,000
Drinking Water Statutory Bond	2020	2050	0%	-	1,857,213	-	-	1,857,213	-	-	49,526
TOTAL SERIAL BONDS				27,313,703	2,328,607	(2,482,000)	-	27,160,310	718,367	229,029	2,502,229
TOTAL INDEBTEDNESS				\$ 42,800,973	\$ 10,984,627	\$ (3,478,947)	\$ (2,320,157)	\$ 47,986,496	\$ 1,018,011	\$ 368,312	\$ 21,142,961

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**

**CITY OF KINGSTON, NEW YORK
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020**

<u>Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number/NYS Contract/ Reference Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
DIRECT PROGRAMS:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218 *	N/A	\$ 64,372	\$ 710,654
PASSED THROUGH NYS HOUSING TRUST FUND CORP.:				
HOME Investment Partnerships Program	14.239	SHARS ID 20133151	-	9,200
<u>US DEPARTMENT OF JUSTICE</u>				
DIRECT PROGRAMS:				
Bulletproof Vest Partnership Program	16.607	N/A	-	30,000
<u>US DEPARTMENT OF TRANSPORTATION</u>				
PASSED THROUGH NEW YORK STATE:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	N/A	-	2,142,689
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
DIRECT PROGRAMS:				
Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements	66.818	N/A	-	48,630
PASSED THROUGH NEW YORK STATE:				
<i>Drinking Water State Revolving Fund Cluster</i>				
Capitalization Grants for Drinking Water State Revolving Funds	66.458	N/A	-	616,616
<u>US DEPARTMENT OF HOMELAND SECURITY</u>				
PASSED THROUGH NEW YORK STATE DHSES:				
Hazard Mitigation Grant	97.039	3972704	-	41,363
Disaster Grants - Public Assistance	97.036 *	3972706	-	9,118
Disaster Grants - Public Assistance	97.036 *	3972707	-	53,123
Disaster Grants - Public Assistance	97.036 *			62,241
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	N/A	-	119,433
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 64,372</u>	<u>\$ 3,780,826</u>

**CITY OF KINGSTON, NEW YORK
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
 STATE TRANSPORTATION ASSISTANCE
 DECEMBER 31, 2020**

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, 2020. 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 2020:

<u>Program Title</u>	<u>CDFA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 64,372

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, 2020, 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, 2020</u>	<u>Amount Outstanding December 31, 2020</u>
Community Development Block Grant Program	14.218	\$ 143,513	\$ 1,071,231

**CITY OF KINGSTON, NEW YORK
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
 STATE TRANSPORTATION ASSISTANCE
 DECEMBER 31, 2020**

NOTE 6 - Reconciliation to Financial Statements

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

	<u>Federal</u>
Federal expenditures as reported in the SEFA	\$ 3,780,826
Reconciling items:	
SEFA is reported on the basis of expenditures not revenues	<u>(142,340)</u>
Total Federal Aid reported in fund statements	<u>\$ 3,638,486</u>
Expenditures, and Changes in Fund Balances-Government Funds	\$ 3,607,559
Federal aid as reported in the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	<u>30,927</u>
Total Federal Aid	<u>\$ 3,638,486</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, 2020, 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 29, 2021. Our report includes a reference to other auditors who audited the financial statements of the City's Water Fund and 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 other auditors' testing of internal control over financial reporting and on compliance and other matters which are reported separately by these auditors.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

rblcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

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*.

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 29, 2021



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, 2020. 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.

rblcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

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, 2020.

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, 2020-002. 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 identify a deficiency in internal control over compliance that we consider to be significant deficiency which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

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

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 29, 2021

**CITY OF KINGSTON, NEW YORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020**

A. Internal Control Findings

None Noted

B. Compliance Findings

None noted

**CITY OF KINGSTON, NEW YORK
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 DECEMBER 31, 2020**

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> </u> Yes	<u> X </u> None reported
Noncompliance material to the financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(s) identified?	<u> X </u> Yes	<u> </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
--	------------------	----------------------

Identification of major programs:

<u>CFDA/Grant Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
97.036	Disaster Grants - Public Assistance

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
---------------------------------------	------------------	----------------------

**CITY OF KINGSTON, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

SECTION II –FINDINGS

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 - Corrective Action Plan

SECTION II –FINDINGS

Finding 2020-001 CDBG Approvals

- 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 approvals signatures were no all documented.

Recommendation: RBT recommends that all internal controls are completely satisfied for all expenditures.

Managements Response:

The current Office of Community Development staff have met to discuss disbursement protocols and will ensure all vouchers have at minimum, three approval signatures for expenditures as per the financial internal controls effective immediately.

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 together 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.

Managements Response:

The Federal Cash Transaction Reports will no longer be filed by anyone other than the person who is in charge of the financials for the department effective immediately.

