

CITY OF KINGSTON, NEW YORK

Basic Financial Statements  
Supplementary Information and  
Independent Auditors' Report

December 31, 2023

CITY OF KINGSTON, NEW YORK

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	15
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	17
Statement of Net Position - Proprietary Funds	18
Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Statement of Fiduciary Net Position - Fiduciary Fund	21
Statement of Changes in Net Position - Fiduciary Fund	22
Notes to Financial Statements	23 - 49

CITY OF KINGSTON, NEW YORK

Table of Contents, Continued

	<u>Page</u>
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	50
Schedule of City's Proportionate Share of the Net Pension Asset/Liability	51
Schedule of City's Pension Contributions	52
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	53

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Kingston, New York:

### Report on the Audit of the Financial Statements

#### Opinions

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, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Emphasis of Matter

As discussed in notes 1(v) and 16 to the financial statements, the City adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 87 - "Leases," during the year ended December 31, 2023. Our opinions are not modified with respect to this matter.

## Responsibilities of Management for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis and the additional information on pages 50 through 53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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 GAAS, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2024, 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 17, 2024

CITY OF KINGSTON, NEW YORK  
Management's Discussion and Analysis  
December 31, 2023

The accompanying management discussion and analysis of the City of Kingston, New York's (the City), financial performance has been prepared to provide an overview of the City's financial activities for the year ended December 31, 2023. This discussion and analysis is only an introduction and should be read in conjunction with the City's financial statements.

2023 Financial Highlights

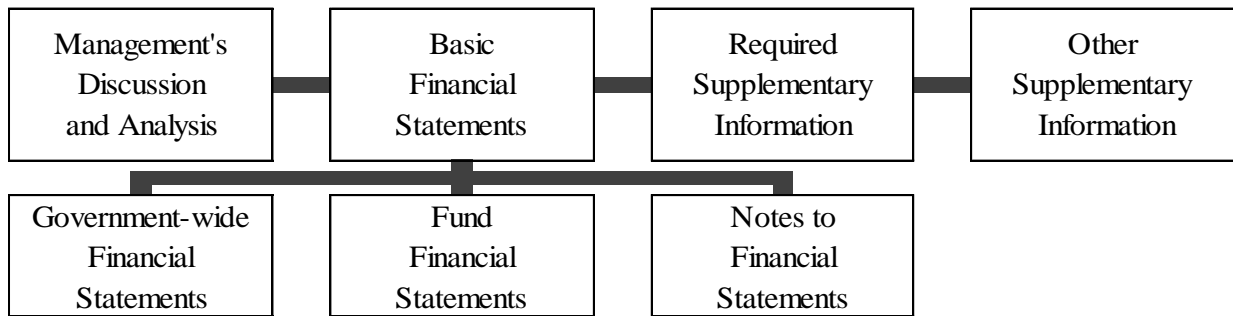
- The City's governmental activities net position (defined as assets plus deferred outflows less liabilities and deferred inflows) was a deficit of \$81,404,329 at December 31, 2023.
- The governmental activities total net position increased by \$5,493,470 for the year ending December 31, 2023.
- At December 31, 2023, the proportionate share of the net pension liability for the New York State and Local Employees' Retirement System was \$7,186,160 and the proportionate share of the net pension liability for the New York State Police and Fire Retirement System was \$14,208,260.
- As of the close of the year, the City's governmental funds reported an ending fund balance of \$5,790,875, a decrease of \$7,048,327 in comparison with the prior year.
- As of the close of the year, the City's proprietary funds reported an ending net position of \$15,244,397, an increase of \$3,135,288 in comparison with the prior year.
- At the end of the year, unassigned fund balance for the general fund was \$11,667,356.
- At the end of the year, unrestricted net position for governmental activities and the proprietary funds was a deficit of \$136,467,539 and \$11,857,098, respectively.
- During the year ended December 31 2023, the City adopted the provision of Governmental Accounting Standards Board (GASB) statement No. 87 - "Leases."

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  
Management's Discussion and Analysis, Continued

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 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 deferred outflows of resources and total liabilities and deferred inflows of resources. 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  
Management's Discussion and Analysis, Continued

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. Revenue is 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.

CITY OF KINGSTON, NEW YORK  
Management's Discussion and Analysis, Continued

Notes to 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.

Government-Wide Financial Analysis  
Governmental Activities  
Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase/ (decrease)</u>	<u>Percentage change</u>
Current and other assets	\$ 45,059,839	52,967,433	(7,907,594)	(15%)
Capital assets	<u>78,349,121</u>	<u>68,818,025</u>	<u>9,531,096</u>	14%
Total assets	<u>123,408,960</u>	<u>121,785,458</u>	<u>1,623,502</u>	1%
Deferred outflows of resources	<u>27,383,695</u>	<u>32,927,918</u>	<u>(5,544,223)</u>	(17%)
Current liabilities	32,113,384	29,346,863	2,766,521	9%
Long-term liabilities	<u>158,554,772</u>	<u>134,963,262</u>	<u>23,591,510</u>	17%
Total liabilities	<u>190,668,156</u>	<u>164,310,125</u>	<u>26,358,031</u>	16%
Deferred inflows of resources	<u>41,528,828</u>	<u>77,301,050</u>	<u>(35,772,222)</u>	(46%)
Net position:				
Net investment in capital assets	53,691,704	48,029,915	5,661,789	12%
Restricted	1,371,506	1,623,135	(251,629)	(16%)
Unrestricted	<u>(136,467,539)</u>	<u>(136,550,849)</u>	<u>83,310</u>	1%
Total net position	<u>\$(81,404,329)</u>	<u>(86,897,799)</u>	<u>5,493,470</u>	(6%)

Management's Explanation of Changes

The decrease in current and other assets is primarily due to a decrease in cash and equivalents and the net pension asset becoming a liability. The increase in capital assets is due to capital purchases exceeding current year depreciation. Total liabilities increased primarily from actuarial changes to pensions and the total OPEB liability. This resulted in recording a net pension liability of \$19.5 million and an increase in the total OPEB liability of \$7.2 million.

CITY OF KINGSTON, NEW YORK  
Management's Discussion and Analysis, Continued

Government-Wide Financial Analysis  
Governmental Activities  
Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase/ (decrease)</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 4,346,336	4,267,735	78,601	2%
Operating and capital grants	10,417,851	5,806,420	4,611,431	79%
General revenue:				
Real property taxes	17,267,953	17,714,919	(446,966)	(3%)
Real property tax items	1,145,080	961,331	183,749	19%
Nonproperty taxes	20,361,441	19,850,981	510,460	3%
Use of money and property	1,359,102	366,097	993,005	271%
Sale of property and compensation for loss	328,777	962,438	(633,661)	(66%)
State aid	4,115,241	4,068,307	46,934	1%
Miscellaneous	<u>1,675,792</u>	<u>1,042,279</u>	<u>633,513</u>	61%
Total revenue	<u>61,017,573</u>	<u>55,040,507</u>	<u>5,977,066</u>	11%
Expenses:				
General government support	10,791,971	6,960,166	3,831,805	55%
Public safety	26,143,925	23,304,139	2,839,786	12%
Health	695,119	650,876	44,243	7%
Transportation	5,050,010	4,061,348	988,662	24%
Economic assistance and opportunity	1,157,905	851,471	306,434	36%
Culture and recreation	4,527,512	3,426,783	1,100,729	32%
Home and community services	6,470,722	5,251,096	1,219,626	23%
Interest	<u>686,939</u>	<u>453,149</u>	<u>233,790</u>	52%
Total expenses	<u>55,524,103</u>	<u>44,959,028</u>	<u>10,565,075</u>	23%
Change in net position	<u>\$ 5,493,470</u>	<u>10,081,479</u>	<u>(4,588,009)</u>	(46%)

Total revenue in increased by 11% from the prior year primarily due to an increase in operating and capital grants. Total expenses increased 23% over the prior year. The majority of this increase was in general government support which increased 55% and public safety which increased 12%.

CITY OF KINGSTON, NEW YORK  
Management's Discussion and Analysis, Continued

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 \$11,667,365. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 24% of total general fund expenditures.

At December 31, 2023, the governmental funds of the City reported a combined fund balance of \$5,790,875, a 55% decrease from the prior year. Included in this change in fund balance are increases in the general and debt service funds. Fund balance in the special grant and capital projects decreased.

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, 2023 totaled \$78,349,121 (net of accumulated depreciation). These assets include land, construction in progress, buildings, improvements, infrastructure, and machinery and equipment.

Debt: As of December 31, 2023, the City had total debt principal outstanding for its governmental activities of \$24,324,103 which includes bond anticipation notes payable and bonds payable. The debt is backed by the full faith and credit of the City. The City's governmental debt principal increased by \$3,821,616 during the year.

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

CITY OF KINGSTON, NEW YORK  
Management's Discussion and Analysis, Continued

<u>Proprietary Funds Net Position</u>				
	<u>2023</u>	<u>2022*</u>	<u>Increase/ (decrease)</u>	<u>Percent change</u>
Current and other assets	\$ 12,869,782	21,634,133	(8,764,351)	(41%)
Capital assets	<u>71,736,697</u>	<u>62,167,084</u>	<u>9,569,613</u>	15%
Total assets	<u>84,606,479</u>	<u>83,801,217</u>	<u>805,262</u>	1%
Deferred outflows of resources	<u>2,446,041</u>	<u>2,594,063</u>	<u>(148,022)</u>	(6%)
Current liabilities	30,766,422	32,320,542	(1,554,120)	(5%)
Long-term liabilities	<u>35,135,648</u>	<u>32,130,156</u>	<u>3,005,492</u>	9%
Total liabilities	<u>65,902,070</u>	<u>64,450,698</u>	<u>1,451,372</u>	2%
Deferred inflows of resources	<u>5,906,053</u>	<u>9,835,473</u>	<u>(3,929,420)</u>	(40%)
Net position:				
Net investment in capital assets	27,101,495	18,844,547	8,256,948	44%
Unrestricted	<u>(11,857,098)</u>	<u>(6,735,438)</u>	<u>(5,121,660)</u>	76%
Total net position	<u>\$ 15,244,397</u>	<u>12,109,109</u>	<u>3,135,288</u>	26%

\* Restated for the implementation of GASB 87.

As shown in the above table, proprietary funds' current and other assets decreased by \$8,764,351 from the prior year primarily due a decrease in cash and equivalents and interfund receivables. Current liabilities decreased by \$1,554,120, primarily due to a decrease in bond anticipation notes payable. Overall, net position increased by \$3,135,288. At December 31, 2023, net position was \$15,244,397.

<u>Proprietary Funds Changes in Net Position</u>				
	<u>2023</u>	<u>2022*</u>	<u>Increase/ (decrease)</u>	<u>Percent change</u>
Revenue:				
Charges for services	\$ 12,106,998	10,536,223	1,570,775	15%
Other revenue	<u>3,018,178</u>	<u>2,098,149</u>	<u>920,029</u>	44%
Total revenue	<u>15,125,176</u>	<u>12,634,372</u>	<u>2,490,804</u>	20%
Expenses				
Personal services	5,864,826	4,352,476	1,512,350	35%
Maintenance and operating costs	2,213,553	2,815,551	(601,998)	(21%)
Depreciation	2,270,554	2,067,764	202,790	10%
Interest and other	<u>1,640,955</u>	<u>622,505</u>	<u>1,018,450</u>	164%
Total expenses	<u>11,989,888</u>	<u>9,858,296</u>	<u>2,131,592</u>	22%
Change in net position	<u>\$ 3,135,288</u>	<u>2,776,076</u>	<u>359,212</u>	13%

\* Restated for the implementation of GASB 87.

CITY OF KINGSTON, NEW YORK  
Management's Discussion and Analysis, Continued

As shown in the above table, proprietary funds' revenue increased by \$2,490,804 from the prior year primarily due to an increase from increases in changes for services and state grants which was offset by a decrease in gain on sale of assets. Expenses increased by \$2,131,592 primarily due to an increase in personal services as well as interest and other.

Capital Asset and Debt Administration - Proprietary Funds

Capital Assets: The City's investment in capital assets for its business-type activities at December 31, 2023 was \$71,736,697 (net of accumulated depreciation). These assets include land, construction in progress, buildings and improvements, infrastructure and machinery and equipment.

Debt: At December 31, 2023, the City had total debt principal outstanding pertaining to its business-type activities of \$44,483,451. The debt is backed by the full faith and credit of the City. The City's total long-term debt principal pertaining to those business-type activities decreased by \$1,516,841 during the year.

For more detailed information on capital assets and long-term debt, see notes to 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, New York 12401.

CITY OF KINGSTON, NEW YORK  
Statement of Net Position  
December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and equivalents - unrestricted	\$ 26,373,632	5,273,979	31,647,611	3,232,135
Cash and equivalents long-term	-	1,668,043	1,668,043	-
Cash and equivalents - restricted	1,371,506	-	1,371,506	-
Investments	-	-	-	1,546,473
Accounts receivable	-	2,165,409	2,165,409	91,546
Taxes receivable	5,694,569	-	5,694,569	-
Other receivables	1,350,255	-	1,350,255	-
Due from other governments	4,013,077	1,339,999	5,353,076	-
State and federal receivables	5,005,967	-	5,005,967	-
Notes receivable	788,978	-	788,978	-
Loans receivable	-	-	-	65,592
Lease receivable	-	45,872	45,872	25,800
Inventories	16,116	342,189	358,305	-
Prepaid expenses	1,284,790	467,209	1,751,999	9,011
Internal balances	(839,051)	839,051	-	-
Property	-	-	-	2,008,914
<b>Total current assets</b>	<b>45,059,839</b>	<b>12,141,751</b>	<b>57,201,590</b>	<b>6,979,471</b>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Capital assets, not being depreciated	7,982,446	31,395,612	39,378,058	2,784,953
Capital assets, being depreciated, net	70,366,675	40,341,085	110,707,760	68,233
<b>Total capital assets</b>	<b>78,349,121</b>	<b>71,736,697</b>	<b>150,085,818</b>	<b>2,853,186</b>
Loans receivable, net of allowance of \$10,000	-	-	-	178,286
Lease receivables	-	728,031	728,031	4,159,502
<b>Total assets</b>	<b>123,408,960</b>	<b>84,606,479</b>	<b>208,015,439</b>	<b>14,170,445</b>
<b>Deferred outflows of resources:</b>				
Pensions	15,652,518	1,464,547	17,117,065	-
Other	11,731,177	978,161	12,709,338	-
OPEB	-	3,333	3,333	-
<b>Total deferred outflows of resources</b>	<b>27,383,695</b>	<b>2,446,041</b>	<b>29,829,736</b>	<b>-</b>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	6,710,161	4,143,642	10,853,803	159,321
Accrued liabilities	14,692,302	950,094	15,642,396	-
Bond anticipation notes payable	5,668,352	23,816,956	29,485,308	-
Due to other governments	3,338,802	-	3,338,802	-
<b>Noncurrent liabilities:</b>				
<b>Due and payable within one year:</b>				
Compensated absences liability	-	66,935	66,935	-
Landfill remediation liability	40,915	-	40,915	-
Bonds payable	1,662,852	1,788,795	3,451,647	-
<b>Due and payable more than one year:</b>				
Compensated absences liability	3,701,496	382,823	4,084,319	-
Landfill remediation liability	257,787	-	257,787	-
Construction loans	-	-	-	267,073
Bonds payable	17,264,241	19,005,622	36,269,863	-
Net pension liabilities	19,462,095	1,932,325	21,394,420	-
Total OPEB liability	117,869,153	13,814,878	131,684,031	-
<b>Total liabilities</b>	<b>190,668,156</b>	<b>65,902,070</b>	<b>256,570,226</b>	<b>426,394</b>
<b>Deferred inflows of resource:</b>				
Leases	-	733,738	733,738	-
Pensions	563,256	99,250	662,506	-
OPEB	38,722,114	5,003,881	43,725,995	-
Other	2,243,458	69,184	2,312,642	-
<b>Total deferred inflows of resources</b>	<b>41,528,828</b>	<b>5,906,053</b>	<b>47,434,881</b>	<b>-</b>
<b>Net position (deficit):</b>				
Net investment in capital assets	53,691,704	27,101,495	80,793,199	2,853,186
Restricted	1,371,506	-	1,371,506	462,708
Unrestricted (deficit)	(136,467,539)	(11,857,098)	(148,324,637)	6,660,449
<b>Total net position (deficit)</b>	<b>\$ (81,404,329)</b>	<b>15,244,397</b>	<b>(66,159,932)</b>	<b>9,976,343</b>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Statement of Activities  
Year ended December 31, 2023

Functions	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position		Total	Component Units
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities		
Governmental activities:								
General government support	\$ 10,791,971	1,087,684	-	-	(9,704,287)	-	(9,704,287)	-
Public safety	26,143,925	2,109,690	194,942	32,131	(23,807,162)	-	(23,807,162)	-
Health	695,119	53,077	350,518	-	(291,524)	-	(291,524)	-
Transportation	5,050,010	327,463	-	3,946,619	(775,928)	-	(775,928)	-
Economic assistance and opportunity	1,157,905	2,980	3,733,647	-	2,578,722	-	2,578,722	-
Culture and recreation	4,527,512	449,043	-	919,901	(3,158,568)	-	(3,158,568)	-
Home and community services	6,470,722	316,399	-	1,240,093	(4,914,230)	-	(4,914,230)	-
Interest	686,939	-	-	-	(686,939)	-	(686,939)	-
Total governmental activities	<u>55,524,103</u>	<u>4,346,336</u>	<u>4,279,107</u>	<u>6,138,744</u>	<u>(40,759,916)</u>	<u>-</u>	<u>(40,759,916)</u>	<u>-</u>
Business-type activities:								
Water fund	6,248,107	6,013,362	-	2,181,650	-	1,946,905	1,946,905	-
Sewer fund	5,741,781	6,516,286	-	450	-	774,955	774,955	-
Total business-type activities	<u>11,989,888</u>	<u>12,529,648</u>	<u>-</u>	<u>2,182,100</u>	<u>-</u>	<u>2,721,860</u>	<u>2,721,860</u>	<u>-</u>
Total primary government	<u>\$ 67,513,991</u>	<u>16,875,984</u>	<u>4,279,107</u>	<u>8,320,844</u>	<u>(40,759,916)</u>	<u>2,721,860</u>	<u>(38,038,056)</u>	<u>-</u>
Component Units:								
City of Kingston Local Development Corp.	108,979	268,460	-	-	-	-	-	159,481
Kingston City Land Bank, Inc.	1,467,395	-	924,007	-	-	-	-	(543,388)
Total component units	<u>\$ 1,576,374</u>	<u>268,460</u>	<u>924,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(383,907)</u>
General revenue:								
Real property taxes					17,267,953	-	17,267,953	-
Real property tax items					1,145,080	-	1,145,080	-
Nonproperty tax items					20,361,441	-	20,361,441	-
Use of money and property					1,359,102	324,277	1,683,379	58,475
Sale of property and compensation for loss					328,777	49,129	377,906	903,745
State aid					4,115,241	-	4,115,241	-
Interfund transfers					(17,522)	17,522	-	-
Transfers from other governments					-	22,500	22,500	-
Miscellaneous					1,693,314	-	1,693,314	-
Total general revenue					<u>46,253,386</u>	<u>413,428</u>	<u>46,666,814</u>	<u>962,220</u>
Change in net position					<u>5,493,470</u>	<u>3,135,288</u>	<u>8,628,758</u>	<u>962,220</u>
Net position (deficit) at beginning of year, before restatement					(86,897,799)	12,087,595	(74,810,204)	9,398,030
Cumulative effect of change in accounting principle (note 16)					-	21,514	21,514	-
Net position at beginning of year, as restated					<u>(86,897,799)</u>	<u>12,109,109</u>	<u>(74,788,690)</u>	<u>9,398,030</u>
Net position (deficit) at end of year					<u>\$ (81,404,329)</u>	<u>15,244,397</u>	<u>(66,159,932)</u>	<u>10,360,250</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Balance Sheet - Governmental Funds  
December 31, 2023

	General Fund	Special Grant Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>Assets</u>					
Cash and equivalents - unrestricted	\$ 24,149,111	219,832	39,842	1,964,847	26,373,632
Cash and equivalents - restricted	580,124	-	-	791,382	1,371,506
Receivables:					
Taxes	5,694,569	-	-	-	5,694,569
Other	1,350,255	-	-	-	1,350,255
Due from other funds	4,710,530	-	1,830,790	-	6,541,320
Due from other governments	3,711,039	21,470	12,000	268,568	4,013,077
State and federal receivables	713,761	36,675	4,255,531	-	5,005,967
Notes receivable	-	788,978	-	-	788,978
Inventory	16,116	-	-	-	16,116
Prepaid expenditures	1,284,790	-	-	-	1,284,790
Total assets	<u>\$ 42,210,295</u>	<u>1,066,955</u>	<u>6,138,163</u>	<u>3,024,797</u>	<u>52,440,210</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
Liabilities:					
Accounts payable	1,253,216	20,000	5,436,945	-	6,710,161
Accrued liabilities	14,127,980	-	273,061	-	14,401,041
Due to other funds	1,280,632	-	4,415,120	1,684,619	7,380,371
Bond anticipation notes payable	-	-	5,668,352	-	5,668,352
Due to other governments	3,311,753	27,049	-	-	3,338,802
Total liabilities	<u>19,973,581</u>	<u>47,049</u>	<u>15,793,478</u>	<u>1,684,619</u>	<u>37,498,727</u>
Deferred inflows of resources	<u>6,179,844</u>	<u>788,978</u>	<u>1,913,218</u>	<u>268,568</u>	<u>9,150,608</u>
Fund balances (deficit):					
Nonspendable	1,284,790	-	-	-	1,284,790
Restricted	580,124	-	-	791,382	1,371,506
Assigned appropriated	1,890,000	-	-	-	1,890,000
Assigned unappropriated	634,591	230,928	-	280,228	1,145,747
Unassigned (deficit)	11,667,365	-	(11,568,533)	-	98,832
Total fund balances (deficit)	<u>16,056,870</u>	<u>230,928</u>	<u>(11,568,533)</u>	<u>1,071,610</u>	<u>5,790,875</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 42,210,295</u>	<u>1,066,955</u>	<u>6,138,163</u>	<u>3,024,797</u>	<u>52,440,210</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
December 31, 2023

Total governmental fund balances		\$ 5,790,875
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The assets consist of:		
Capital assets, not being depreciated	\$ 7,982,446	
Capital assets, being depreciated, net	<u>70,366,675</u>	78,349,121
Certain revenue will be collected after year end and is deferred in the governmental funds but recognized in the statement of activities.		
		6,907,150
Some deferred inflows and outflows are not reported in governmental funds. These consist of the following:		
Deferred outflows of resources - pensions	15,652,518	
Deferred inflows of resources - pensions	(563,256)	
Deferred outflows of resources - OPEB	11,731,177	
Deferred inflows of resources - OPEB	<u>(38,722,114)</u>	(11,901,675)
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
Accrued interest	(291,261)	
Bonds payable	(18,927,093)	
Compensated absences	(3,701,496)	
Landfill remediation liability	(298,702)	
Net pension liability - ERS	(5,253,835)	
Net pension liability - PFRS	(14,208,260)	
Total OPEB liability	<u>(117,869,153)</u>	<u>(160,549,800)</u>
Total net position of the governmental activities		<u>\$ (81,404,329)</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year ended December 31, 2023

	General Fund	Special Grant Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenue:					
Real property taxes	\$ 17,164,565	-	-	-	17,164,565
Real property tax items	1,145,080	-	-	-	1,145,080
Non property tax items	20,361,441	-	-	-	20,361,441
Departmental income	2,061,711	-	163,999	-	2,225,710
Intergovernmental charges	694,759	-	-	71,109	765,868
Use of money and property	1,298,602	-	-	60,500	1,359,102
Licenses and permits	1,356,550	-	-	-	1,356,550
Fines and forfeitures	181,536	-	-	-	181,536
Sale of property and compensation for loss	328,777	-	-	-	328,777
Miscellaneous	5,026,428	-	-	-	5,026,428
State aid	1,046,090	-	2,875,200	-	3,921,290
Federal aid	4,279,107	1,076,094	2,023,451	-	7,378,652
Total revenue	<u>54,944,646</u>	<u>1,076,094</u>	<u>5,062,650</u>	<u>131,609</u>	<u>61,214,999</u>
Expenditures:					
General government support	5,754,657	-	1,968,613	21,522	7,744,792
Public safety	15,849,798	-	-	-	15,849,798
Health	510,300	-	-	-	510,300
Transportation	1,924,951	-	623	-	1,925,574
Economic assistance and opportunity	782,299	-	-	-	782,299
Culture and recreation	2,434,888	-	-	-	2,434,888
Home and community services	2,962,313	1,303,715	-	-	4,266,028
Employee benefits	17,045,306	-	-	-	17,045,306
Capital outlay	264,344	-	15,091,474	-	15,355,818
Debt service	146,260	-	-	2,326,741	2,473,001
Total expenditures	<u>47,675,116</u>	<u>1,303,715</u>	<u>17,060,710</u>	<u>2,348,263</u>	<u>68,387,804</u>
Excess (deficiency) revenue over expenditures	<u>7,269,530</u>	<u>(227,621)</u>	<u>(11,998,060)</u>	<u>(2,216,654)</u>	<u>(7,172,805)</u>
Other financing sources (uses):					
BANs redeemed from appropriations	-	-	142,000	-	142,000
Transfers in	142,000	-	4,343,774	2,424,423	6,910,197
Transfers out	(6,855,847)	-	(71,872)	-	(6,927,719)
Total other financing sources (uses)	<u>(6,713,847)</u>	<u>-</u>	<u>4,413,902</u>	<u>2,424,423</u>	<u>124,478</u>
Change in fund balances	555,683	(227,621)	(7,584,158)	207,769	(7,048,327)
Fund balances (deficit) at beginning of year	<u>15,501,187</u>	<u>458,549</u>	<u>(3,984,375)</u>	<u>863,841</u>	<u>12,839,202</u>
Fund balances (deficit) at end of year	<u>\$ 16,056,870</u>	<u>230,928</u>	<u>(11,568,533)</u>	<u>1,071,610</u>	<u>5,790,875</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
Year ended December 31, 2023

Net change in fund balances \$ (7,048,327)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlay as expenditures. However,  
in the statement of activities the cost of those assets is  
allocated over their estimated useful lives and reported as  
depreciation expense. This amount may be less than the  
total capital outlay since the capital outlay includes amounts  
under the capitalization threshold.

Additions of capital assets	\$ 14,974,865	
Depreciation	<u>(5,443,769)</u>	9,531,096

Certain amounts are deferred in the governmental funds but  
recognized in the statement of activities. (179,904)

Repayment of bonds principal is an expenditures in the governmental  
funds but the repayment reduces long-term liabilities in the  
statement of net position. Also, the governmental funds  
report the effect of issuance costs, premiums, discounts and  
similar items when debt is first issued, whereas these  
amounts are deferred and amortized in the statement of  
activities.

Principal paid on bonds payable	1,704,736	
Accrued interest	(74,955)	
Amortization of premiums on bonds payable	<u>14,281</u>	1,644,062

Some expenses reported in the statement of activities do not require  
the use of current financial resources and therefore are not  
reported as expenditures in the governmental funds.

Workers' compensation	(1,899,965)	
Compensated absences	(172,265)	
Landfill remediation liability	39,337	
Net pension liability - ERS	(14,660,635)	
Net pension liability - PFRS	(5,253,835)	
Deferred outflows of resources - pensions	(1,397,919)	
Deferred inflows of resources - pensions	19,029,950	
Total OPEB liability	(7,154,522)	
Deferred outflows of resources - OPEB	(4,146,304)	
Deferred inflows of resources - OPEB	<u>17,162,701</u>	<u>1,546,543</u>

Change in net position of governmental activities \$ 5,493,470

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Statement of Net Position - Proprietary Funds  
December 31, 2023

	Business-type Activities		
	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and equivalents - unrestricted	\$ 1,937,768	3,336,211	5,273,979
Cash and equivalents, long-term	1,668,043	-	1,668,043
Accounts receivable	1,154,844	1,010,565	2,165,409
Due from other funds	-	1,085,662	1,085,662
Due from other governments	11,760	1,328,239	1,339,999
Lease receivables	45,872	-	45,872
Inventories	342,189	-	342,189
Prepaid expenses	378,465	88,744	467,209
Total current assets	<u>5,538,941</u>	<u>6,849,421</u>	<u>12,388,362</u>
Capital assets, not being depreciated	20,276,560	11,119,052	31,395,612
Capital assets, being depreciated, net	<u>14,275,026</u>	<u>26,066,059</u>	<u>40,341,085</u>
Total capital assets	34,551,586	37,185,111	71,736,697
Lease receivables	728,031	-	728,031
Total assets	<u>40,818,558</u>	<u>44,034,532</u>	<u>84,853,090</u>
Deferred outflows of resources:			
Pensions	786,105	678,442	1,464,547
OPEB	752,024	226,137	978,161
Other	-	3,333	3,333
Total deferred outflows of resources	<u>1,538,129</u>	<u>907,912</u>	<u>2,446,041</u>
Liabilities:			
Current liabilities:			
Accounts payable	3,511,166	632,476	4,143,642
Accrued liabilities	343,375	606,719	950,094
Due to other funds	3,945	242,666	246,611
Bond anticipation notes payable	14,061,621	9,755,335	23,816,956
Compensated absences	66,935	-	66,935
Bonds payable	655,088	1,133,707	1,788,795
Total current liabilities	<u>18,642,130</u>	<u>12,370,903</u>	<u>31,013,033</u>
Noncurrent liabilities:			
Compensated absences	20,016	362,807	382,823
Bonds payable	7,155,069	11,850,553	19,005,622
Net pension liability	1,037,188	895,137	1,932,325
Total OPEB liability	<u>7,643,331</u>	<u>6,171,547</u>	<u>13,814,878</u>
Total noncurrent liabilities	<u>15,855,604</u>	<u>19,280,044</u>	<u>35,135,648</u>
Total liabilities	<u>34,497,734</u>	<u>31,650,947</u>	<u>66,148,681</u>
Deferred inflows of resources:			
Leases	733,738	-	733,738
Pensions	53,273	45,977	99,250
OPEB	2,546,709	2,457,172	5,003,881
Other	-	69,184	69,184
Total deferred outflows of resources	<u>3,333,720</u>	<u>2,572,333</u>	<u>5,906,053</u>
Net position:			
Net investment in capital assets	12,679,808	14,421,687	27,101,495
Unrestricted (deficit)	<u>(8,154,575)</u>	<u>(3,702,523)</u>	<u>(11,857,098)</u>
Total net position	<u>\$ 4,525,233</u>	<u>10,719,164</u>	<u>15,244,397</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Statement of Revenue, Expenses and Changes in Net Position -  
Proprietary Funds  
Year ended December 31, 2023

	Business-type Activities		
	Water Fund	Sewer Fund	Total
Operating revenue:			
Charges for services	\$ 5,667,679	6,439,319	12,106,998
Other revenue	284,448	76,967	361,415
Total revenue	5,952,127	6,516,286	12,468,413
Operating expenses:			
Personal services	3,346,764	2,518,062	5,864,826
Real property taxes	382,452	-	382,452
Maintenance, operations and contractual expenses	1,061,487	1,152,066	2,213,553
Depreciation	800,246	1,470,308	2,270,554
Total operating expenses	5,590,949	5,140,436	10,731,385
Operating income	361,178	1,375,850	1,737,028
Nonoperating revenue (expenses):			
Lease income	61,235	-	61,235
Federal grant revenue	100,000	-	100,000
State grant revenue	2,081,650	450	2,082,100
Interest income	196,761	127,516	324,277
Net gain on sale of property	45,582	3,547	49,129
Transfers in	-	17,522	17,522
Transfers from other governments	22,500	-	22,500
Interest on bonds and notes	(657,158)	(601,345)	(1,258,503)
Total nonoperating revenue (expenses)	1,850,570	(452,310)	1,398,260
Change in net position	2,211,748	923,540	3,135,288
Net position at beginning of year, as previously stated	2,291,971	9,795,624	12,087,595
Cumulative effect of change in accounting principle (note 16)	21,514	-	21,514
Net position at beginning of year, as restated	2,313,485	9,795,624	12,109,109
Net position at end of year	\$ 4,525,233	10,719,164	15,244,397

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Statement of Cash Flows - Proprietary Funds  
Year ended December 31, 2023

	Business-type Activities		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from users	\$ 5,864,043	7,316,812	13,180,855
Cash paid for employees and employee benefits	(3,390,592)	(743,683)	(4,134,275)
Cash paid for operating expenses	<u>(1,254,762)</u>	<u>(1,144,453)</u>	<u>(2,399,215)</u>
Net cash provided by operating activities	<u>1,218,689</u>	<u>5,428,676</u>	<u>6,647,365</u>
Cash flows from noncapital financing activities - transfers in	<u>-</u>	<u>17,522</u>	<u>17,522</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(4,142,210)	(5,717,821)	(9,860,031)
Proceeds from issuance of debt	14,061,621	2,424,949	16,486,570
Principal payments on debt	(16,277,520)	(1,725,894)	(18,003,414)
Interest on debt	(669,569)	(599,339)	(1,268,908)
State grants	2,081,650	450	2,082,100
Federal grants	100,000	-	100,000
Net gain on sale of assets	<u>45,582</u>	<u>3,547</u>	<u>49,129</u>
Net cash used in capital and related financing activities	<u>(4,800,446)</u>	<u>(5,614,108)</u>	<u>(10,414,554)</u>
Cash flows from investing activities:			
Lease income	61,235	-	61,235
Interest received	<u>178,110</u>	<u>127,516</u>	<u>305,626</u>
Net cash provided by investing activities	<u>239,345</u>	<u>127,516</u>	<u>366,861</u>
Net change in cash and equivalents	(3,342,412)	(40,394)	(3,382,806)
Cash and equivalents at beginning of year	<u>6,948,223</u>	<u>3,376,605</u>	<u>10,324,828</u>
Cash and equivalents at end of year	<u>\$ 3,605,811</u>	<u>3,336,211</u>	<u>6,942,022</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	361,178	1,375,850	1,737,028
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	800,246	1,470,308	2,270,554
Change in:			
Accounts receivable	(210,701)	507,586	296,885
Due from other funds	-	3,703,215	3,703,215
Due from other governments	122,617	292,940	415,557
Inventories	(22,435)	-	(22,435)
Prepaid expenses	(49,448)	(20,999)	(70,447)
Net pension asset	423,263	346,015	769,278
Deferred outflows of resources - pensions	110,579	54,613	165,192
Deferred outflows of resources - OPEB	206,744	(226,137)	(19,393)
Accounts payable	81,426	(2,009,152)	(1,927,726)
Accrued expenses	138,344	150,798	289,142
Due to other funds	(17,464)	48,627	31,163
Compensated absences	(50,103)	28,419	(21,684)
Net pension liability	1,037,188	895,137	1,932,325
Total OPEB liability	543,566	450,195	993,761
Deferred inflows of resources - pensions	(1,406,407)	(1,147,304)	(2,553,711)
Deferred inflows of resources - OPEB	<u>(849,904)</u>	<u>(491,435)</u>	<u>(1,341,339)</u>
Net cash provided by operating activities	<u>\$ 1,218,689</u>	<u>5,428,676</u>	<u>6,647,365</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Statement of Fiduciary Net Position -  
Fiduciary Fund  
December 31, 2023

	Custodial <u>Fund</u>
Assets - cash and equivalents	<u>\$ 281,822</u>
Fiduciary net position	<u><u>\$ 281,722</u></u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK  
Statement of Changes in Fiduciary Net Position -  
Fiduciary Fund  
Year ended December 31, 2023

	<u>Custodial Fund</u>
Additions - police evidence	\$ 21,850
Deductions - contractual	<u>18,329</u>
Change in net position	3,521
Fiduciary net position at beginning of year	<u>278,201</u>
Fiduciary net position at end of year	<u><u>\$ 281,722</u></u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK

Notes to Financial Statements

December 31, 2023

(1) Summary of Significant Accounting Policies

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 State). 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 statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant accounting policies established in GAAP and used by the City are discussed below.

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. It also developed and operates a business park for the City. It is governed by a board which is appointed by the Mayor. The KLDC financial statements are available at its offices located at Kingston City Hall, 420 Broadway, Kingston, New York. The KLDC is included in the City's reporting entity as a discretely presented component unit. See note 12.

The Kingston City Land Bank, Inc. (the Land Bank), a not-for-profit corporation, was incorporated on November 9, 2018 for the purpose of acquiring title to City-owned and other distressed properties in the City, 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 260 Kings Mall Court #226, Kingston, New York. The Land Bank is included in the City's reporting entity as a discretely presented component unit. See note 12.

The Kingston-Ulster Empire Zone (the 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 Empire Zone was minimal for the past year as the program is no longer supported by New York State. 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 and includes the activity in the general fund. See note 12.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity

The financial statements of the City include organizations, functions and activities that are controlled by or dependent upon the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

(b) Government-Wide Financial and Fund Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effects of inter-fund activity have been removed from these statements. Government activities are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenue are reported instead as general revenue.

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

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is the determination of what is expressed in reporting an entity's financial performance and position, (i.e., expenditures or expenses). A particular measurement focus is accomplished both by considering what resources will be measured and the basis of accounting.

Basis of accounting refers to when revenue, expenditures/expenses, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to timing of the measurements made, regardless of the measurement focus.

Accrual Basis - Under the accrual basis of accounting, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Modified Accrual Basis - Under this basis of accounting, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Revenue from federal, state, or other grants designated for specific City expenditure is recognized when the related expenditures are incurred.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and expenditures for inventory-type items and for prepayments (except retirement) are recognized at the time of the disbursements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Property taxes are recognized as revenue in the year for which they are levied. Charges for services and participant assessments are recognized as revenue in the year for which services are provided. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal 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 governmental funds:

General Fund - The principal operating fund that includes all operations not required to be recorded in other funds.

Special Grant 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).

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned for principal and interest expenditures on general obligation long term debt.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

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).

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.

Additionally, the City reports the following fiduciary fund type that is used to account for assets held by the City in a custodial capacity:

Custodial Fund - Used to account for money and property received and held in the capacity of custodian or agent.

Government-wide financial statements apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Revenue that cannot be associated directly with program activities is considered general revenue.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Property Tax Revenue Recognition

Real property taxes of the City are levied annually no later than December 31 and become a lien on January 1. 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 Ulster County (the County) purposes apportioned to the area of the County inside the City and the Kingston Library (the Library) are levied together with the general taxes for the City 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 and Library taxes are enforced by the City. In addition, unpaid city school district taxes levied on properties within the City are turned over to the City for enforcement.

(e) Budgets and 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 State 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.

(f) 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 Federal Deposit Insurance Corporation (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 the State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by FDIC 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.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Advances to Other Funds

In the fund financial statements, as of December 31, 2023, there are no noncurrent portions of interfund loans receivable.

(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, 2023, the City had total real property tax receivables of \$5,694,569. On the fund financial statements, the taxes are offset by deferred inflows of resources in the amount of \$5,037,235 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 revenue totaling \$4,113,373 is 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.

(i) Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g. streets) are reported in the governmental activities column in the government-wide financial statements and in the proprietary funds. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

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

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Capital Assets, Continued

When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period in the government-wide statements.

(j) Notes Receivable

The following is a summary of notes receivable as of December 31, 2023:

Homeowner Loans - The Housing Rehabilitation Program is a federally funded program for income eligible homeowners in the City offering up to \$30,000 in loans per household. The priority of the program is to address health and safety issues, building code violations, and to reduce the cumulative effects of deteriorating properties concentrated in certain neighborhoods of the City. It allows for an interest-free, deferred loan to the homeowner that is spread over a 10 year period. At the end of the tenth year of owner-occupied homeownership, the loan is completely forgiven.

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>12/31/2022</u>			<u>12/31/2023</u>
Homeowner Loans	\$ <u>860,989</u>	<u>-</u>	<u>(72,011)</u>	<u>788,978</u>

(k) Internal Balances

Amounts due to and due from within the same fund type have been eliminated in the government-wide statements.

(l) Inventories and Prepaid Items

Inventory is primarily composed of water meters and supplies. All inventory is valued at cost using the first-in/first-out method for proprietary funds. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

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

(m) 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.

The City employees participate in the New York State Local and Employees' Retirement System and New York State Police and Fire Retirement System.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Vested Employee Benefits, Continued

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.

(n) 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 for benefits paid to former employees and charged to the City's account. The City is exempt from federal unemployment insurance tax.

(o) 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 Service (IRS) 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.

(p) 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.

(q) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Actual results could differ from these estimates.

(r) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows of Resources and Deferred Inflows of Resources, Continued

Deferred inflows of resources reflects an increase in net position that applies to future periods. The City will not recognize the related revenue until a future event occurs. Governmental fund revenue is not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category.

(s) Net Position/Fund Balance

In the government-wide statements there are three classes of net position:

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

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

Unrestricted Net Position - This category represents net position of the City not restricted for any project or other purpose.

In the governmental funds statements there are five classifications of fund balance:

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation.

Committed - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authorities. The City has no committed fund balances as of December 31, 2023.

Assigned - Includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. For funds other than the general fund, any amounts that do not meet the definition of the above three classifications are deemed to be assigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Unassigned - Includes all other general fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the City. In funds other than the general fund, this classification is only used to report a deficit balance.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(t) Order of Use of Fund Balance

The City's policy is to apply expenditures against fund balance in the following order: restricted, committed, assigned then unassigned.

(u) 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.

(v) Change in Accounting Principles

During the year ended December 31, 2023, the City adopted provisions of GASB Statement No. 87 - "Leases". This Statement provides guidance for identifying certain lease assets and liabilities that were previously classified as operating leases and recognized as inflows or outflows based on provisions of the contract.

The City did not have any arrangements that qualify under GASB 96.

(2) Cash and Equivalents

The City's investment policies are governed by state statutes. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The City Comptroller 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 in an amount equal to at least 102% of the amount of all deposits not covered by FDIC 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.

Deposits and investments at year-end were covered by FDIC insurance or by collateral held by the City's custodial banks in the City's name. All deposits are carried at cost. The carrying amount (book balance) of cash and equivalents at December 31, 2023 totaled \$34,687,160. These bank balances were covered by FIDC insurance as follows:

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(2) Cash and Equivalents, Continued

Amount insured by FDIC	\$	1,000,000
Collateral held by a third party		<u>35,425,120</u>
Total insured and collateral	\$	<u>36,425,120</u>
Bank balance as of December 31, 2023	\$	<u>36,190,077</u>
Percent of coverage		102%

(3) Interfund Activity

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services. These transactions are recorded as interfund revenues and expenditures in the respective funds.

Interfund receivables and payables at December 31, 2023 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General	\$ 4,710,530	1,280,632
Capital projects	1,830,790	4,415,120
Debt service	<u>-</u>	<u>1,684,619</u>
Total governmental funds	<u>6,541,320</u>	<u>7,380,371</u>
Proprietary funds:		
Water	-	3,945
Sewer	<u>1,085,662</u>	<u>242,666</u>
Total proprietary funds	<u>1,085,662</u>	<u>246,611</u>
Total	\$ <u>7,626,982</u>	<u>7,626,982</u>

Interfund transfers for the year ended December 31, 2023 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General	\$ 142,000	6,855,847
Capital projects	4,343,774	71,872
Debt service	<u>2,424,423</u>	<u>-</u>
Total governmental funds	6,910,197	6,927,719
Proprietary funds - sewer	<u>17,522</u>	<u>-</u>
Total	\$ <u>6,927,719</u>	<u>6,927,719</u>

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(4) Leases

This is a lessor for various cell towers and ground leases. Future minimum payments due to the City under current leases and the related deferred inflows of resources were discounted to present value using an interest rate of 2.5%. The amortization of the lease receivables and related deferred inflows of resources is as follows:

<u>Years ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred</u> <u>Inflows</u>
2024	\$ 45,872	18,694	64,566	64,011
2025	48,995	17,508	66,503	64,011
2026	52,256	16,242	68,498	64,011
2027	55,660	14,892	70,552	64,011
2028	59,213	13,456	72,669	64,011
2029 - 2033	222,115	47,139	269,254	203,221
2034 - 2038	181,642	25,188	206,830	140,310
2039 - 2041	<u>108,150</u>	<u>3,220</u>	<u>111,370</u>	<u>70,152</u>
	<u>\$ 773,903</u>	<u>156,339</u>	<u>930,242</u>	<u>733,738</u>

(5) Capital Assets

Capital asset balances and activity for the year ended December 31, 2023 were as follows:

	<u>Beginning</u> <u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Ending</u> <u>Balance</u> <u>12/31/2023</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 647,753	-	-	-	647,753
Construction in progress	<u>8,817,050</u>	<u>5,153,536</u>	<u>-</u>	<u>(6,635,893)</u>	<u>7,334,693</u>
Total capital assets, not being depreciated	<u>9,464,803</u>	<u>5,153,536</u>	<u>-</u>	<u>(6,635,893)</u>	<u>7,982,446</u>
Capital assets, being depreciated:					
Buildings	11,078,261	-	-	-	11,078,261
Improvements	20,065,305	1,008,269	(1,173,950)	3,171,154	23,070,778
Infrastructure	54,514,367	6,824,499	(1,006,727)	3,464,739	63,796,878
Machinery and equipment	<u>13,124,873</u>	<u>1,988,561</u>	<u>(1,323,704)</u>	<u>-</u>	<u>13,789,730</u>
Total capital assets being depreciated	<u>98,782,806</u>	<u>9,821,329</u>	<u>(3,504,381)</u>	<u>6,635,893</u>	<u>111,735,647</u>

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(5) Capital Assets, Continued

	Beginning Balance <u>12/31/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	Ending Balance <u>12/31/2023</u>
Governmental Activities, Continued:					
Accumulated depreciation:					
Buildings	\$ 5,794,966	276,957	-	-	6,071,923
Improvements	9,226,990	1,163,722	(1,173,950)	-	9,216,762
Infrastructure	17,492,855	2,676,017	(1,006,727)	-	19,162,145
Machinery and equipment	6,914,773	1,327,073	(1,323,704)	-	6,918,142
Total accumulated depreciation	<u>39,429,584</u>	<u>5,443,769</u>	<u>(3,504,381)</u>	<u>-</u>	<u>41,368,972</u>
Total capital assets, being depreciated, net	<u>59,353,222</u>	<u>4,377,560</u>	<u>-</u>	<u>6,635,893</u>	<u>70,366,675</u>
Governmental activities capital assets, net	<u>\$ 68,818,025</u>	<u>9,531,096</u>	<u>-</u>	<u>-</u>	<u>78,349,121</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	363,659	-	-	-	363,659
Construction in progress	<u>20,961,745</u>	<u>10,672,519</u>	<u>-</u>	<u>(602,311)</u>	<u>31,031,953</u>
Total capital assets, not being depreciated	<u>21,325,404</u>	<u>10,672,519</u>	<u>-</u>	<u>(602,311)</u>	<u>31,395,612</u>
Capital assets, being depreciated:					
Buildings and improvements	19,673,856	-	(4,720)	-	19,669,136
Infrastructure	40,090,589	874,412	-	602,311	41,567,312
Machinery and equipment	<u>5,676,622</u>	<u>295,793</u>	<u>(131,495)</u>	<u>-</u>	<u>5,840,920</u>
Total capital assets being depreciated	<u>65,441,067</u>	<u>1,170,205</u>	<u>(136,215)</u>	<u>602,311</u>	<u>67,077,368</u>
Accumulated depreciation:					
Buildings and improvements	14,432,436	857,784	(2,162)	-	15,288,058
Infrastructure	7,467,648	1,063,936	-	-	8,531,584
Machinery and equipment	<u>2,699,303</u>	<u>348,834</u>	<u>(131,496)</u>	<u>-</u>	<u>2,916,641</u>
Total accumulated depreciation	<u>24,599,387</u>	<u>2,270,554</u>	<u>(133,658)</u>	<u>-</u>	<u>26,736,283</u>
Total capital assets, being depreciated, net	<u>40,841,680</u>	<u>(1,100,349)</u>	<u>(2,557)</u>	<u>602,311</u>	<u>40,341,085</u>
Business-type activities capital assets, net	<u>\$ 62,167,084</u>	<u>9,572,170</u>	<u>(2,557)</u>	<u>-</u>	<u>71,736,697</u>

Depreciation expense for business-type activities was charged \$800,246 to the Water Fund and \$1,470,308 to the Sewer Fund. Depreciation expense for governmental activities was charged to functions as follows:

General government support	\$ 685,822
Public safety	698,024
Transportation	2,269,195
Health	1,301
Culture and recreation	731,926
Home and community services	<u>1,057,501</u>
Total governmental activities depreciation	<u>\$ 5,443,769</u>

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(6) Short-term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects and enterprises funds. Principal payments must be made annually. State law generally 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 BANs as of December 31, 2023:

<u>Description</u>	<u>Balance 12/31/2022</u>	<u>New issues</u>	<u>Payments/ re-financed</u>	<u>Balance 12/31/2023</u>
Bond anticipation notes:				
Governmental activities - equipment/improvement	\$ 142,000	5,668,352	(142,000)	5,668,352
Business-type activities:				
Sewer improvements	9,848,679	11,049,155	(11,142,500)	9,755,334
Water improvements	15,630,000	14,061,622	(15,630,000)	14,061,622
Total business-type activities	<u>25,478,679</u>	<u>25,110,777</u>	<u>(26,772,500)</u>	<u>23,816,956</u>
Total BANs	<u>\$ 25,620,679</u>	<u>30,779,129</u>	<u>(26,914,500)</u>	<u>29,485,308</u>

BAN interest expenditures in the governmental funds was \$4,260 at December 31, 2023. In the governmental statement of activities, BAN interest amounted to \$93,722. The BAN interest is as follows:

Governmental funds	\$ 4,260
Less: prior year accrued interest	(1,321)
Add: current year accrued interest	<u>90,833</u>
Total BAN interest expense - governmental statement of activities	<u>\$ 93,772</u>

BAN interest of \$533,619 and \$300,859 was recorded in the water and sewer funds, respectively, at December 31, 2023.

(7) 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.



CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(7) Long-term Debt, Continued

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

	Governmental Activities			Business-type Activities					
	Principal	Interest	Total	Water Fund			Sewer Fund		
				Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,648,571	574,525	2,223,096	655,088	142,226	797,314	1,118,993	288,391	1,407,384
2025	1,647,364	524,566	2,171,930	668,927	120,065	788,992	1,023,054	262,927	1,285,981
2026	1,577,816	473,924	2,051,740	483,796	112,652	596,448	1,009,002	237,659	1,246,661
2027	1,508,000	425,979	1,933,979	499,650	103,221	602,871	889,128	215,719	1,104,847
2028	1,326,000	382,510	1,708,510	515,503	93,549	609,052	896,967	196,805	1,093,772
2029 - 2033	6,222,000	1,329,710	7,551,710	2,317,325	329,643	2,646,968	3,808,729	706,209	4,514,938
2034 - 2038	4,016,000	452,536	4,468,536	1,401,673	141,982	1,543,655	2,363,091	311,977	2,675,068
2039 - 2043	710,000	49,000	759,000	753,020	25,930	778,950	1,055,456	68,275	1,123,731
2044 - 2048	-	-	-	354,367	-	354,367	341,819	-	341,819
2049 - 2053	-	-	-	147,724	-	147,724	363,183	-	363,183
	<u>\$ 18,655,751</u>	<u>4,212,750</u>	<u>22,868,501</u>	<u>7,797,073</u>	<u>1,069,268</u>	<u>8,866,341</u>	<u>12,869,422</u>	<u>2,287,962</u>	<u>15,157,384</u>

Constitutional Debt Limit - As of the December 31, 2023 calculation, the projected net indebtedness of the City of Kingston aggregated \$68,518,478. Of this amount, \$24,177,292 was subject to the constitutional debt limit and represented approximately 29.76% 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 employees' 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 \$298,702 and is reported with other long-term liabilities in the government-wide statement of net position. Actual costs may vary due to inflation, changes in technology, or changes in regulations.

(8) Deficit Fund Balances

The capital projects fund had a deficit fund balance at December 31, 2023. The deficit will be eliminated as short-term debt is converted to permanent financing.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(9) Pension Plans

(a) New York State and Local Retirement Systems

Plan Description and Benefits Provided

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) which are collectively referred to as the New York State and Local Retirement System (the System). The System is a cost-sharing, multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute.

The City also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retirement/publications](http://www.osc.state.ny.us/retirement/publications) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Funding Policy

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

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(9) Pension Plans, Continued

(a) New York State and Local Retirement Systems, Continued

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

At December 31, 2023, the City reported a liability of \$7,186,160 and \$14,208,260 for its proportionate share of the net ERS and PFRS pension liability, respectively. The total net pension liabilities were measured as of March 31, 2023, and the total pension liabilities used to calculate each net pension liability was determined by an actuarial valuation as of April 1, 2022. The City's proportion of each net pension liability was based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2023, the City's proportionate share of the ERS liability was 0.0335112%, and 0.2578411% of the PFRS liability. The City's proportionate share of the ERS liability increased and the PFRS liability decreased 0.0002698 and (0.0054643), respectively, from the March 31, 2022 measurement date.

For the year ended December 31, 2023, the City recognized pension expense of \$2,548,683 for ERS, and \$4,599,645 for PFRS in the statement of activities. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 765,382	201,815	1,388,714	-
Changes of assumptions	3,490,063	38,572	6,923,648	-
Net difference between projected and actual investment earnings on pension plan investments	-	42,218	25,118	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	124,304	86,499	834,662	293,402
City's contributions subsequent to the measurement date	<u>1,066,782</u>	<u>-</u>	<u>2,498,392</u>	<u>-</u>
Total	\$ <u>5,446,531</u>	<u>369,104</u>	<u>11,670,534</u>	<u>293,402</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(9) Pension Plans, Continued

(a) New York State and Local Retirement Systems, Continued

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

<u>Year ending December 31,</u>	<u>ERS</u>	<u>PFRS</u>
2024	\$ 967,673	1,725,803
2025	(390,674)	(165,590)
2026	1,477,480	4,322,024
2027	1,956,166	2,741,613
2028	<u>-</u>	<u>254,890</u>
	<u>\$ 4,010,645</u>	<u>8,878,740</u>

Actuarial Assumptions

The total pension liability for the March 31, 2023 measurement date was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuation for ERS and PFRS used the following actuarial assumptions:

	ERS	PFRS
Measurement date	March 31, 2023	March 31, 2023
Investment rate of return	5.9%	5.9%
Projected salary increases	4.4%	6.2%
Inflation rate	2.9%	2.9%
Mortality improvement	Society of Actuaries Scale MP-2020	Society of Actuaries Scale MP-2020
Cost of living adjustments	1.5% annually	1.5% annually

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2021 used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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 the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized as follows:

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(9) Pension Plans, Continued

(a) New York State and Local Retirement Systems, Continued

	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Asset type:		
Domestic equity	32%	4.30%
International equity	15%	6.85%
Private equity	10%	7.50%
Real estate	9%	4.60%
Opportunistic/ARS portfolio	3%	5.38%
Credit	4%	5.43%
Real assets	3%	5.84%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.00%
	<u>100%</u>	

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

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon these 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 Liabilities to the Discount Rate

The following presents the City's proportionate share of the net pension liabilities calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liabilities would be if it were calculated using a discount rate that is 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
City's proportionate share of the net ERS pension liability (asset)	\$ <u>17,365,867</u>	<u>7,186,160</u>	<u>(1,320,169)</u>
City's proportionate share of the net PFRS pension liability	\$ <u>29,617,782</u>	<u>14,208,260</u>	<u>1,448,250</u>

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(9) Pension Plans, Continued

(a) New York State and Local Retirement Systems, Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2023 were as follows:

	<u>Dollars in Millions</u>	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ (232,627)	(43,835)
Fiduciary net position	<u>211,183</u>	<u>38,325</u>
Employers' net pension liability	\$ <u>(21,444)</u>	<u>(5,510)</u>
Ratio of fiduciary net position to the employers' total pension liability	90.78%	87.43%

Payables to the Pension Plan

For ERS, employer contributions for the plan year ended March 31, 2024 were paid to the System in December 2023. Prepaid retirement contributions as of December 31, 2023 amounted to \$1,066,782.

For PFRS, employer contributions for the plan year ended March 31, 2024 were paid to the System in February 2024. Accrued retirement contributions as of December 31, 2023 amounted to \$2,498,392.

(10) Other Postemployment Benefits (OPEB)

Plan Description

The City's defined benefit OPEB plan provides OPEB for all permanent full-time general and public safety employees of the City. The plan is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB), Continued

Benefits Provided

The City provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the districts offices and are available upon request.

Employees Covered by Benefit Terms

At January 1, 2022, the following employees were covered by the benefit terms:

Active employees	305
Retired	<u>347</u>
Total	<u>652</u>

Total OPEB Liability

The City's total OPEB liability of \$131,684,031 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2022 with update procedures to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 measurement 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	3.88%
Healthcare cost trend rate	7.0% for pharmacy, medical, dental and vision for 2023, reduced incrementally to an ultimate rate of 4.55% after year 8
Current retiree's share of benefit related costs	Retirees pay abased on specific cost sharing agreement
Future Retiree's share of benefit related costs	Retirees pay abased on specific cost sharing agreement

The discount rate was based on an average of the two 20-year bond indices, the S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GO AA 20 Years.

Mortality rates were based on the RP mortality table units MP-2021 projection.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB), Continued

Changes in the Total OPEB Liability

Total OPEB liability as of December 31, 2022	\$ 123,535,748
Changes for the year:	
Service cost	3,049,174
Interest on total OPEB liability	4,690,834
Changes of assumptions or other inputs	5,684,180
Benefit payments	<u>(5,275,905)</u>
Total changes	<u>8,148,283</u>
Total OPEB liability as of December 31, 2023	\$ <u>131,684,031</u>

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

The following 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 (2.88%) or 1-percentage point higher (4.88%) than the current discount rate:

	1% Decrease (2.88%)	Discount Rate (3.88%)	1% Increase (4.88%)
Total OPEB liability	\$ <u>153,475,570</u>	<u>131,684,031</u>	<u>114,454,699</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rate

The following 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 rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>111,876,167</u>	<u>131,684,031</u>	<u>157,469,131</u>

For the year ended December 31, 2023, the City recognized OPEB expense of \$(952,941). At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits, Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,125,351	8,854,031
Changes of assumptions or other inputs	<u>10,583,987</u>	<u>34,871,964</u>
Total	\$ <u>12,709,338</u>	<u>43,725,995</u>

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

<u>Year ending</u>	
2024	\$ (9,125,617)
2025	(5,983,419)
2026	(5,573,216)
2027	(5,573,216)
2028	(5,573,216)
Thereafter	<u>812,027</u>
	\$ <u>(31,016,657)</u>

(11) Contingencies

(a) 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.

(b) 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 \$225,804 for claims in addition to amounts included in the annual budget.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(11) Contingencies, Continued

(b) Judgments and Claims, Continued

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.

(c) Authorized Debt

In addition to the debt described in notes 6 and 7, \$55,589,910 has been authorized but was unissued at December 31, 2023.

(d) 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.

(e) Capital Projects

The City of Kingston, other than the Water Department has prepared a capital plan covering 21 capital projects. The current estimated total cost of these projects amounts to \$56,588,048 of which 38% is expected to be covered by grants and 62% by local funding. These projects are prioritized based on criteria, the highest of which is legal mandates. Estimated completion timetables run through 2026.

(12) Related Party Transactions

The City and Kingston City School District (the District) had undertaken the joint operation and maintenance of Dietz Stadium, a recreational facility, through the Dietz Stadium Commission. As of September 19, 2019, the City and the District signed an inter-municipal agreement, wherein the District conveyed its share of management and capital control to the City for a period of 5 years with an automatic renewal for an additional five years. The District will pay the City \$95,000 per year, plus scheduled increases, and share in capital costs. For the year ended December 31, 2023, the District was billed \$4,365 for debt service and \$102,831 for operating expenses. 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 \$35,000 under those agreements for the year ended December 31, 2023.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(13) Property Tax Abatements

The City is a party to 15 below 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, 2023:

<u>Start Date</u>	<u>Agreement</u>	Total	2023 City	2023 City Tax	City PILOT	City Taxes
		<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Value Without Exemptions</u>	<u>and Tax Received for 2023</u>	<u>Abated for 2023*</u>
1961	Rondout Gardens	\$ 7,576,000	13.909561	105,379	8,000	97,379
2002	Brigham Senior Housing LP	1,679,000	13.909561	23,354	20,277	3,077
2005	Benedictine Hospital	2,600,000	13.909561	36,165	14,810	21,355
2014	EA Flatbush, LLC	2,033,000	13.909561	28,278	18,481	9,797
2014	JBT Holdings LLC	3,303,000	13.909561	45,943	21,798	24,145
2015	Lace Mill Limited Partnership	5,341,000	13.909561	74,291	15,080	59,211
2015	Birchwood Village LP	5,258,000	13.909561	73,136	10,419	62,717
2020	Landmark Preservation - Yosman and Gov Clinton	16,768,000	13.909561	233,236	107,224	126,012
2020	Energy Square Housing Development Fund Co, Inc	7,593,000	13.909561	105,615	22,484	83,131
2020	Hudson Valley Development LLC	1,620,000	13.909561	22,533	11,006	11,527
2020	Hudson Valley Development LLC	760,000	13.909561	10,571	6,127	4,444
2020	Hudson Valley Development LLC	900,000	13.909561	12,519	6,614	5,905
2020	Hudson Valley Development LLC	1,200,000	13.909561	16,691	11,037	5,654
2021	Landmark Place HDFC	9,900,000	13.909561	137,705	18,919	118,786
2023	Kingstonian Development	1,326,000	13.909561	18,444	8,374	10,070
		<u>\$ 67,857,000</u>		<u>943,860</u>	<u>300,650</u>	<u>643,210</u>

\*The amount listed in the "City Taxes Abated For 2023" column is based upon market value assessments. These figures would be significantly lower if eligible properties were valued using RPTIL 58la valuation methodology.

(14) Subsequent Events

Management has evaluated events through the date of the report, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require disclosure are properly addressed in these financial statements.

On March 5, 2024, the City issued a BAN in the amount of \$11,500,000, at an interest rate of 4.25% with a maturity date of March 5, 2025, for renovations, reconstruction and expansion of the Library Building for the Kingston Library District.

On April 18, 2024, the City issued a BAN in the amount of \$15,000,000, at an interest rate of 4.50% with a maturity date of April 17, 2025, for various improvements at Dietz Stadium.

CITY OF KINGSTON, NEW YORK  
Notes to Financial Statements, Continued

(14) Subsequent Events, Continued

On August 13, 2024, the City renewed a BAN in the amount of \$7,605,000, at an interest rate of 4.00% with a maturity date of August 13, 2025, for engineering and design of the wastewater treatment plant.

On August 13, 2024, the City renewed a BAN in the amount of \$11,114,425, at an interest rate of 4.25% with a maturity date of August 13, 2025, for various capital projects and equipment. This BAN also provided \$4,281,000 of new financing.

On October 24, 2024, the City issued a BAN in the amount of \$4,726,476, at an interest rate of 4.00% with a maturity date of April 17, 2025, for various improvements at Dietz Stadium.

(15) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after December 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

(16) Cumulative Effect of Change in Accounting Principle

The City adopted provisions of GASB statement No. 87 - "Leases" during the year ended December 31, 2023. Net position of the water fund at December 31, 2022 was restated as follows:

Net position as of December 31, 2022, as previously stated	\$ 2,291,971
GASB statement No. 87 adjustments:	
Lease receivables	816,784
Deferred inflow resources - leases	<u>(795,270)</u>
Cumulative effect of change in accounting principle	<u>21,514</u>
Net position as of December 31, 2022, as restated	\$ <u><u>2,313,485</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KINGSTON, NEW YORK  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
Year ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:				
Real property taxes	\$ 17,624,961	17,624,961	17,164,565	(460,396)
Real property tax items	870,250	870,250	1,145,080	274,830
Non property tax items	19,795,000	19,795,000	20,361,441	566,441
Departmental income	1,901,100	1,945,015	2,061,711	116,696
Intergovernmental charges	616,145	616,145	694,759	78,614
Use of money and property	310,000	310,000	1,298,602	988,602
Licenses and permits	1,004,620	1,004,620	1,356,550	351,930
Fines and forfeitures	129,000	129,000	181,536	52,536
Sale of property and compensation for loss	80,500	165,239	328,777	163,538
Miscellaneous	4,357,070	4,772,580	5,026,428	253,848
State aid	1,305,180	3,384,357	1,046,090	(2,338,267)
Federal aid	555,347	4,222,419	4,279,107	56,688
Total revenue	<u>48,549,173</u>	<u>54,839,586</u>	<u>54,944,646</u>	<u>105,060</u>
Appropriation of prior's year's fund balance	<u>1,606,985</u>	<u>2,616,010</u>	<u>-</u>	<u>(2,616,010)</u>
Total revenues and appropriation of prior year's fund balance	<u>50,156,158</u>	<u>57,455,596</u>	<u>54,944,646</u>	<u>(2,510,950)</u>
Expenditures:				
General government support	6,188,318	6,612,792	5,754,657	858,135
Public safety	15,984,017	16,915,865	15,849,798	1,066,067
Health	489,561	691,517	510,300	181,217
Transportation	2,136,350	2,350,007	1,924,951	425,056
Economic assistance and opportunity	509,600	3,407,178	782,299	2,624,879
Culture and recreation	2,321,437	2,650,968	2,434,888	216,080
Home and community services	2,927,835	3,265,570	2,962,313	303,257
Employee benefits	17,307,545	17,248,942	17,045,306	203,636
Capital outlay	170,285	317,103	264,344	52,759
Debt service	103,717	146,261	146,260	1
Total expenditures	<u>48,138,665</u>	<u>53,606,203</u>	<u>47,675,116</u>	<u>5,931,087</u>
Excess of revenue and appropriation of prior year's fund balance over expenditures	<u>2,017,493</u>	<u>3,849,393</u>	<u>7,269,530</u>	<u>3,420,137</u>
Other financing sources (uses):				
Transfers in	-	-	142,000	142,000
Transfers out	<u>(2,017,493)</u>	<u>(3,849,393)</u>	<u>(6,855,847)</u>	<u>(3,006,454)</u>
Total other financing sources (uses)	<u>(2,017,493)</u>	<u>(3,849,393)</u>	<u>(6,713,847)</u>	<u>(2,864,454)</u>
Excess of revenues and appropriation of prior year's fund balance and other sources over expenditures	<u>\$ -</u>	<u>-</u>	<u>555,683</u>	<u>555,683</u>

CITY OF KINGSTON, NEW YORK  
Required Supplementary Information  
Schedule of City's Proportionate Share of the Net Pension Asset/Liability  
December 31, 2023

<u>ERS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The City's proportion of the net pension liability (asset)	0.0335112%	0.0332414%	0.0322552%	0.0335299%	0.0310817%	0.0315656%	0.3110000%	0.0308454%	0.0310462%
The City's proportionate share of the net pension liability (asset)	\$ 7,186,160	(2,717,345)	32,118	8,878,900	2,202,231	1,014,867	2,922,228	4,950,767	1,045,219
The City's covered payroll	\$ 11,688,300	9,967,141	8,899,782	9,564,299	9,575,008	8,490,239	8,625,019	9,085,750	8,805,830
The City's proportionate share of the net pension (asset) liability as a percentage of covered payroll	61.48%	27.26%	0.36%	92.83%	23.00%	11.95%	33.88%	54.49%	11.87%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
 <u>PFRS</u>									
The City's proportion of the net pension liability	0.2578411%	0.2633054%	0.2359214%	0.2536257%	0.2525173%	0.2673421%	0.2674175%	0.2691796%	0.2604413%
The City's proportionate share of the net pension liability	\$ 14,208,260	1,495,692	4,096,247	13,556,133	4,234,875	2,702,179	5,542,633	7,969,833	716,890
The City's covered payroll	\$ 12,100,440	10,705,237	11,234,584	10,124,452	10,566,486	10,007,857	11,289,209	10,826,434	10,492,852
The City's proportionate share of the net pension liability as a percentage of covered payroll	117.42%	13.97%	36.46%	133.89%	40.08%	27.00%	49.10%	73.61%	6.83%
Plan fiduciary net position as a percentage of the total pension liability	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF KINGSTON, NEW YORK  
Required Supplementary Information  
Schedule of City's Pension Contributions  
December 31, 2023

<u>ERS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,498,079	1,457,696	1,373,718	1,338,743	1,272,396	1,357,915	1,323,022	1,511,551	1,631,252
Contribution in relation to the contractually required contribution	<u>1,498,079</u>	<u>1,457,696</u>	<u>1,373,718</u>	<u>1,338,743</u>	<u>1,272,396</u>	<u>1,357,915</u>	<u>1,323,022</u>	<u>1,376,551</u>	<u>1,221,646</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,000</u>	<u>409,606</u>
City's covered payroll	\$ 11,688,300	11,503,802	9,595,604	9,225,423	9,283,700	7,911,106	8,625,019	9,085,750	8,805,830
Contribution as a percentage of covered payroll	12.82%	12.67%	14.32%	14.51%	13.71%	17.16%	15.34%	15.15%	13.87%
 <u>PFRS</u>									
Contractually required contribution	\$ 3,307,406	3,167,766	2,432,856	2,425,319	2,305,012	2,438,708	2,288,926	2,208,039	2,440,711
Contribution in relation to the contractually required contribution	<u>3,307,406</u>	<u>3,167,766</u>	<u>2,432,856</u>	<u>2,425,319</u>	<u>2,305,012</u>	<u>2,438,708</u>	<u>2,288,926</u>	<u>2,208,039</u>	<u>2,305,723</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,988</u>
City's covered payroll	\$ 12,100,440	11,994,641	10,615,762	11,501,674	10,174,915	10,437,737	11,289,209	10,826,434	10,492,852
Contribution as a percentage of covered payroll	27.33%	26.41%	22.92%	21.09%	22.65%	23.36%	20.28%	20.39%	21.97%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF KINGSTON, NEW YORK  
Required Supplementary Information  
Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 3,049,174	2,704,382	4,597,100	5,009,410	4,617,343	4,228,337
Interest on total OPEB liability	4,690,834	6,740,144	3,090,334	5,518,116	5,839,214	5,544,492
Differences between expected and actual experience	-	-	5,313,379	(44,270,163)	(8,959,434)	1,934,543
Changes of assumptions or other inputs	5,684,180	(44,696,692)	(7,364,393)	28,559,165	11,122,788	-
Benefit payments	<u>(5,275,905)</u>	<u>(4,919,115)</u>	<u>(4,100,662)</u>	<u>(3,825,260)</u>	<u>(3,715,754)</u>	<u>(3,505,480)</u>
Net change in total OPEB liability	8,148,283	(40,171,281)	1,535,758	(9,008,732)	8,904,157	8,201,892
Total OPEB liability - beginning	<u>123,535,748</u>	<u>163,707,029</u>	<u>162,171,271</u>	<u>171,180,003</u>	<u>162,275,846</u>	<u>154,073,954</u>
Total OPEB liability - ending	<u>\$ 131,684,031</u>	<u>123,535,748</u>	<u>163,707,029</u>	<u>162,171,271</u>	<u>171,180,003</u>	<u>162,275,846</u>
Covered payroll	\$ 19,597,213	19,597,213	21,341,386	21,511,136	20,652,801	20,675,343
Total OPEB liability as a percentage of covered payroll	671.95%	630.37%	767.09%	753.89%	828.85%	784.88%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Notes to Required Supplementary Information:

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:

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.88%	4.18%	2.25%	1.93%	3.26%	3.64%

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.