

CITY OF KINGSTON, NEW YORK

Basic Financial Statements
Supplementary Information and
Independent Auditors' Report

December 31, 2024

CITY OF KINGSTON, NEW YORK

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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, 2024, 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, 2024, 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 note 17 to the financial statements, restatements of the prior period financial statements were made during the year ended December 31, 2024. 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 49 through 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 July 10, 2025, 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
July 10, 2025

CITY OF KINGSTON, NEW YORK
 Management's Discussion and Analysis
 December 31, 2024

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, 2024. This discussion and analysis is only an introduction and should be read in conjunction with the City's financial statements.

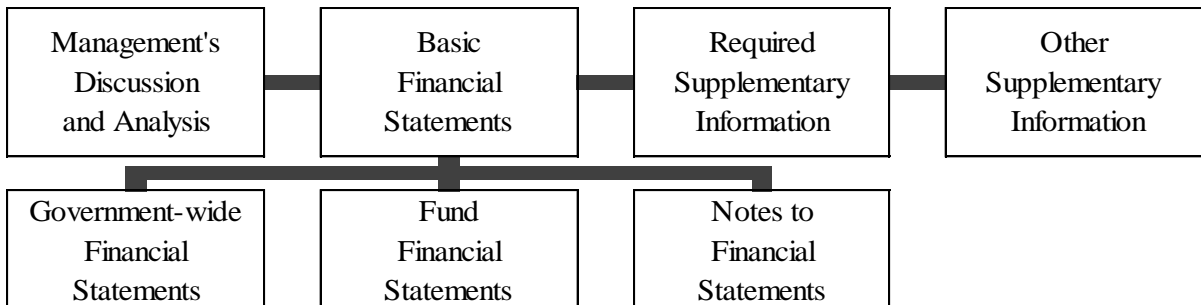
2024 Financial Highlights

- The City's governmental activities net position (defined as assets plus deferred outflows less liabilities and deferred inflows) was a deficit of \$63,546,663 at December 31, 2024.
- The governmental activities total net position increased by \$15,605,958 for the year ending December 31, 2024.
- As of the close of the year, the City's governmental funds reported an ending deficit fund balance of \$2,464,738, a decrease of \$8,255,613 in comparison with the prior year.
- As of the close of the year, the City's proprietary funds reported an ending net position of \$17,005,170, an increase of \$1,436,682 in comparison with the prior year.
- At the end of the year, unassigned fund balance for the general fund was \$10,015,206.
- At the end of the year, unrestricted net position for governmental activities and the proprietary funds was a deficit of \$102,137,062 and \$8,737,618, respectively.
- During the year ended December 31 2024, the City made corrections of errors for the governmental activities and the water fund.

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.

Required Components of the City's Basic Financial Statements



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

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.

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 State, 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

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

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.

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>2024</u>	<u>2023*</u>	<u>Change</u>	<u>Percentage change</u>
Current assets	\$ 57,463,513	45,059,839	12,403,674	28%
Noncurrent assets	<u>101,068,162</u>	<u>80,600,829</u>	<u>20,467,333</u>	25%
Total assets	<u>158,531,675</u>	<u>125,660,668</u>	<u>32,871,007</u>	26%
Deferred outflows of resources	<u>21,787,499</u>	<u>27,383,695</u>	<u>(5,596,196)</u>	(20%)
Current liabilities	52,971,734	32,113,384	20,858,350	65%
Long-term liabilities	<u>157,511,721</u>	<u>158,554,772</u>	<u>(1,043,051)</u>	(1%)
Total liabilities	<u>210,483,455</u>	<u>190,668,156</u>	<u>19,815,299</u>	10%
Deferred inflows of resources	<u>33,382,382</u>	<u>41,528,828</u>	<u>(8,146,446)</u>	(20%)
Net position (deficit):				
Net investment in capital assets	36,212,399	53,691,704	(17,479,305)	(33%)
Restricted	2,468,076	1,371,506	1,096,570	80%
Unrestricted (deficit)	<u>(102,227,138)</u>	<u>(134,215,831)</u>	<u>31,988,693</u>	24%
Total net position (deficit)	<u>\$ (63,546,663)</u>	<u>(79,152,621)</u>	<u>15,605,958</u>	20%

*Restated for correction of error.

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

Management's Explanation of Changes

The increase in current assets is primarily due to an increase in due from other governments as a result of new grants. The increase in capital assets is due to capital purchases exceeding current year depreciation expense. Total liabilities increased primarily from bond anticipation notes payable.

Government-Wide Financial Analysis
Governmental Activities
Changes in Net Position

	<u>2024</u>	<u>2023*</u>	<u>Change</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 7,495,408	4,346,336	3,149,072	72%
Operating and capital grants	23,587,591	14,533,092	9,054,499	62%
General revenue:				
Real property taxes	16,109,590	17,267,953	(1,158,363)	(7%)
Real property tax items	1,218,979	1,145,080	73,899	6%
Nonproperty taxes	20,859,486	20,361,441	498,045	2%
Use of money and property	1,339,901	1,359,102	(19,201)	(1%)
Sale of property and compensation for loss	152,416	328,777	(176,361)	(54%)
Interfund transfers	(761,619)	(17,522)	(744,097)	4247%
Miscellaneous	5,131,158	1,693,314	3,437,844	203%
Total revenue	<u>75,132,910</u>	<u>61,017,573</u>	<u>14,115,337</u>	23%
Expenses:				
General government support	8,911,150	8,540,298	370,852	4%
Public safety	31,487,938	26,143,925	5,344,013	20%
Health	682,042	695,119	(13,077)	(2%)
Transportation	5,522,023	5,050,010	472,013	9%
Economic assistance and opportunity	1,131,663	1,157,905	(26,242)	(2%)
Culture and recreation	4,563,047	4,527,512	35,535	1%
Home and community services	5,461,961	6,470,722	(1,008,761)	(16%)
Interest	1,767,128	686,939	1,080,189	157%
Total expenses	<u>59,526,952</u>	<u>53,272,430</u>	<u>6,254,522</u>	12%
Change in net position	<u>\$ 15,605,958</u>	<u>7,745,143</u>	<u>7,860,815</u>	101%

*Restated for correction of error.

Total revenue in increased by 23% from the prior year primarily due to an increase in operating and capital grants as the City received new grants. Total expenses increased 12% over the prior year. The majority of this increase was in public safety which increased 20% and interest which increased 157%.

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 \$10,015,206. 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 19% of total general fund expenditures.

At December 31, 2024, the governmental funds of the City reported a combined deficit fund balance of \$2,464,738. Included in this change in fund balance is an increase in the general fund offset by decreases in the special grant, capital projects and debt service funds.

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

Capital Asset and Debt Administration - Governmental Activities

Capital Assets: The City's investment in capital assets for its governmental activities as of December 31, 2024 totaled \$97,798,642 (net of accumulated depreciation). These assets include land, construction in progress, buildings, improvements, infrastructure, and machinery and equipment.

Debt: As of December 31, 2024, the City had total debt principal outstanding for its governmental activities of \$54,714,624 which includes bond anticipation notes payable and bonds payable. The debt is backed by the full faith and credit of the City.

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

Proprietary Funds Net Position

	<u>2024</u>	<u>2023*</u>	<u>Change</u>	<u>Percent change</u>
Current assets	\$ 12,823,133	12,091,210	731,923	6%
Noncurrent assets	<u>73,029,345</u>	<u>72,688,152</u>	<u>341,193</u>	0%
Total assets	<u>85,852,478</u>	<u>84,779,362</u>	<u>1,073,116</u>	1%
Deferred outflows of resources	<u>2,387,949</u>	<u>2,446,041</u>	<u>(58,092)</u>	(2%)
Current liabilities	32,318,627	30,766,422	1,552,205	5%
Long-term liabilities	<u>33,756,377</u>	<u>35,135,648</u>	<u>(1,379,271)</u>	(4%)
Total liabilities	<u>66,075,004</u>	<u>65,902,070</u>	<u>172,934</u>	0%
Deferred inflows of resources	<u>5,160,253</u>	<u>5,754,845</u>	<u>(594,592)</u>	(10%)
Net position (deficit):				
Net investment in capital assets	24,074,675	27,101,495	(3,026,820)	(11%)
Restricted	1,668,113	-	1,668,113	100%
Unrestricted (deficit)	<u>(8,737,618)</u>	<u>(11,533,007)</u>	<u>2,795,389</u>	(24%)
Total net position (deficit)	<u>\$ 17,005,170</u>	<u>15,568,488</u>	<u>1,436,682</u>	9%

*Restated for correction of errors

As shown in the above table, proprietary funds' current assets increased by \$731,923 from the prior year primarily due an increase in cash and equivalents. Current liabilities increased by \$1,552,205, primarily due to an increase in bond anticipation notes payable. Overall, net position increased by \$1,436,682. At December 31, 2024, net position was \$17,005,170.

Proprietary Funds
Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent change</u>
Revenue:				
Charges for services	\$ 13,215,107	12,106,998	1,108,109	9%
Other revenue	<u>1,118,171</u>	<u>3,018,178</u>	<u>(1,900,007)</u>	(63%)
Total revenue	<u>14,333,278</u>	<u>15,125,176</u>	<u>(791,898)</u>	(5%)
Expenses				
Personal services	5,944,623	5,864,826	79,797	1%
Maintenance and operating costs	2,373,976	2,213,553	160,423	7%
Depreciation	2,974,101	2,270,554	703,547	31%
Interest and other	<u>1,603,896</u>	<u>1,640,955</u>	<u>(37,059)</u>	(2%)
Total expenses	<u>12,896,596</u>	<u>11,989,888</u>	<u>906,708</u>	8%
Change in net position	<u>\$ 1,436,682</u>	<u>3,135,288</u>	<u>(1,698,606)</u>	(54%)

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

As shown in the above table, proprietary funds' revenue decreased by \$791,898 from the prior year primarily due to a decrease in State and Federal aid in the water fund. Expenses increased by \$906,708 primarily due to an increase in maintenance and operating costs.

Capital Asset and Debt Administration - Proprietary Funds

Capital Assets: The City's investment in capital assets for its business-type activities at December 31, 2024 was \$72,126,295 (net of accumulated depreciation). These assets include land, construction in progress, buildings and improvements, infrastructure and machinery and equipment.

Debt: At December 31, 2024, the City had total debt principal outstanding pertaining to its business-type activities of \$48,051,620 which includes bond anticipation notes payable and bonds payable. The debt is backed by the full faith and credit of the City.

Future Factors and Next Year's Budget

The City, other than the Water Department, has prepared a capital plan covering 30 capital projects. The current estimated total cost of these projects amounts to \$159,799,389 of which 64% is expected to be covered by grants and 36% by local funding. These projects are prioritized based on criteria, the highest of which is legal mandates. Estimated completion timetables run through 2027.

The City's 2025 adopted budget includes anticipated expenditures of \$59,847,749. The expenditures are to be funded through \$19,562,582 of real property taxes, \$37,371,097 of other revenue, and \$2,914,070 of fund balance.

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, CPA, Comptroller, City of Kingston, 420 Broadway, Kingston, New York 12401.

CITY OF KINGSTON, NEW YORK
Statement of Net Position
December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current assets:				
Cash and equivalents - unrestricted	\$ 24,786,812	2,507,786	27,294,598	3,928,294
Cash and equivalents - restricted	2,468,076	1,668,113	4,136,189	-
Investments	-	-	-	1,622,764
Receivables:				
Taxes	6,112,220	-	6,112,220	-
Due from other governments	15,599,233	730,614	16,329,847	-
Due from State and Federal	8,141,761	983,679	9,125,440	-
Notes receivable	569,825	-	569,825	-
Other	2,075,641	2,275,895	4,351,536	764,891
Loans, current portion	-	-	-	68,321
Leases, current portion	-	48,405	48,405	27,382
Inventory	12,990	364,957	377,947	-
Prepaid expenses	1,496,117	444,522	1,940,639	28,157
Property held for resale	-	-	-	3,241,869
Internal balances	(3,799,162)	3,799,162	-	-
Total current assets	<u>57,463,513</u>	<u>12,823,133</u>	<u>70,286,646</u>	<u>9,681,678</u>
Noncurrent assets:				
Capital assets, not being depreciated	3,229,913	21,721,477	24,951,390	2,784,953
Capital assets, being depreciated, net	94,568,729	50,404,818	144,973,547	40,400
Leases receivable, excluding current portion	-	903,050	903,050	4,300,481
Loans receivable, net of allowance of \$10,000	-	-	-	121,758
Worker's compensation plan	3,269,520	-	3,269,520	-
Total noncurrent assets	<u>101,068,162</u>	<u>73,029,345</u>	<u>174,097,507</u>	<u>7,247,592</u>
Total assets	<u>158,531,675</u>	<u>85,852,478</u>	<u>244,384,153</u>	<u>16,929,270</u>
Deferred outflows of resources:				
Pensions	16,376,757	1,513,807	17,890,564	-
OPEB	5,410,742	873,031	6,283,773	-
Other	-	1,111	1,111	-
Total deferred outflows of resources	<u>21,787,499</u>	<u>2,387,949</u>	<u>24,175,448</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable	7,399,906	908,804	8,308,710	695,194
Accrued liabilities	2,787,612	678,481	3,466,093	-
Bond anticipation notes payable	37,450,928	29,017,546	66,468,474	-
Due to other governments	3,588,975	-	3,588,975	-
Compensated absences liability, current portion	-	10,538	10,538	-
Landfill remediation liability, current portion	82,668	-	82,668	-
Bonds payable, current portion including premium	1,661,645	1,703,258	3,364,903	-
Total current liabilities	<u>52,971,734</u>	<u>32,318,627</u>	<u>85,290,361</u>	<u>695,194</u>
Noncurrent liabilities:				
Compensated absences liability, excluding current portion	4,135,486	363,508	4,498,994	-
Landfill remediation liability, excluding current portion	133,366	-	133,366	-
Bonds payable, excluding current portion including premium	15,602,051	17,330,816	32,932,867	-
Net pension liabilities	16,540,263	1,485,351	18,025,614	-
Total OPEB liability	121,100,555	14,576,702	135,677,257	-
Total noncurrent liabilities	<u>157,511,721</u>	<u>33,756,377</u>	<u>191,268,098</u>	<u>-</u>
Total liabilities	<u>210,483,455</u>	<u>66,075,004</u>	<u>276,558,459</u>	<u>695,194</u>
Deferred inflows of resources:				
Leases	-	544,055	544,055	3,866,509
Unearned revenue	4,405,949	67,022	4,472,971	-
Pensions	5,721,860	789,906	6,511,766	-
OPEB	23,254,573	3,759,270	27,013,843	-
Total deferred inflows of resources	<u>33,382,382</u>	<u>5,160,253</u>	<u>38,542,635</u>	<u>3,866,509</u>
Net position (deficit):				
Net investment in capital assets	36,212,399	24,074,675	60,287,074	2,825,353
Restricted	2,468,076	1,668,113	4,136,189	981,830
Unrestricted (deficit)	(102,227,138)	(8,737,618)	(110,964,756)	8,560,384
Total net position (deficit)	<u>\$ (63,546,663)</u>	<u>17,005,170</u>	<u>(46,541,493)</u>	<u>12,367,567</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK
Statement of Activities
Year ended December 31, 2024

Functions	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government support	\$ 8,911,150	1,285,729	931,574	-	(6,693,847)	-	(6,693,847)	-
Public safety	31,487,938	3,552,750	13,660,805	45,874	(14,228,509)	-	(14,228,509)	-
Health	682,042	52,264	318,109	-	(311,669)	-	(311,669)	-
Transportation	5,522,023	352,257	26,383	6,592,518	1,449,135	-	1,449,135	-
Economic assistance and opportunity	1,131,663	215	244,117	-	(887,331)	-	(887,331)	-
Culture and recreation	4,563,047	1,876,133	92,102	-	(2,594,812)	-	(2,594,812)	-
Home and community services	5,461,961	376,060	1,419,092	257,017	(3,409,792)	-	(3,409,792)	-
Interest	1,767,128	-	-	-	(1,767,128)	-	(1,767,128)	-
Total governmental activities	59,526,952	7,495,408	16,692,182	6,895,409	(28,443,953)	-	(28,443,953)	-
Business-type activities:								
Water fund	6,187,059	6,284,055	24,435	-	-	121,431	121,431	-
Sewer fund	6,709,537	6,931,052	73,782	-	-	295,297	295,297	-
Total business-type activities	12,896,596	13,215,107	98,217	-	-	416,728	416,728	-
Total primary government	\$ 72,423,548	20,710,515	16,790,399	6,895,409	(28,443,953)	416,728	(28,027,225)	-
Component Units:								
City of Kingston Local Development Corporation	102,357	167,376	-	-	-	-	-	65,019
Kingston City Land Bank, Inc.	2,442,379	-	3,452,085	-	-	-	-	1,009,706
Total component units	\$ 2,544,736	167,376	3,452,085	-	-	-	-	1,074,725
General revenue:								
Real property taxes					16,109,590	-	16,109,590	-
Real property tax items					1,218,979	-	1,218,979	-
Nonproperty tax items					20,859,486	-	20,859,486	-
Use of money and property					1,339,901	231,069	1,570,970	146,053
Sale of property and compensation for loss					152,416	27,266	179,682	1,169,844
Interfund transfers					(761,619)	761,619	-	-
Miscellaneous					5,131,158	-	5,131,158	602
Total general revenue					44,049,911	1,019,954	45,069,865	1,316,499
Change in net position					15,605,958	1,436,682	17,042,640	2,391,224
Net position (deficit) at beginning of year, as previously stated					(81,404,329)	15,244,397	(66,159,932)	9,976,343
Correction of error (note 17)					2,251,708	324,091	2,575,799	-
Net position (deficit) at beginning of year, as restated					<u>(79,152,621)</u>	<u>15,568,488</u>	<u>(63,584,133)</u>	<u>9,976,343</u>
Net position (deficit) at end of year					<u>\$ (63,546,663)</u>	<u>17,005,170</u>	<u>(46,541,493)</u>	<u>12,367,567</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2024

	General Fund	Special Grant Funds	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>Assets</u>					
Cash and equivalents - unrestricted	\$ 16,315,540	25,728	-	8,445,544	24,786,812
Cash and equivalents - restricted	1,396,467	-	-	1,071,609	2,468,076
Receivables:					
Taxes	6,112,220	-	-	-	6,112,220
Due from other funds	6,297,384	-	13,141,275	-	19,438,659
Due from other governments	3,663,247	-	11,734,683	201,303	15,599,233
Due from State and Federal	640,030	470,458	7,031,273	-	8,141,761
Notes receivable	-	569,825	-	-	569,825
Other	2,075,641	-	-	-	2,075,641
Inventory	12,990	-	-	-	12,990
Prepaid expenditures	1,464,212	-	31,905	-	1,496,117
Total assets	<u>\$ 37,977,731</u>	<u>1,066,011</u>	<u>31,939,136</u>	<u>9,718,456</u>	<u>80,701,334</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>					
Liabilities:					
Accounts payable	1,095,549	470,458	5,833,899	-	7,399,906
Accrued expenses	520,450	-	1,037,720	-	1,558,170
Bond anticipation notes payable	-	-	37,450,928	-	37,450,928
Due to other funds	8,751,469	-	5,996,561	8,489,791	23,237,821
Due to other governments	3,578,351	10,624	-	-	3,588,975
Total liabilities	<u>13,945,819</u>	<u>481,082</u>	<u>50,319,108</u>	<u>8,489,791</u>	<u>73,235,800</u>
Deferred inflow of resources:					
Taxes	5,524,323	-	-	-	5,524,323
Unearned revenue	2,055,615	569,825	1,579,206	201,303	4,405,949
Total deferred inflows of resources	<u>7,579,938</u>	<u>569,825</u>	<u>1,579,206</u>	<u>201,303</u>	<u>9,930,272</u>
Fund balances (deficit):					
Nonspendable	1,477,202	-	31,905	-	1,509,107
Restricted	1,396,467	-	-	1,071,609	2,468,076
Assigned	3,563,099	15,104	-	(44,247)	3,533,956
Unassigned (deficit)	10,015,206	-	(19,991,083)	-	(9,975,877)
Total fund balances (deficit)	<u>16,451,974</u>	<u>15,104</u>	<u>(19,959,178)</u>	<u>1,027,362</u>	<u>(2,464,738)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,977,731</u>	<u>1,066,011</u>	<u>31,939,136</u>	<u>9,718,456</u>	<u>80,701,334</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, 2024

Total governmental fund balances		\$ (2,464,738)
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	\$ 3,229,913	
Capital assets, being depreciated, net	<u>94,568,729</u>	97,798,642
Certain revenue will be collected after year end and is deferred in the governmental funds but recognized in the statement of activities.		5,524,323
The City participates in a workers' compensation plan with other municipalities that is overfunded. This represents the City's overfunded portion.		3,269,520
Some deferred inflows and outflows are not reported in governmental funds. These consist of the following:		
Deferred outflows of resources - pensions	16,376,757	
Deferred inflows of resources - pensions	(5,721,860)	
Deferred outflows of resources - OPEB	5,410,742	
Deferred inflows of resources - OPEB	<u>(23,254,573)</u>	(7,188,934)
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
Accrued interest	(1,229,442)	
Bonds payable, including premiums	(17,263,696)	
Compensated absences	(4,135,486)	
Landfill remediation liability	(216,034)	
Net pension liabilities	(16,540,263)	
Total OPEB liability	<u>(121,100,555)</u>	<u>(160,485,476)</u>
Total net position of the governmental activities		<u><u>\$(63,546,663)</u></u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK
Statements of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended December 31, 2024

	General <u>Fund</u>	Special Grant <u>Funds</u>	Capital Projects <u>Fund</u>	Debt Service <u>Fund</u>	Total Governmental <u>Funds</u>
Revenue:					
Real property taxes	\$17,492,417	-	-	-	17,492,417
Real property tax items	1,218,979	-	-	-	1,218,979
Nonproperty tax items	20,859,486	-	-	-	20,859,486
Departmental income	3,878,331	-	706,449	-	4,584,780
Intergovernmental charges	695,398	-	-	67,265	762,663
Use of money and property	1,165,680	-	-	174,221	1,339,901
Licenses and permits	1,995,722	-	-	-	1,995,722
Fines and forfeitures	152,243	-	-	-	152,243
Sale of property and compensation for loss	152,416	-	-	-	152,416
Miscellaneous	5,079,919	-	51,239	-	5,131,158
State aid	1,627,278	-	6,203,168	-	7,830,446
Federal aid	<u>13,680,324</u>	<u>1,384,580</u>	<u>692,241</u>	-	<u>15,757,145</u>
Total revenue	<u>67,998,193</u>	<u>1,384,580</u>	<u>7,653,097</u>	<u>241,486</u>	<u>77,277,356</u>
Expenditures:					
General government support	6,099,921	-	-	15,370	6,115,291
Public safety	18,148,632	-	-	-	18,148,632
Health	538,288	-	-	-	538,288
Transportation	1,952,751	-	-	-	1,952,751
Economic assistance and opportunity	813,756	-	-	-	813,756
Culture and recreation	2,502,587	-	-	-	2,502,587
Home and community services	2,692,395	1,600,404	-	-	4,292,799
Employee benefits	18,716,230	-	-	-	18,716,230
Capital outlay	204,460	-	28,994,212	-	29,198,672
Debt service:					
Principal	524,900	-	-	1,649,116	2,174,016
Interest	<u>269,247</u>	-	-	<u>573,981</u>	<u>843,228</u>
Total expenditures	<u>52,463,167</u>	<u>1,600,404</u>	<u>28,994,212</u>	<u>2,238,467</u>	<u>85,296,250</u>
Excess (deficiency) revenue over expenditures	<u>15,535,026</u>	<u>(215,824)</u>	<u>(21,341,115)</u>	<u>(1,996,981)</u>	<u>(8,018,894)</u>
Other financing sources (uses):					
BANS redeemed from appropriations	-	-	524,900	-	524,900
Transfers in	316,944	-	12,539,415	2,244,777	15,101,136
Transfers out	<u>(15,456,866)</u>	-	<u>(113,845)</u>	<u>(292,044)</u>	<u>(15,862,755)</u>
Total other financing sources (uses)	<u>(15,139,922)</u>	-	<u>12,950,470</u>	<u>1,952,733</u>	<u>(236,719)</u>
Change in fund balances	395,104	(215,824)	(8,390,645)	(44,248)	(8,255,613)
Fund balances (deficit) at beginning 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>
Fund balances (deficit) at end of year	<u>\$16,451,974</u>	<u>15,104</u>	<u>(19,959,178)</u>	<u>1,027,362</u>	<u>(2,464,738)</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, 2024

Net change in fund balances \$ (8,255,613)

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	\$26,396,253	
Depreciation	<u>(6,946,732)</u>	19,449,521

Certain amounts are deferred in the governmental funds but
recognized in the statement of activities. (1,382,827)

The City's portion of the overfunded workers' compensation plan is
not available for current expenditures and, therefore, not recognized
in the governmental funds. 1,017,812

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	1,649,116	
Accrued interest	(938,181)	
Amortization of premiums on bonds payable	<u>14,281</u>	725,216

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

Compensated absences	(433,990)	
Landfill remediation liability	82,668	
Net pension liabilities, including deferrals	(1,512,533)	
Total OPEB liability, including deferrals	<u>5,915,704</u>	<u>4,051,849</u>

Change in net position of governmental activities \$15,605,958

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK
Statement of Net Position - Proprietary Funds
December 31, 2024

	Business-type Activities		
	Water Fund	Sewer Fund	Total
Assets:			
Current assets:			
Cash and equivalents - unrestricted	\$ 388,599	2,119,187	2,507,786
Cash and equivalents - restricted	1,668,113	-	1,668,113
Receivables:			
Due from other funds	-	3,898,789	3,898,789
Due from other governments	-	730,614	730,614
Due from State and Federal	-	983,679	983,679
Other	1,252,679	1,023,216	2,275,895
Leases, current portion	48,405	-	48,405
Inventory	364,957	-	364,957
Prepaid expenses	346,939	97,583	444,522
Total current assets	4,069,692	8,853,068	12,922,760
Noncurrent assets:			
Capital assets, not being depreciated	19,648,285	2,073,192	21,721,477
Capital assets, being depreciated, net	15,553,257	34,851,561	50,404,818
Leases receivable, excluding current portion	903,050	-	903,050
Total noncurrent assets	36,104,592	36,924,753	73,029,345
Total assets	40,174,284	45,777,821	85,952,105
Deferred outflows of resources:			
Pension	758,149	755,658	1,513,807
OPEB	406,617	466,414	873,031
Other	-	1,111	1,111
Total deferred outflows of resources	1,164,766	1,223,183	2,387,949
Liabilities:			
Current liabilities:			
Accounts payable	119,125	789,679	908,804
Accrued liabilities	273,075	405,406	678,481
Due to other funds	38,313	61,314	99,627
Bond anticipation notes payable	16,522,545	12,495,001	29,017,546
Compensated absences liability, current portion	10,538	-	10,538
Bonds payable, current portion including premium	668,927	1,034,331	1,703,258
Total current liabilities	17,632,523	14,785,731	32,418,254
Noncurrent liabilities:			
Compensated absences liability, excluding current portion	60,831	302,677	363,508
Bonds payable, excluding current portion including premium	6,473,058	10,857,758	17,330,816
Net pension liability	743,898	741,453	1,485,351
Total OPEB liability	7,999,110	6,577,592	14,576,702
Total noncurrent liabilities	15,276,897	18,479,480	33,756,377
Total liabilities	32,909,420	33,265,211	66,174,631
Deferred inflows of resources:			
Leases	544,055	-	544,055
Unearned revenue	-	67,022	67,022
Pension	395,603	394,303	789,906
OPEB	1,793,533	1,965,737	3,759,270
Total deferred outflows of resources	2,733,191	2,427,062	5,160,253
Net position:			
Net investment in capital assets	11,537,012	12,537,663	24,074,675
Restricted	1,668,113	-	1,668,113
Unrestricted (deficit)	(7,508,686)	(1,228,932)	(8,737,618)
Total net position	\$ 5,696,439	11,308,731	17,005,170

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, 2024

	Business-type Activities		
	Water Fund	Sewer Fund	Total
Operating revenue:			
Charges for services	\$ 5,997,197	6,832,395	12,829,592
Other revenue	<u>286,858</u>	<u>98,657</u>	<u>385,515</u>
Total revenue	<u>6,284,055</u>	<u>6,931,052</u>	<u>13,215,107</u>
Operating expenses:			
Personal services	3,310,808	2,633,815	5,944,623
Real property taxes	401,030	-	401,030
Maintenance, operations and contractual expenses	1,126,870	1,247,106	2,373,976
Depreciation	<u>868,884</u>	<u>2,105,217</u>	<u>2,974,101</u>
Total operating expenses	<u>5,707,592</u>	<u>5,986,138</u>	<u>11,693,730</u>
Operating income	<u>576,463</u>	<u>944,914</u>	<u>1,521,377</u>
Nonoperating revenue (expenses):			
Rental income	57,276	-	57,276
State grant revenue	24,435	73,782	98,217
Interest income	74,147	99,646	173,793
Sale of property	19,261	8,005	27,266
Transfers in	575,000	186,619	761,619
Interest	<u>(479,467)</u>	<u>(723,399)</u>	<u>(1,202,866)</u>
Total nonoperating revenue (expenses)	<u>270,652</u>	<u>(355,347)</u>	<u>(84,695)</u>
Change in net position	<u>847,115</u>	<u>589,567</u>	<u>1,436,682</u>
Net position at beginning of year, as previously stated	4,525,233	10,719,164	15,244,397
Correction of error (note 17)	<u>324,091</u>	<u>-</u>	<u>324,091</u>
Net position at beginning of year, as restated	<u>4,849,324</u>	<u>10,719,164</u>	<u>15,568,488</u>
Net position at end of year	<u>\$ 5,696,439</u>	<u>11,308,731</u>	<u>17,005,170</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK
Statement of Cash Flows - Proprietary Funds
Year ended December 31, 2024

	Business-type Activities		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from users	\$ 6,197,980	7,513,864	13,711,844
Cash paid for employees and employee benefits	(4,926,942)	(2,888,366)	(7,815,308)
Cash paid for operating expenses	<u>(3,328,436)</u>	<u>(4,337,771)</u>	<u>(7,666,207)</u>
Net cash provided by (used in) operating activities	<u>(2,057,398)</u>	<u>287,727</u>	<u>(1,769,671)</u>
Cash flows from noncapital financing activities - transfers in	<u>575,000</u>	<u>186,619</u>	<u>761,619</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,518,840)	(1,844,859)	(3,363,699)
Proceeds from issuance of debt	2,727,424	12,495,001	15,222,425
Principal payments on debt	(921,588)	(10,874,328)	(11,795,916)
Interest on debt	(535,800)	(664,938)	(1,200,738)
State and Federal grants	24,435	(909,897)	(885,462)
Net gain on sale of assets	<u>19,261</u>	<u>8,005</u>	<u>27,266</u>
Net cash used in capital and related financing activities	<u>(205,108)</u>	<u>(1,791,016)</u>	<u>(1,996,124)</u>
Cash flows from investing activities:			
Lease income	64,260	-	64,260
Interest received	<u>74,147</u>	<u>99,646</u>	<u>173,793</u>
Net cash provided by investing activities	<u>138,407</u>	<u>99,646</u>	<u>238,053</u>
Net change in cash and equivalents	(1,549,099)	(1,217,024)	(2,766,123)
Cash and equivalents at beginning of year	<u>3,605,811</u>	<u>3,336,211</u>	<u>6,942,022</u>
Cash and equivalents at end of year	<u>\$ 2,056,712</u>	<u>2,119,187</u>	<u>4,175,899</u>
Reconciliation of operating income to net cash provided by (used in) operating activities			
Operating income	576,463	944,914	1,521,377
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	868,884	2,105,217	2,974,101
Change in:			
Due from other funds	-	(2,813,127)	(2,813,127)
Due from other governments	11,760	597,625	609,385
Other receivables	(97,835)	(12,651)	(110,486)
Inventory	(22,768)	-	(22,768)
Prepaid expenses	(18,602)	(8,839)	(27,441)
Deferred outflows of resources - pension	345,407	(77,216)	268,191
Deferred outflows of resources - OPEB	27,956	(240,277)	(212,321)
Accounts payable	(3,392,041)	157,203	(3,234,838)
Accrued expenses	(27,051)	(230,730)	(257,781)
Due to other funds	34,368	(181,352)	(146,984)
Compensated absences	(15,582)	(60,130)	(75,712)
Net pension liability	(293,290)	(153,684)	(446,974)
Total OPEB liability	355,779	406,045	761,824
Deferred inflows of resources - unearned revenue	-	(2,162)	(2,162)
Deferred inflows of resources - pension	342,330	348,326	690,656
Deferred inflows of resources - OPEB	<u>(753,176)</u>	<u>(491,435)</u>	<u>(1,244,611)</u>
Net cash provided by (used in) operating activities	<u>\$(2,057,398)</u>	<u>287,727</u>	<u>(1,769,671)</u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK
Statement of Fiduciary Net Position -
Fiduciary Fund
December 31, 2024

	Custodial <u>Fund</u>
Assets - cash and equivalents	\$ <u>280,959</u>
Fiduciary net position	\$ <u><u>280,959</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, 2024

	Custodial <u>Fund</u>
Additions - police evidence	\$ 12,285
Deductions - contractual	<u>13,048</u>
Change in net position	(763)
Fiduciary net position at beginning of year	<u>281,722</u>
Fiduciary net position at end of year	<u><u>\$ 280,959</u></u>

See accompanying notes to financial statements.

CITY OF KINGSTON, NEW YORK

Notes to Financial Statements

December 31, 2024

(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.

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.

The Kingston-Ulster Empire Zone (the Empire Zone) was created by the 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 (the District). As of September 19, 2019, the City took over management of the stadium and includes the activity in the general fund.

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.

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 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, New York, (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, 2024, 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, 2024, the City had total real property tax receivables of \$6,112,220. On the fund financial statements, the taxes are offset by deferred inflows of resources in the amount of \$5,524,323 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.

(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

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.

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

(1) Summary of Significant Accounting Policies, Continued

(j) Notes Receivable

The following is a summary of notes receivable as of December 31, 2024:

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>12/31/2023</u>			<u>12/31/2024</u>
Homeowner Loans	\$ <u>788,978</u>	<u>-</u>	<u>219,153</u>	<u>569,825</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 and Local Employees' Retirement System and New York State Police and Fire Retirement System.

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.

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

(1) Summary of Significant Accounting Policies, Continued

(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 assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension system not included in pension expense as well as the City's contributions to the pension systems subsequent to the measurement date. The second item is related to OPEB reported in the Statement of Net Position. This represents differences between expected and actual experience as well as changes in assumptions in the calculation of the liability. The third item relates to the City's deferred charge on refunding resulting from the difference in the carrying value of the refunded debt and its acquisition.

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 represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The first is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability and difference during the measurement periods between the City's contributions and its proportional share of total contributions to the pension systems not included in the pension expense. The second item represents changes in assumptions related to the OPEB. The third item is reported on the Balance Sheet - Governmental Funds and relates to unavailable tax revenue for receivables not collected within 60 days of year end. The fourth item is reported on both the Balance Sheet - Governmental Funds and the Statement of Net Position and relates to long-term leases receivable.

(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, 2024.

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

(1) Summary of Significant Accounting Policies, Continued

(s) Net Position/Fund Balance, Continued

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.

(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) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

(w) 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. 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.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

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

(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, 2024 totaled \$31,430,787. These bank balances were covered by FIDC insurance as follows:

Amount insured by FDIC		\$ 687,496
Collateral held by a third party		<u>32,228,267</u>
Total insured and collateral		\$ <u>32,915,763</u>
Bank balance as of December 31, 2024		\$ <u>30,475,176</u>
Percent of coverage		108%

(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. The City moves funds for capital projects and debt service payments. These transactions are recorded as interfund revenues and expenditures in the respective funds.

Interfund receivables and payables at December 31, 2024 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General	\$ 6,297,384	8,751,469
Capital projects	13,141,275	5,996,561
Debt service	<u>-</u>	<u>8,489,791</u>
Total governmental funds	<u>19,438,659</u>	<u>23,237,821</u>
Proprietary funds:		
Water	-	38,313
Sewer	<u>3,898,789</u>	<u>61,314</u>
Total proprietary funds	<u>3,898,789</u>	<u>99,627</u>
Total	\$ <u>23,337,448</u>	<u>23,337,448</u>

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

(3) Interfund Activity, Continued

Interfund transfers for the year ended December 31, 2024 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General	\$ 316,944	15,456,866
Capital projects	12,539,415	113,845
Debt service	<u>2,244,777</u>	<u>292,044</u>
Total governmental funds	<u>15,101,136</u>	<u>15,862,755</u>
Proprietary funds:		
Water	575,000	-
Sewer	<u>186,619</u>	<u>-</u>
Total proprietary funds	<u>761,619</u>	<u>-</u>
Total	<u>\$ 15,862,755</u>	<u>15,862,755</u>

(4) Leases

This City 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:

Years ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2025	\$ 48,405	16,618	65,023	38,475
2026	51,435	15,539	66,974	38,475
2027	54,549	14,433	68,982	38,475
2028	57,752	13,301	71,053	38,475
2029	61,045	12,139	73,184	38,475
2030 - 2034	355,310	44,888	400,198	192,375
2035 - 2039	252,780	17,293	270,073	126,363
2040 - 2041	<u>70,179</u>	<u>1,972</u>	<u>72,151</u>	<u>32,942</u>
	<u>\$ 951,455</u>	<u>136,183</u>	<u>1,087,638</u>	<u>544,055</u>

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

(5) Capital Assets

Capital asset balances and activity for the year ended December 31, 2024 were as follows:

	Beginning Balance <u>12/31/2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	Ending Balance <u>12/31/2024</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 647,753	-	-	-	647,753
Construction in progress	<u>7,334,693</u>	<u>384,677</u>	<u>-</u>	<u>(5,137,210)</u>	<u>2,582,160</u>
Total capital assets, not being depreciated	<u>7,982,446</u>	<u>384,677</u>	<u>-</u>	<u>(5,137,210)</u>	<u>3,229,913</u>
Capital assets, being depreciated:					
Buildings	11,078,261	-	-	-	11,078,261
Improvements	23,070,778	14,208,992	(212,016)	5,137,210	42,204,964
Infrastructure	63,796,878	8,658,602	(659,475)	-	71,796,005
Machinery and equipment	<u>13,789,730</u>	<u>3,143,982</u>	<u>(1,597,431)</u>	<u>-</u>	<u>15,336,281</u>
Total capital assets being depreciated	111,735,647	26,011,576	(2,468,922)	5,137,210	140,415,511
Accumulated depreciation	<u>41,368,972</u>	<u>6,946,732</u>	<u>(2,468,922)</u>	<u>-</u>	<u>45,846,782</u>
Total capital assets, being depreciated, net	<u>70,366,675</u>	<u>19,064,844</u>	<u>-</u>	<u>5,137,210</u>	<u>94,568,729</u>
Governmental activities capital assets, net	<u>\$ 78,349,121</u>	<u>19,449,521</u>	<u>-</u>	<u>-</u>	<u>97,798,642</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	363,659	-	-	-	363,659
Construction in progress	<u>31,031,953</u>	<u>2,370,789</u>	<u>-</u>	<u>(12,044,924)</u>	<u>21,357,818</u>
Total capital assets, not being depreciated	<u>31,395,612</u>	<u>2,370,789</u>	<u>-</u>	<u>(12,044,924)</u>	<u>21,721,477</u>
Capital assets, being depreciated:					
Buildings and improvements	19,669,136	201,243	-	10,624,980	30,495,359
Infrastructure	41,567,312	47,700	-	1,270,351	42,885,363
Machinery and equipment	<u>5,840,920</u>	<u>743,967</u>	<u>(131,011)</u>	<u>149,593</u>	<u>6,603,469</u>
Total capital assets being depreciated	67,077,368	992,910	(131,011)	12,044,924	79,984,191
Accumulated depreciation	<u>26,736,283</u>	<u>2,974,101</u>	<u>(131,011)</u>	<u>-</u>	<u>29,579,373</u>
Total capital assets, being depreciated, net	<u>40,341,085</u>	<u>(1,981,191)</u>	<u>-</u>	<u>12,044,924</u>	<u>50,404,818</u>
Business-type activities capital assets, net	<u>\$ 71,736,697</u>	<u>389,598</u>	<u>-</u>	<u>-</u>	<u>72,126,295</u>

Depreciation expense for business-type activities was charged \$ 868,884 to the water fund and \$2,105,217 to the sewer fund. Depreciation expense for governmental activities was charged to functions as follows:

General government support	\$ 875,170
Public safety	890,741
Health	1,660
Transportation	2,895,694
Culture and recreation	934,002
Home and community services	<u>1,349,465</u>
Total governmental activities depreciation	<u>\$ 6,946,732</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, 2024:

<u>Description</u>	<u>Balance</u> <u>12/31/2023</u>	<u>New</u> <u>issues</u>	<u>Payments/</u> <u>re-financed</u>	<u>Balance</u> <u>12/31/2024</u>
Bond anticipation notes:				
Governmental activities - equipment/improvement	\$ 5,668,352	37,450,928	5,668,352	37,450,928
Business-type activities:				
Sewer improvements	9,755,334	12,495,001	9,755,335	12,495,000
Water improvements	14,061,622	2,727,424	266,500	16,522,546
Total business-type activities	<u>23,816,956</u>	<u>15,222,425</u>	<u>10,021,835</u>	<u>29,017,546</u>
Total BANs	<u>\$ 29,485,308</u>	<u>52,673,353</u>	<u>15,690,187</u>	<u>66,468,474</u>

The following is a summary of BAN interest expense:

Governmental funds	\$ 269,247
Less - prior year accrued interest	(90,833)
Add - current year accrued interest	<u>1,029,520</u>
Total BAN interest expense - governmental statement of activities	<u>\$1,207,934</u>

BAN interest of \$357,492 and \$442,477 was recorded in the water and sewer funds, respectively, at December 31, 2024.

(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 bond interest expense:

Governmental activities:

Interest paid - bonds	\$ 573,981
Less - prior year accrued interest	(200,428)
Less - bond premium amortization	(14,281)
Add - current year accrued interest	<u>199,922</u>
Total serial bond interest expense - governmental statement of activities	\$ <u>559,194</u>

Serial bond interest of \$121,975 and \$280,922 was recorded in the water and sewer funds, respectively, at December 31, 2024.

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due in one year</u>
Governmental activities:					
Bonds payable	\$ 18,655,751	-	1,649,116	17,006,635	1,647,364
Bond premium	271,342	-	14,281	257,061	14,281
Compensated absences	3,701,496	433,990	-	4,135,486	-
Landfill remediation liability	298,702	-	82,668	216,034	82,668
Net pension liabilities	19,462,095	-	2,921,832	16,540,263	-
Total OPEB liability	<u>117,869,153</u>	<u>3,231,402</u>	<u>-</u>	<u>121,100,555</u>	<u>-</u>
Total governmental	<u>160,258,539</u>	<u>3,665,392</u>	<u>4,667,897</u>	<u>159,256,034</u>	<u>1,744,313</u>
Business-type activities:					
Bonds payable	20,666,495	-	1,729,932	18,936,563	1,691,981
Bond premium	127,922	-	30,411	97,511	11,277
Compensated absences	449,758	-	75,712	374,046	10,538
Net pension liabilities	1,932,325	-	446,974	1,485,351	-
Total OPEB liability	<u>13,814,878</u>	<u>761,824</u>	<u>-</u>	<u>14,576,702</u>	<u>-</u>
Total business-type	<u>36,991,378</u>	<u>761,824</u>	<u>2,283,029</u>	<u>35,470,173</u>	<u>1,713,796</u>
Total long-term debt	<u>\$ 197,249,917</u>	<u>4,427,216</u>	<u>6,950,926</u>	<u>194,726,207</u>	<u>3,458,109</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the statement of net position. In addition to the business-type activities bond premium, there is also \$44,149 of BAN premiums.

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
2025	\$ 1,647,364	524,566	2,171,930	1,023,054	262,927	1,285,981	668,927	120,065	788,992
2026	1,577,271	473,924	2,051,195	1,009,002	237,659	1,246,661	483,796	112,652	596,448
2027	1,508,000	425,979	1,933,979	889,128	215,719	1,104,847	499,650	103,221	602,871
2028	1,326,000	382,510	1,708,510	896,967	196,805	1,093,772	515,503	93,549	609,052
2029	1,305,000	343,045	1,648,045	898,837	177,870	1,076,707	526,357	85,251	611,608
2030 - 2034	6,011,000	1,137,439	7,148,439	3,429,001	618,696	4,047,697	2,086,595	284,733	2,371,328
2035 - 2039	3,422,000	340,449	3,762,449	2,086,364	248,500	2,334,864	1,305,942	113,638	1,419,580
2040 - 2044	210,000	10,313	220,313	879,729	41,394	921,123	622,290	13,934	636,224
2045 - 2049	-	-	-	346,091	-	346,091	358,636	-	358,636
2050 - 2053	-	-	-	292,256	-	292,256	74,289	-	74,289
	<u>\$ 17,006,635</u>	<u>3,638,225</u>	<u>20,644,860</u>	<u>11,750,429</u>	<u>1,999,570</u>	<u>13,749,999</u>	<u>7,141,985</u>	<u>927,043</u>	<u>8,069,028</u>

Constitutional Debt Limit - As of the December 31, 2024 calculation, the net indebtedness of the City of Kingston aggregated \$102,397,523. Of this amount, \$76,532,922 was subject to the constitutional debt limit and represented approximately 46% 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 \$216,034 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, 2024. 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) 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 (System). These are cost-sharing, multiple-employer defined benefit pension plans. 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 (Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. System benefits are established under the provisions of 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 a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

At December 31, 2024, the City reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2024	March 31, 2024
Net pension liability	\$ 5,486,643	12,538,971
City's proportion of the System's net pension liability	0.0372631%	0.264377%
Change in proportion from prior year	0.0017519	0.0065366

For the year ended December 31, 2024, the City recognized its proportionate share of pension expense in the government-wide financial statements of \$2,455,436 for ERS and \$4,632,603 for PFRS.

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

(9) Pension Plans, Continued

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

At December 31, 2024, 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>Total</u>	
	<u>Deferred Outflows Resources</u>	<u>Deferred Inflows Resources</u>	<u>Deferred Outflows Resources</u>	<u>Deferred Inflows Resources</u>	<u>Deferred Outflows Resources</u>	<u>Deferred Inflows Resources</u>
Differences between expected and actual experience	\$1,767,243	149,606	3,863,089	-	5,630,332	149,606
Changes of assumptions	2,074,376	-	4,729,711	-	6,804,087	-
Net difference between projected and actual earnings on pension plan investments	-	2,680,196	-	3,403,725	-	6,083,921
Changes in proportion and differences between Town contributions and proportionate share of contributions	344,558	87,980	924,548	190,259	1,269,106	278,239
Town contributions subsequent to the measurement date	<u>1,405,577</u>	<u>-</u>	<u>2,781,462</u>	<u>-</u>	<u>4,187,039</u>	<u>-</u>
	<u>\$5,591,754</u>	<u>2,917,782</u>	<u>12,298,810</u>	<u>3,593,984</u>	<u>17,890,564</u>	<u>6,511,766</u>

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension system in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>ERS</u>	<u>PFRS</u>
2025	\$ (962,400)	(681,307)
2026	1,112,869	3,921,140
2027	1,646,316	2,299,642
2028	(528,390)	(246,392)
2029	<u>-</u>	<u>630,281</u>
	\$ <u>1,268,395</u>	<u>5,923,364</u>

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

(9) Pension Plans, Continued

(c) Actuarial Assumptions

The total pension liabilities at March 31, 2024 were determined by using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2023. Economic assumptions used in the April 1, 2023 actuarial valuation include:

	<u>ERS</u>	<u>PFRS</u>
Actuarial valuation date	April 1, 2023	April 30, 2023
Measurement date	March 31, 2024	March 31, 2024
Inflation	2.9%	2.9%
Salary increases	4.4%	6.2%
Investment rate of return, (net of investment expense including inflation)	5.9%	5.9%
Cost-of-living adjustments	1.5%	1.5%

To set the long-term rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates at return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

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

(9) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic equity	32%	4.00%
International equity	15%	6.65%
Private equity	10%	7.25%
Real estate	9%	4.60%
Opportunistic/ARS portfolio	3%	5.25%
Credit	4%	5.40%
Real assets	3%	5.79%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.25%
	<u>100%</u>	

*The real rate of return is net of the long-term inflation assumption of 2.9%.

(d) Discount Rate

The discount rate used to calculate the total pension liabilities 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 those 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 liabilities.

(e) 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 asset/(liability) calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension asset/(liability) 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 <u>4.9%</u>	Current Assumption <u>5.9%</u>	1% Increase <u>6.9%</u>
<u>ERS</u> - City's proportionate share of the net pension asset (liability)	\$ <u>(17,250,566)</u>	\$ <u>(5,486,643)</u>	\$ <u>4,338,673</u>
<u>PFRS</u> - City's proportionate share of the net pension asset (liability)	\$ <u>(29,306,516)</u>	\$ <u>(12,538,971)</u>	\$ <u>1,313,472</u>

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

(9) Pension Plans, Continued

(f) Pension Plan Fiduciary Net Position

The components of each current-year net pension liability of all participating employers as of March 31, 2024, were as follows:

	(Dollars in Millions)	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ (240,697)	(46,138)
Fiduciary net position	<u>225,973</u>	<u>41,395</u>
Employers' net pension liability	\$ <u>(14,724)</u>	<u>(4,743)</u>
Ratio of fiduciary net position to the Employers' total pension liability	93.88%	89.72%

(g) Contributions to the Pension Plans

Employer contributions to ERS and PFRS are based on the System's fiscal year, which ends on March 31st. Retirement contributions as of December 31, 2024 represent the projected employer contributions for the period of April 1, 2024 through March 31, 2025 based on paid employee wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the year ended December 31, 2024 were \$1,831,995 and \$3,614,260, respectively.

(10) Other Postemployment Benefits (OPEB)

(a) Plan Description and Benefits Provided

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.

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.

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

(10) Other Postemployment Benefits (OPEB), Continued

(b) Employees Covered by Benefit Terms

At January 1, 2024, the following employees were covered by the benefit terms:

Active employees	327
Retirees and spouses	<u>354</u>
Total	<u>681</u>

(c) Total OPEB Liability

The City's total OPEB liability of \$135,677,257 was measured as of December 31, 2024 and was determined by an actuarial valuation as of January 1, 2024.

(d) Actuarial Assumptions

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	3.00%
Projected salary increases, including wage inflation	3.00%
Discount rate	4.22%
Healthcare cost trend rate	7.00% for 2024, decreasing by 0.25% per year to an ultimate rate of 4.50%
Actuarial cost method	Entry age normal as a level percentage of pay

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 Society of Actuaries Pub-2010 Public Retirement Plan Healthy, Male and Female Total Dataset Headcount - Weighted Mortality Tables.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of December 31, 2023	\$ 131,684,031
Changes for the year:	
Service cost	3,231,716
Interest on total OPEB liability	5,430,553
Changes in assumptions	1,326,823
Benefit payments	<u>(5,995,866)</u>
Total changes	<u>3,993,226</u>
Total OPEB liability as of December 31, 2024	\$ <u>135,677,257</u>

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

(10) Other Postemployment Benefits (OPEB), Continued

(f) 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 (3.22%) or 1-percentage point higher (5.22%) than the current discount rate:

	1% Decrease (3.22%)	Discount Rate (4.22%)	1% Increase (5.22%)
Total OPEB liability	\$ <u>157,481,305</u>	<u>135,677,257</u>	<u>118,380,252</u>

(g) 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% <u>Decrease</u>	Current Trend <u>Rate</u>	1% <u>Increase</u>
Total OPEB liability	\$ <u>116,878,081</u>	<u>135,677,257</u>	<u>159,970,859</u>

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of \$.
At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 1,062,675	-
Changes in assumptions	<u>5,221,098</u>	<u>27,013,843</u>
Total	\$ <u>6,283,773</u>	<u>27,013,843</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>	
2025	\$ (5,817,565)
2026	(5,407,363)
2027	(5,407,363)
2028	(5,407,361)
2029	977,877
Thereafter	<u>331,705</u>
	\$ <u>(20,730,070)</u>

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

(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.

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 note 7, \$55,589,910 has been authorized but was unissued at December 31, 2024.

(12) Joint Venture

The City and the District had undertaken the joint operation and maintenance of Dietz Stadium, a recreational facility, through the Dietz Stadium Commission. On 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 five 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, 2024, the District was billed \$4,283 for debt service and \$104,888 for operating expenses. This revenue and the related operating and maintenance expenditures are recorded in the general fund.

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

(13) Related Party Transactions

Beginning in 2019, the City developed payroll and 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, 2024.

(14) 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 Industrial Development Agency 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, 2024:

<u>Start Date</u>	<u>Agreement</u>	<u>Total Assessed Value</u>	<u>2024 City Tax Rate</u>	<u>2024 City Tax Value Without Exemptions</u>	<u>City PILOT and Tax Received for 2024</u>	<u>City Taxes Abated for 2024</u>
1961	Rondout Gardens	\$ 7,576,000	14.097341	106,801	8,079	98,722
2002	Brigham Senior Housing LP	1,679,000	14.097341	23,669	22,668	1,001
2005	Benedictine Hospital	2,600,000	14.097341	36,653	15,009	21,644
2014	EA Flathbush, LLC	2,158,000	14.097341	30,422	18,225	12,197
2014	JBT Holdings LLC	3,303,000	14.097341	46,564	21,497	25,067
2015	Lace Mill Limited Partnership	5,341,000	14.097341	75,294	14,872	60,422
2015	Birchwood Village LP	5,258,000	14.097341	74,124	10,275	63,849
2020	Landmark Preservation - Yosman and Gov Clinton	16,768,000	14.097341	236,384	107,858	128,526
2020	Energy Square Housing Development Fund Co, Inc	7,593,000	14.097341	107,041	22,173	84,868
2020	Hudson Valley Development LLC	1,620,000	14.097341	22,838	11,155	11,683
2020	Hudson Valley Development LLC	760,000	14.097341	10,714	6,210	4,504
2020	Hudson Valley Development LLC	900,000	14.097341	12,688	6,703	5,985
2020	Hudson Valley Development LLC	1,200,000	14.097341	16,917	11,186	5,731
2021	Landmark Place HDFC	9,900,000	14.097341	139,564	19,031	120,533
2023	Kingstonian Development	1,326,000	14.097341	18,693	8,487	10,206
		<u>\$ 67,982,000</u>		<u>958,366</u>	<u>303,428</u>	<u>654,938</u>

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

(15) Subsequent Events

The City has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

On March 4, 2025, the City issued a BAN in the amount of \$13,470,000, at an interest rate of 4.00% with a maturity date of March 4, 2026.

On April 10, 2025, the City issued a BAN in the amount of \$18,576,476, at an interest rate of 3.40% with a maturity date of April 10, 2026.

The water fund had a BAN converted from short-term debt to long-term debt in 2025. This issuance will result in long-term debt of \$15,094,679 with an interest rate varying from 2.720% to 4.325%. This is set to mature in 2044.

(16) Workers' Compensation Plan

The City participates in the County's workers' compensation fund (the fund). As of December 31, 2024, the fund is overfunded, resulting in an asset to the participating entities. The City's proportionate share of the fund as of December 31, 2024, amounted to \$3,269,520.

(17) Correction of Errors

The City made corrections to certain December 31, 2023 balances. Those changes are as follows:

- (a) Government activities - workers' compensation plan - the overfunded workers' compensation fund was not recorded as an asset in the prior year.
- (b) Water fund - prepaid pension expense - a journal entry related to prepaid pension expense was inadvertently recorded twice, resulting in an overstatement of assets and expenses.
- (c) Water fund - leases receivable and deferred inflows of resources - a prior year error was identified in the recognition of leases receivable balance and related deferred inflows of resources. The leases receivable were understated and the corresponding deferred inflows were not accurately recorded.

The impact of these corrections on beginning net position for the year ended December 31, 2023 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position (deficit) at beginning of year, as previously stated	\$ (81,404,329)	15,244,397
Correction of errors	<u>2,251,708</u>	<u>324,091</u>
Net position (deficit) at beginning of year, as restated	\$ <u>(79,152,621)</u>	<u>15,568,488</u>

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

(17) Correction of Errors, Continued

Governmental activities

	December 31, 2023, as previously <u>stated</u>	<u>Restatement</u>	December 31, 2023 <u>as restated</u>
Workers' compensation plan	\$ <u> -</u>	<u>2,251,708</u>	<u>2,251,708</u>

Business-type activities

	December 31, 2023, as previously <u>stated</u>	<u>Restatement</u>	December 31, 2023 <u>as restated</u>
Leases receivable, current portion	\$ <u>773,903</u>	<u>(728,444)</u>	<u>45,459</u>
Prepaid expenses, current portion	\$ <u>378,465</u>	<u>(50,128)</u>	<u>328,337</u>
Leases receivable, less current portion	\$ <u> -</u>	<u>951,455</u>	<u>951,455</u>
Deferred inflows of resources - leases	\$ <u>733,738</u>	<u>(151,208)</u>	<u>582,530</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, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:				
Real property taxes	\$ 17,492,417	17,492,417	17,492,417	-
Real property tax items	952,750	952,750	1,218,979	266,229
Nonproperty tax items	20,190,000	20,190,000	20,859,486	669,486
Departmental income	1,933,540	2,609,265	3,878,331	1,269,066
Intergovernmental charges	180,000	185,455	695,398	509,943
Use of money and property	725,000	725,000	1,165,680	440,680
Licenses and permits	1,178,650	1,178,650	1,995,722	817,072
Fines and forfeitures	149,000	149,000	152,243	3,243
Sale of property and compensation for loss	67,500	86,963	152,416	65,453
Miscellaneous	4,984,012	5,667,933	5,079,919	(588,014)
State aid	1,049,070	4,224,022	1,627,278	(2,596,744)
Federal aid	780,630	12,764,524	13,680,324	915,800
Total revenue	<u>49,682,569</u>	<u>66,225,979</u>	<u>67,998,193</u>	<u>1,772,214</u>
Expenditures:				
General government support	6,166,284	6,869,653	6,099,921	769,732
Public safety	16,225,696	19,226,124	18,148,632	1,077,492
Health	490,618	571,484	538,288	33,196
Transportation	2,129,149	2,422,572	1,952,751	469,821
Economic assistance and opportunity	569,437	2,546,368	813,756	1,732,612
Culture and recreation	2,490,773	2,693,715	2,502,587	191,128
Home and community services	3,050,764	3,013,386	2,692,395	320,991
Employee benefits	18,619,450	18,897,878	18,716,230	181,648
Capital outlay	127,235	1,396,512	204,460	1,192,052
Debt service:				
Principal	213,352		524,900	(524,900)
Interest	207,576	269,247	269,247	-
Total expenditures	<u>50,290,334</u>	<u>57,906,939</u>	<u>52,463,167</u>	<u>5,443,772</u>
Excess (deficiency) revenue over expenditures	<u>(607,765)</u>	<u>8,319,040</u>	<u>15,535,026</u>	<u>7,215,986</u>
Other financing sources (uses):				
Transfers in	175,000	4,749,123	316,944	(4,432,179)
Transfers out	<u>(1,931,789)</u>	<u>(15,466,868)</u>	<u>(15,456,866)</u>	<u>10,002</u>
Total other financing sources (uses)	<u>(1,756,789)</u>	<u>(10,717,745)</u>	<u>(15,139,922)</u>	<u>(4,422,177)</u>
Change in fund balance	<u>\$ (2,364,554)</u>	<u>(2,398,705)</u>	<u>395,104</u>	<u>2,793,809</u>

CITY OF KINGSTON, NEW YORK
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Asset/Liability
December 31, 2024

<u>ERS</u>	<u>2024</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>
City's proportion of the net pension asset/liability	0.0372631%	0.0335112%	0.0332414%	0.0322552%	0.0335299%	0.0310817%	0.0315656%	0.3110000%	0.0308454%	0.0310462%
City's proportionate share of the net pension asset (liability)	\$ (5,486,643)	(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)
City's covered payroll	\$ 13,224,600	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
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll	41.49%	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	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
 <u>PFRS</u>										
City's proportion of the net pension liability	0.2643777%	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	\$(12,538,971)	(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)
City's covered payroll	\$ 11,894,692	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
City's proportionate share of the net pension liability as a percentage of covered payroll	105.42%	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	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%

CITY OF KINGSTON, NEW YORK
Required Supplementary Information
Schedule of City's Pension Contributions
December 31, 2024

<u>ERS</u>	<u>2024</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	\$ 1,831,995	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>1,831,995</u>	<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>-</u>	<u>135,000</u>	<u>409,606</u>
City's covered payroll	\$13,224,600	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	13.85%	12.82%	12.67%	14.32%	14.51%	13.71%	17.16%	15.34%	15.15%	13.87%
<u>PFRS</u>										
Contractually required contribution	\$ 3,614,260	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>3,614,260</u>	<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>-</u>	<u>134,988</u>
City's covered payroll	\$11,894,692	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	30.39%	27.33%	26.41%	22.92%	21.09%	22.65%	23.36%	20.28%	20.39%	21.97%

CITY OF KINGSTON, NEW YORK
Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:							
Service cost	\$ 3,231,716	3,049,174	2,704,382	4,597,100	5,009,410	4,617,343	4,228,337
Interest on total OPEB liability	5,430,553	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 in assumptions	1,326,823	5,684,180	(44,696,692)	(7,364,393)	28,559,165	11,122,788	-
Benefit payments	<u>(5,995,866)</u>	<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	3,993,226	8,148,283	(40,171,281)	1,535,758	(9,008,732)	8,904,157	8,201,892
Total OPEB liability - beginning	<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>	<u>154,073,954</u>
Total OPEB liability - ending	<u>\$ 135,677,257</u>	<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	\$ 22,959,378	\$ 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	590.94%	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. There are no assets accumulated in a trust that meets the criteria in

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

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.22%	3.88%	4.18%	2.25%	1.93%	3.26%	3.64%