



City of Kingston Finance and Audit Committee
Meeting Agenda
Wednesday, December 13, 2017

NEW BUSINESS

Ralph Swenson Re: NYS EFC WIIA Grant Application Authorization

Suggested Action: Authorize the submission of a WIIA Grant Application and commensurate funding for the WWTP Process Upgrades required by the October 25, 2016 SPDES Modification.

[WIIA Grant Application Authorization_112917.pdf](#)

[General Location Map.jpg](#)

[EFC_IMG Application for 2018.pdf](#)

[WIIA-IMG Clean Water Application Instructions \(2\).pdf](#)

[WIIA Short Environmental Assessment Form_062217.pdf](#)

[WIIA Grant Application_062217.pdf](#)

[Smart Growth Assessment Form Revised-2017.pdf](#)

[Res 118 of 2017 MARKUP.pdf](#)

John Tuey Re: City of Kingston 2016 Independent Audit Report

Suggested Action: Refer to Finance and Audit Committee

[171121142224_0001.pdf](#)

[2016 Audit Report.pdf](#)

J. Hansen, Superintendent Kingston Water Dept Re: Unpaid Water and Sewer charges to be Re-Levied

[20171204130153.pdf](#)

K. Bryant, Corp Counsel Re: Washington Avenue Tunnel

[20171204145407.pdf](#)

Joseph Chenier, DPW Superintendent: Interdepartmental transfer

[20171212150826.pdf](#)

Alderman Mills Re: East Chester Street Sanitary Sewer Plan; Replacement of Water Pipes in City Buildings; Security Cameras at Hodge, Rondout and Andy Murphy Centers

OLD BUSINESS

Landmarks Preservation L.P. Project Pilot

[20171212121804.pdf](#)

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

Ralph E. Swenson, P.E., City Engineer



Steven T. Noble, Mayor

November 29, 2017

Mr. James L. Noble, Jr.
Alderman-At-Large
President of the Common Council
Kingston City Hall
420 Broadway
Kingston, New York 12401

RE: NYS EFC WIIA Grant Application Authorization
Unlisted SEQRA Determination

Dear President Noble:

On October 25, 2016 the City of Kingston received a modified SPDES Permit for the Kingston WWTP. The new SPDES Permit discharge parameters slated to go into effect in approximately three and a half years require more stringent nitrogen effluent limitations of 5.9 and 9.0 mg/L (seasonally – summer and winter); these new parameters require major upgrades to plant processes.

Under the NYS Water Infrastructure Improvement Act (WIIA) & the NYS Intermunicipal Water Infrastructure Grant Program (IMG) \$150M is available over the next three years through IMG / WIIA Grants for water quality infrastructure improvements. Under the WIIA Grant Program project funding is limited to the lesser of \$5M or 25% of net eligible costs, under the IMG Grant Program project funding is limited to the lesser of \$10M or 40% of net eligible costs.

Previously the Council authorized the submission of a grant application under the IMG Grant Program, see Resolution 118 of 2017, for the anticipated upgrades to WWTP plant processes in the amount of \$7,900,000, including engineering fees and construction costs identified in the Arcadis Preliminary Report dated May 31, 2017. We now also request authorization to apply for grant funding under the WIIA Grant Program with similar stipulations as those enumerated within Resolution 118 of 2017.

In addition, I am also attaching a completed Short Environmental Assessment Form, and a project area map. In accordance with 6 NYCRR, Part 617, the proposed project is Unlisted. Please identify the City of Kingston as Lead Agent, and affirm my Unlisted SEQR determination.

Please forward this communication to the next regularly scheduled Finance Committee for further discussion.

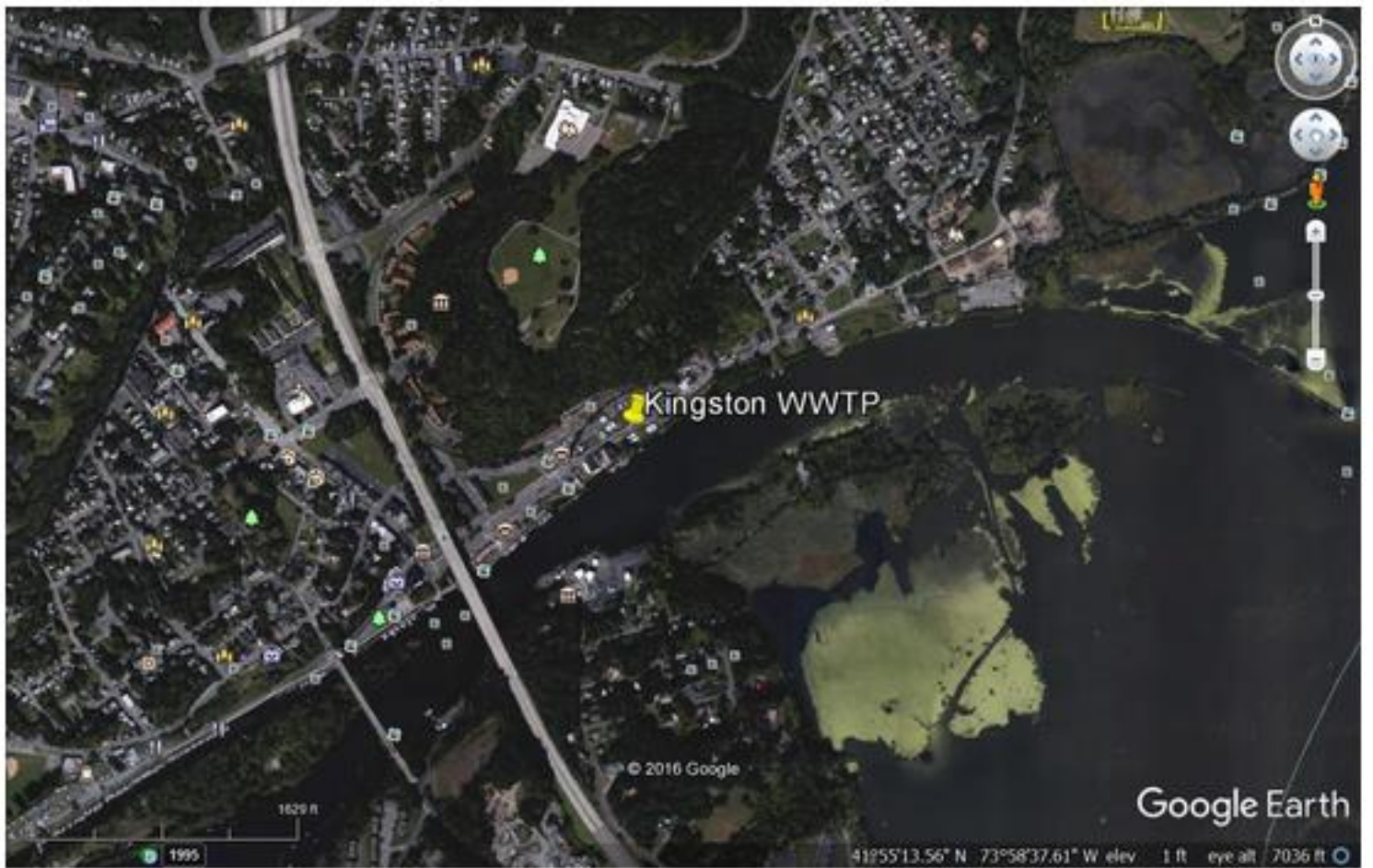
Should you have any questions, do not hesitate to contact me.

Respectfully,

A handwritten signature in blue ink that reads "Ralph Swenson".

Ralph Swenson
City Engineer

Cc: Steven T. Noble, Mayor
John Tuey, Comptroller
Douglas Koop, Chair, Finance Committee





Environmental Facilities Corporation

ANDREW M. CUOMO
Governor

SABRINA M. TY
President and CEO

October 27, 2017

The Honorable Steven Noble
Mayor
City of Kingston
420 Broadway
Kingston, NY 12401

Re: Project No. C3-5374-08-00
WWTP Denitrification
City of Kingston
Ulster County

Dear Mayor Noble:

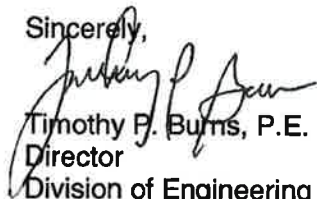
Thank you for your application to the NYS Water Infrastructure Improvement Act (WIIA) and Intermunicipal Water Infrastructure Grants Program (IMG) grant programs. Your community's project could not be considered during this round because the applications were incomplete. Your applications may be held for consideration only if the following item, which is required for an acceptable application in both programs, is received by the next grant application due date.

- Board Resolution Outlining Plan of Finance

Please complete and return the enclosed acknowledgement form to the NYS Environmental Facilities Corporation (EFC) no later than **November 10, 2017**.

We appreciate your interest in the WIIA and IMG programs.

Sincerely,



Timothy P. Burns, P.E.
Director

Division of Engineering & Program Management

cc.: Arcadis – Mr. A.J. Brooks

ACKNOWLEDGMENT FORM

Please sign below and return to nyswatergrants@efc.ny.gov no later than **November 10, 2017**.

ACKNOWLEDGED:

City of Kingston

Project No. C3-5374-08-00

The City would like their application to be held and to be considered for the next round of WIIA grant.

☐ Yes

☐ No

The City would like their application to be held and to be considered for the next round of IMG grant.

☒ Yes

☐ No



(Signature of Authorized Representative)

RALPH SWANSON

(Print Name)

CITY ENGINEER

(Title)

11-15-17

(Date)

Short Environmental Assessment Form

Part 1 - Project Information

Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information			
Name of Action or Project: City of Kingston WWTP Upgrade			
Project Location (describe, and attach a location map): City of Kingston, Garraghan Drive/Murray Street, Kingston, NY 12401			
Brief Description of Proposed Action: Kingston WWTP Process Upgrades for the purpose of compliance with the October 25, 2016 Modified SPDES Permit; nitrogen limitations of 5.9 and 9.0 mg/L (seasonally – summer and winter).			
Name of Applicant or Sponsor: City of Kingston		Telephone: 845-334-3967 E-Mail: SNoble@kingston-ny.gov	
Address: 420 Broadway			
City/PO: Kingston		State: NY	Zip Code: 12401
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			NO ☒ YES ☐
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval: New York State Department of Environmental Conservation New York State Environmental Facilities Corporation			NO ☐ YES ☒
3.a. Total acreage of the site of the proposed action? 2.0 acres b. Total acreage to be physically disturbed? 0.5 acres c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor? 2.0 acres			
4. Check all land uses that occur on, adjoining and near the proposed action. ☐ Urban ☐ Rural (non-agriculture) ☒ Industrial ☒ Commercial ☐ Residential (suburban) ☐ Forest ☐ Agriculture ☐ Aquatic ☒ Other (specify): <u>Municipal</u> ☐ Parkland			

5. Is the proposed action, a. A permitted use under the zoning regulations?	NO ☐	YES ☒	N/A ☐
b. Consistent with the adopted comprehensive plan?	☐	☒	☐
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO ☐	YES ☒	
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: _____	NO ☒	YES ☐	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO ☒	YES ☐	
b. Are public transportation service(s) available at or near the site of the proposed action?	☐	☒	
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?	☐	☒	
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: Not applicable	NO ☒	YES ☐	
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____ Not Applicable	NO ☒	YES ☐	
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: _____ WWTP Process Upgrades on the site of the existing treatment plant.	NO ☐	YES ☒	
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	NO ☒	YES ☐	
b. Is the proposed action located in an archeological sensitive area?	☒	☐	
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO ☒	YES ☐	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____	☒	☐	
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: ☐ Shoreline ☐ Forest ☐ Agricultural/grasslands ☐ Early mid-successional ☐ Wetland ☐ Urban ☐ Suburban			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?	NO ☒	YES ☐	
16. Is the project site located in the 100 year flood plain?	NO ☐	YES ☒	
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes, a. Will storm water discharges flow to adjacent properties? ☐ NO ☐ YES b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: ☐ NO ☐ YES	NO ☒	YES ☐	

18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size: _____	NO	YES
_____	☒	☐
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe: _____	NO	YES
_____	☒	☐
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: _____	NO	YES
_____	☒	☐
I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE Applicant/sponsor name: <u>City of Kingston / Steve Noble, Mayor</u> Date: <u>June 1, 2017</u> Signature: 		



GRANT APPLICATION
NYS WATER INFRASTRUCTURE IMPROVEMENT ACT (WIIA)
&
NYS INTERMUNICIPAL WATER INFRASTRUCTURE GRANTS PROGRAM (IMG)
CLEAN WATER

A. APPLICANT

Name of Applicant: City of Kingston County: Ulster
Federal I.D. Number: 14-6002267 DUNS Number: 020673166

Authorized Representative: Steve Noble Phone: 845-334-3902
Title: Mayor Email: mayor@kingston-ny.gov
Mailing Address: 420 Broadway
Kingston, NY 12401

Daily Contact Name: Ralph Swenson Phone: 845-334-3967
Title: City Engineer Email: rswenson@kingston-ny.gov
Company: _____

Engineering Consultant: A.J. Brooks Phone: 1-518-250-7374
Title: Staff Water Engineer Email: a.j.brooks@arcadis.com
Company: Arcadis of NY

B. GENERAL INFORMATION

Project Name: City of Kingston WWTP DENITRIFICATION
Project Location: City of Kingston Wastewater Treatment Plant
41.9201 Latitude -73.9773 Longitude
Service Area: City of Kingston
Population of Project Area: 24,000
SPDES Permit Number: NY0029351
Waterbody affected by project: Rondout

Legislative Districts (you may include two districts)		
US	NY	NY
Congress	Senate	Assembly
NY-19	46	103

Estimated Total Project Cost: \$ 7,900,000 Design Start Date: 9/1/17 (☒T / ☐A)
Construction Start Date: 5/1/18 (☒T / ☐A) Construction End Date: 5/1/19 (☒T / ☐A)

Check "T" for a target date and "A" for an actual date



C. GRANT CATEGORY

Identify the grant program(s) for which you are applying by checking the appropriate box or boxes below.

- ☒ New York Water Infrastructure Improvement Act (WIIA) grant
- ☒ Intermunicipal Water Infrastructure Grants Program (IMG) grant

D. PROJECT INFORMATION

1. Provide a brief description of your project.

In October 2016 the NYS DEC renewed the City of Kingston's SPDES Permit. The SPDES Permit was modified to include seasonal nitrogen discharge limits of 5.9 and 9.4 mg/L, as opposed to an ultimate oxygen demand (UOD) limit that was previously required. In order to meet the discharge limitations set forth in the City's SPDES Permit, the conventional activated sludge process is required to be upgraded for biological nutrient removal. The existing wastewater treatment plant does not have significant available land for additional tankage and the City has determined the most cost effective solution to meet seasonal nitrogen discharge limits is to convert the existing conventional activated sludge process to a ballasted floc activated sludge process to raise SRTs and maintain settleability of secondary sludge. Construction at the wastewater treatment plant includes replacement of the fine bubble aeration system with jet aeration/mixing, new turbo blowers and aeration controls, modification of in-tank baffles and gates, construction of a new +/-1,000 square foot structure to enclose new equipment for the ballasted floc activated sludge process, a 30 foot tall storage silo, and miscellaneous site improvements. The results of this Project will be significant reduced loadings for BOD and total Nitrogen for the Rondout Creek.

2. If applying for an IMG grant, describe how the project involves more than one municipality and is the best solution for an identified water quality problem.

The City of Kingston has two intermunicipal agreements in place with neighboring communities. Per each agreement, City is required to treat up to 646,000 gpd from the Town of Esopus and 75,000 gallons per day from the Town of Ulster. Jointly, wastewater from these three communities is treated at the City's wastewater treatment plant and the Town's of Esopus and Ulster comprise about 10 percent of the total flow. If they were required to construct and operate two smaller wastewater treatment plants, there would be a significant increase in costs from the two communities for BNR for nitrogen control. The use of the City's wastewater treatment plant offers significant savings.



3. Is the project required to be undertaken by an executed enforcement instrument or a SPDES permit (e.g., notice of violation, consent order, judicial order, compliance schedule, DEC-approved Long Term Control Plan)?

☐ No ☒ Yes

If yes, indicate the type, date of execution and reason for the enforcement action as it relates to the project. Please submit a copy of the executed enforcement instrument to EFC with the grant application.

The NYS DEC renewed the City's SPDES Permit in October 2016 to include seasonal effluent nitrogen limits of 5.9 and 9.4 mg/L as ammonia. The wastewater treatment plant currently cannot meet this effluent nitrogen limit. In order to meet this limit the NYS DEC has provided a 30 month schedule of compliance. An approvable engineering report is required to be submitted to the NYS DEC within 18 months or before April 2018. The City completed the engineering report nearly one year prior to the this date. Approvable plans, specifications, and construction schedule are to be submitted to the NYS DEC within 12 months of securing approval of the engineering report.

While a ballasted floc activated sludge process is not required by the City's LTCP for CSOs, the process will improve effluent quality during wet weather the the magnetite addition with a specific gravity of 5.1. The high specific gravity greatly increases the settleability of the sludge.

4. Describe the project's community impacts, including but not limited to public support for the project, critical community resources served by this project, or economic development impacts.

The discharge of the City's wastewater treatment plant is to the Rondout Creek, a tributary of the Hudson River. The Rondout is a popular for recreation (boating, fishing, kayaking, etc.) for the City of Kingston and the Town of Esopus. This reach of the Rondout is a location that the City has been promoting redevelopment and many cultural activities. There are a significant number of restaurants in this vicinity. By reducing the nitrogen discharged from the City's wastewater treatment plant the nutrient loading in the Rondout will decrease and reduce the chance for algal blooms that seem to be more prevalent with climate change. This project will also create new jobs at the wastewater treatment plant for both temporary construction and skilled operations staff, thus having a positive impact on the economy.

5. Is the project identified in any regional planning initiatives (e.g. a Comprehensive Plan, Regional Planning document, Waterfront Revitalization Plan, Watershed Plan or Estuary Plan)?

☒ No ☐ Yes

If yes, describe below and attach applicable documents:

Not applicable



6. Does the project require easements or land acquisition?

☐ No ☒ Yes

If yes, describe the status of obtaining the easements and/or land:

The City Council has approved the purchase of the property adjacent to the WWTP contingent upon completion of a due diligence process.

7. Does the project require debt exclusion approval from the Office of the State Comptroller (OSC)?

☒ No ☐ Yes

If yes, describe the status:

Not applicable



8. Check the applicable box(es) to indicate the financing plan for the balance of the project following a grant award.

☐ Municipal Contributions Amount: \$ _____

☐ Interfund Borrowing Amount: \$ _____

☐ CWSRF Financial Assistance

☐ The project is currently listed on the 2017 Intended Use Plan (IUP)

CWSRF Project Number: _____

☐ A project listing for the 2018 IUP will be submitted

Note: If awarded an IMG grant, the project will not be eligible for subsidized financing through EFC and will only be eligible to apply for short-term market rate financing.

☒ Non-EFC Debt/Grants

Type (BAN*, Bonds, Grants, other)	Amount	Status (provide dates)		
		Applied	Approved	Received
Municipal Bond	\$4,740,000	9/1/2017	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

*Please indicate if the BAN is callable, and if so, provide call date.

☐ Other Funding, please describe

9. Has the Applicant submitted timely annual financial reports to OSC for each of the last three years?

☐ No ☒ Yes If no, please explain:

Not applicable



E. TOTAL PROJECT BUDGET

Please add line items to the budget as needed. If you have additional questions, please call EFC or refer to the Intended Use Plan.

Category	Estimated Costs
1. Construction Costs	
Contract 1	\$ 5,530,000
Contract 2	\$ 380,000
Contract 3	\$ 90,000
Contract 4	\$
2. Engineering Costs	
a. Planning	\$ 35,000
b. Design	\$ 250,000
c. Construction	\$ 365,000
d. Other	\$
3. Other Expenses	
a. Local Counsel	\$ 12,500
b. Bond Counsel	\$ 12,500
c. Work Force	
- Technical	\$ 12,500
- Administrative	\$ 12,500
d. Fiscal Services	\$
e. Net Interest	\$
f. Miscellaneous (please describe)	\$
	\$
	\$
	\$
4. Equipment	\$
5. Land Acquisition	\$ 250,000
6. Contingencies	\$ 1,025,000
7. Total Project Costs (sum lines 1-6)	\$ 7,900,000
8. Less: Other Sources of Funding	\$
9. Total Financial Assistance Requested (line 7 minus line 8)	\$
10. SRF Issuance Costs ¹ . Percentages should be applied to line 9.	
a. Direct Expenses (1.0%)	\$
b. State Bond Issuance Charge (.84%)	\$
11. TOTAL (sum of lines 9,10a, and 10b)	\$

¹ Applicable to long-term non-hardship financings.



F. REQUIRED DOCUMENTS

1. For All Applications: The following documents are **required and must be submitted with the application** if not previously submitted to EFC. If any of these items are unavailable, do not continue with the application at this time.

Enclosed	Previously Submitted to EFC	
☒	☐	Engineering Report
☒	☐	Smart Growth Assessment Form
☒	☐	Environmental Review Determination
☒	☐	SHPO Project Review Determination Letter
☒	☐	Bond Resolution (Certified) and/or Board Resolution (Certified)

2. As Applicable: the following documents are **required and must be submitted with the application** if not previously submitted to EFC. If any of these items apply to your project and are unavailable, do not continue with the application at this time.

Enclosed	Previously Submitted to EFC	Not Applicable	
☒	☐	☐	Intermunicipal Agreement (Executed and Current) <i>(Required if applying for IMG)</i>
☐	☐	☒	CWSRF Financing Application <i>(Required if applying for WIIA or IMG grants with CWSRF Financing)</i>
☐	☐	☒	Sewer District, District Extension Formation or Other OSC Approvals

G. SUPPORTING DOCUMENTS

Submit any documents that demonstrate support for and/or readiness to proceed with the project.



H. ACKNOWLEDGEMENTS

1. Upon submission of this application, you acknowledge your responsibility to comply with New York State Executive Law, Article 15-A with respect to Minority and Women's Business Enterprise – Equal Employment Opportunity requirements, and to the State Smart Growth Public Infrastructure Policy Act. By checking this box, you acknowledge that you are aware of these obligations and that you are authorized to make this acknowledgement on behalf of the applicant.

IMG MWBE goals with CWSRF financial assistance - 24%

WIIA MWBE goals with CWSRF financial assistance - 23%

MWBE goals for WIIA or IMG Grant-Only applicants - 30%

EEO goals for all applicants - % varies by County (<http://www.efc.ny.gov/mwbe>)

☒ Acknowledged

2. In order to receive financing assistance through the CWSRF, you will need to meet various other New York State and federal requirements. These requirements include, but are not limited to, Davis-Bacon Federal Prevailing Wage and related acts, and American Iron and Steel requirement. Recipients of SRF financial assistance will be required to perform certain actions to verify compliance and ensure certain provisions are contained in all contracts and subcontracts. By checking this box, you acknowledge that you are aware of this requirement and that you are authorized to make this acknowledgement on behalf of the Applicant.

☒ Acknowledged

Please refer to the current IUP for your responsibilities under these programs.



I. SIGNATURE FOR GRANT APPLICATION

CERTIFICATION: On behalf of the Applicant, and in accordance with the board resolution by

Common Council of the City of Kingston

(governing body of municipal applicant)

authorizing me to do so, I apply for a WIIA grant or IMG grant for the project described in this application. By signing this application, I certify and agree on behalf of the Applicant and its governing body that all of the information contained in this application, in other statements and exhibits attached hereto or referenced herein, and in all statements, data and supporting documents which have been made or furnished for the purpose of receiving a WIIA grant or IMG grant for the project(s) described herein, are true, correct and complete to the best of my knowledge and belief.

I further agree on behalf of the Applicant that, if CWSRF Assistance is provided for the project described in this application, the Applicant shall comply with all applicable provisions of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et. Seq. Chapter 565 of the Laws of New York of 1989, 6 NYCRR Part 649 and 21 NYCRR Part 2602, as amended, regarding CWSRF Assistance.

I further agree that the Applicant will comply with the provisions of the Minority and Women's Business Enterprise – Equal Employment Opportunity requirements of Article 15-A of the New York State Executive Law, and will maintain such records and take such actions necessary to demonstrate such compliance throughout the construction of the project.

Further, I acknowledge that offering a written instrument knowing that the written instrument contains a false statement or false information, with the intent to defraud the State or any political subdivision, public authority or public benefit corporation of the State, with the knowledge or belief that it will be filed with or recorded by the State or any political subdivision, public authority or public benefit corporation of the State, constitutes a crime under New York State Law.

(Signature of Authorized Representative)

Steve Noble, Mayor

(Name and Title)

City of Kingston

(Applicant)

6/22/17

(Date)



Smart Growth Assessment Form

New York State Revolving Funds (CWSRF & DWSRF)

This form should be completed by the applicant's project engineer or other design professional.¹ Please refer to EFC's "Smart Growth Guidance".²

Applicant Information

SRF Applicant: _____

SRF No.: _____

Project Name: _____

Is project construction complete? Yes, date: _____ No

Project Summary: (provide a short project summary in plain language including the location of the area the project serves)

Section 1- Screening Questions

1. Prior Approvals

1A. Has the project been previously approved for SRF financing? Yes No

1B. If so, what was the SRF project number(s) for the prior approval(s)? SRF No.: _____

Is the scope of the project substantially the same as that which was approved? Yes No

IF THE PROJECT WAS PREVIOUSLY APPROVED BY EFC'S BOARD AND THE SCOPE OF THE PROJECT HAS NOT MATERIALLY CHANGED, THE PROJECT IS **NOT** SUBJECT TO SMART GROWTH REVIEW. SKIP TO SIGNATURE BLOCK.

2. New or Expanded Infrastructure

2A. Does the project add new wastewater collection/new water mains or a new wastewater treatment system/water treatment plant? Yes No

Note: A new infrastructure project adds wastewater collection/water mains or a wastewater treatment/water treatment plant where none existed previously

2B. Will the project result in either: Yes No

An increase of the State Pollution Discharge Elimination System (SPDES) permitted flow capacity for an existing treatment system;

OR

An increase such that a NYSDEC water withdrawal permit will need to be obtained or modified, or result in the NYSDOH approving an increase in the capacity of the water treatment plant?

Note: An expanded infrastructure project results in an increase of the SPDES permitted flow capacity for the wastewater treatment system, or an increase of the permitted water withdrawal or the permitted flow capacity for the water treatment system.

¹ If project construction is complete and the project was not previously financed through the SRF, an authorized municipal representative may complete and sign this assessment.

² Available at the [Smart Growth Website](#)

IF THE ANSWER IS "NO" TO BOTH "2A" AND "2B" ON THE PREVIOUS PAGE, THE PROJECT IS NOT SUBJECT TO FURTHER SMART GROWTH REVIEW. SKIP TO SIGNATURE BLOCK.

3. Court or Administrative Consent Orders

- | | | |
|---|-----|----|
| 3A. Is the project expressly required by a court or administrative consent order? | Yes | No |
| 3B. If so, have you previously submitted the order to NYS EFC or DOH?
If not, please attach. | Yes | No |

Section 2- Additional Information Needed for Relevant Smart Growth Criteria

EFC has determined that the following smart growth criteria are relevant for SRF projects and that projects must meet each of these criteria to the extent practicable:

1. Uses or Improves Existing Infrastructure

- | | | |
|---|-----|----|
| 1A. Does the project use or improve existing infrastructure?
<u>Please Describe:</u> | Yes | No |
|---|-----|----|

2. Serves a Municipal Center

Projects must serve an area in either 2A, 2B or 2C to the extent practicable.

2A. Does the project serve an area **limited** to one or more of the following municipal centers?

- | | | |
|---|-----|----|
| i. A city or incorporated village | Yes | No |
| ii. A central business district | Yes | No |
| iii. A main street | Yes | No |
| iv. A downtown area | Yes | No |
| v. A Brownfield Opportunity Area
(for more information, go to the Department of State Website & search "Brownfield") | Yes | No |
| vi. A downtown area of a Local Waterfront Revitalization Program Area
(for more information, go to the Department of State Website & search "Waterfront Revitalization") | Yes | No |
| vii. An area of transit-oriented development | Yes | No |
| viii. An Environmental Justice Area
(for more information, go to DEC'S Page of County Environmental Justice Area Maps) | Yes | No |
| ix. A Hardship/Poverty Area | Yes | No |

Please Describe All Selections:

2B. If the project serves an area located outside of a municipal center, does it serve an area located adjacent to a municipal center which has clearly defined borders, designated for concentrated development in a municipal or regional comprehensive plan and exhibit strong land use, transportation, infrastructure and economic connections to an existing municipal center?

Yes

No

Please Describe:

2C. If the project is not located in a municipal center as defined above, is the area designated by a comprehensive plan and identified in zoning ordinance as a future municipal center?

Yes

No

Please describe and reference applicable plans:

3. Resiliency Criteria

3A. Was there consideration of future physical climate risk due to sea-level rise, storm surge, and/or flooding during the planning of this project?

Yes

No

Please Describe:

Signature Block: By entering your name in the box below, you agree that you are authorized to act on behalf of the applicant and that the information contained in this Smart Growth Assessment is true, correct and complete to the best of your knowledge and belief.

Applicant Name: _____

Phone Number: (____) _____

Name & Title of Project Engineer or Design Professional or Authorized Municipal Representative:

Signature: _____

Date: _____

NYS WATER INFRASTRUCTURE IMPROVEMENT
ACT (WEIA) GRANT

RESOLUTION 118 of 2017

\$5,000,000

RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF KINGSTON, NEW YORK,
AUTHORIZING THE MAYOR TO SUBMIT AN APPLICATION TO THE NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION (EFC) FOR AN ~~INTERMUNICIPAL~~
~~GRANT (IMG) PROGRAM GRANT~~ IN THE AMOUNT OF ~~\$7,900,000~~ FOR THE WWTP
UPGRADES NECESSARY TO MAINTAIN COMPLIANCE WITH THE OCTOBER 25, 2016
MODIFIED SPDES DISCHARGE PERMIT, AND TO EXECUTE ANY AND ALL RELATED
DOCUMENTS.

Sponsored by: Finance and Audit Committee

\$5,000,000

NYS WEIA GRANT PROGRAM

WHEREAS, the City of Kingston is eligible to apply to the EFC under the ~~Intermunicipal Grant~~
~~Program (IMG)~~ for funds in an amount of ~~\$7,900,000~~ for the purpose of making upgrades to the
WWTP to meet new SPDES Permit discharge parameters slated to go into effect in approximately four
years which require more stringent nitrogen limitations of 5.9 and 9.0 mg/L (seasonally – summer and
winter); and

\$3,750,000

75%

WHEREAS, this application, should the grant be awarded, requires a ~~60%~~ match in the amount of
~~\$4,740,000~~ to be provided by in-kind, force account funds, additional grants, donations and, if necessary,
bonding to be requested; and

WHEREAS, there are specific requirements and regulations governing the expenditure of these funds;
and

WHEREAS, the action is categorized under 6 NYCRR, Part 617.4 as Unlisted.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF
KINGSTON, NEW YORK, AS FOLLOWS:

SECTION 1. Administration of all funds under this grant will be in accordance with all terms and
conditions contained in guidelines provided by NYS EFC under the Clean Water Infrastructure Act of
2017.

WEIA

\$5,000,000

SECTION 2. The Mayor of the City of Kingston is hereby authorized and directed to file an
application for funds from NYS EFC for an ~~IMG~~ Grant in the amount of ~~\$7,900,000~~; and upon
approval of said request to enter into and execute an agreement, and any and all related documents.

SECTION 3. The Common Council of the City of Kingston hereby determines that the
Proposed WWTP Upgrades is an Unlisted action in accordance with 6 NYCRR
Section 617.4, the City of Kingston Common Council is hereby designated Lead Agent for the purpose
of environmental significance, and herein determines no significant environmental impact.

SECTION 4. This resolution shall take effect immediately.

Submitted to the Mayor this 7th day

Approved by the Mayor this 8th day

of

June

2018
2017

of

June

2018
2017

Deedra M. Steele
Carly Williams, City Clerk

Steven T. Noble
Steven T. Noble, Mayor

Adopted by Council on

June 10

2018
2017

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

John Tuey, Comptroller



Steven T. Noble, Mayor

November 21, 2017

Alderman at Large James Noble
City of Kingston Common Council
420 Broadway
Kingston, NY 12401

RE: 2016 Independent Audit Report

Dear Alderman at Large Noble,

The City has received its independent audit report for calendar year 2016 from RBT CPAs LLP. Please refer to the City's Finance Committee for discussion. Ten copies of the audit report are attached.

Sincerely,

John R. Tuey
Comptroller, City of Kingston

cc: Mayor Steven T. Noble

FINANCIAL REPORT
Audited
CITY OF KINGSTON, NEW YORK
December 31, 2016

Audited for:

Members of the Common Council
CITY OF KINGSTON, NEW YORK

Audited by:

RBT CPAs, LLP
2678 South Road, Suite 101
Poughkeepsie, NY 12601
(845) 485-5510

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kingston, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Kingston, New York's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's Water Fund, as shown on the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kingston, New York, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, other post-employment benefits plan schedule of funding progress, schedule of proportionate share of the net pension liability, and schedule of employer contributions on pages 4-15 and 54-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kingston, New York's basic financial statements. The schedule of expenditures of federal awards and selected state awards is presented for purposes of additional analysis as required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements.

The schedule is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, and selected state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2017 on our consideration of the City of Kingston, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kingston's internal control over financial reporting and compliance.

Restatement

Management has restated the accompanying financial statements as described in Note K.

RBT CPAs, LLP

Poughkeepsie, New York

October 2, 2017, except as to Note K, which is as of November 3, 2017

City of Kingston

New York 12401

Office of the Comptroller



CPO Box 1627
City Hall, 420 Broadway

Telephone: (845)331-0080
Fax: (845)334-3944

Management's Discussion and Analysis

The discussion and analysis of the City of Kingston's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the City's financial statements, which begin on page 23. The management discussion and analysis for component units are presented in the component units' own separately issued financial reports.

Financial Highlights

The City's net position decreased as a result of this year's operations. The net assets of our business-type activities increased by \$11,207 or 0.09% and net assets of our governmental activities decreased by \$1,778,771 or 19.26%.

During the year the City had expenses that were \$5.0 million more than the \$44.3 million generated in tax and other revenues for governmental programs. This is compared to last year when expenses exceeded revenue by \$4.86 million.

The revenues for the City's business-type activities increased by \$213,334 or 2.26%. Expenses decreased by \$96,779 or 1.04%.

The cost of all the City's programs increased by \$5,345,941.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position on pages 23 – 24 and the Statement of Activities and Changes in Net Position on page 25 provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 25. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplemental Information
For the Year Ended December 31, 2016 (cont'd)
(Un-audited)

Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities and Changes in Net Position report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health, or financial position. Over time increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, water, and sewer lines) to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities and Changes in Net Position we divide the City into three kinds of activities.

Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works, community development and parks department and general administration. Property taxes, sales tax, franchise fees, charges for services and state and federal grants finance most of these activities.

Business - type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.

Component units - The City included two separate legal entities in its report - the Kingston Local Development Corp., and Kingston - Ulster Empire Zone for 2011. Although legally separate, these "component units" are important because the City is financially accountable for them, or they are significant to the City's activities. The EZ is not included as a component unit for 2012 as it is no longer considered significant.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplemental Information
For the Year Ended December 31, 2016 (cont'd)
(Un-audited)

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 11. The fund financial statements begin on page 22 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However the City Council establishes many other funds to help it control and manage money for particular purposes (such as capital projects) or to show that it is meeting legal responsibilities for using certain grants and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities and Changes in Net Position) and governmental funds in a reconciliation following the fund financial statements.

Proprietary funds - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as a Whole

The City's total net position changed from a year ago, decreasing from a positive \$3,394,703 to \$1,262,643 or 63%. In contrast, from 2014 to 2015, net assets decreased by 27.0%. Our analysis on page 13 focuses on the net position (Table 1) and changes in net assets page 15 (Table 2) of the City's governmental and business-type activities.

Condensed Financial Statement and Analysis
Table 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current & Other Assets	\$ 23,130,506	\$ 22,248,796	\$ 8,102,083	\$ 8,874,042	\$ 31,232,589	\$ 31,122,838
Capital Assets	44,198,463	41,751,179	36,634,874	32,237,865	80,833,337	73,989,044
Total Assets	67,328,969	63,999,975	44,736,957	41,111,907	112,065,926	105,111,882
Deferred Outflow of Resources	12,142,130	1,627,861	1,756,099	549,756	13,898,229	2,177,617
Total Assets and Deferred Outflow of Resources	79,471,099	65,627,836	46,493,056	41,661,663	125,964,155	107,289,499
Long Term Liabilities	73,121,371	61,485,517	24,888,797	22,795,109	98,010,168	84,280,626
Other Liabilities	15,417,104	13,184,733	8,682,934	6,103,995	24,100,038	19,288,728
Total Liabilities	88,538,475	74,670,250	33,571,731	28,899,104	122,110,206	103,569,354
Deferred Inflows of Resources	1,945,256	191,447	281,554	133,995	2,226,810	325,442
Total Liabilities and Deferred Inflows of Resources	90,483,731	74,861,697	33,853,285	29,033,099	124,337,016	103,894,796
Net Position						
Invested in Capital Assets, net of Debt	28,313,543	24,936,418	12,724,069	13,521,582	41,037,612	38,458,000
Restricted	120,065	186,673	-	-	120,065	186,673
Unrestricted(deficit)	(39,446,240)	(34,356,952)	(448,794)	(893,018)	(39,895,034)	(35,249,970)
Total Net Position	\$ (11,012,632)	\$ (9,233,861)	\$ 12,275,275	\$ 12,628,564	\$ 1,262,643	\$ 3,394,703

MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplemental Information
For the Year Ended December 31, 2016 (cont'd)
(Un-audited)

Net position of the City's governmental activities decreased by 19.26% (Negative \$11.1 million compared to \$9.2 million). Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The prior year deficit in unrestricted net position of \$34,356,952 is now a deficit of \$ \$39,446,240

The deficit in unrestricted governmental net position is mainly due to the requirement to accrue postemployment benefits under GASB Statement No. 45. The total accrued liability for postemployment benefits was \$48,697,452 as of December 31, 2016.

The net position of the business-type activities increased by 0.09% (\$12.628 million to \$12.639 million) in 2016 mainly due to increases in charges for services. This was partially offset by the requirement to accrue additional postemployment benefits of \$1,475,181 under GASB Statement No. 45. The total accrued liability for postemployment benefits was \$6,782,548 as of December 31, 2016. Even though the business-type activities have positive net position they cannot be used to offset governmental activities. The City generally can only use these net assets to finance the continuing operations of the water and sewer departments.

Changes in Net Assets
Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
Revenues	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for Services	\$ 3,091,358	\$ 2,168,499	\$ 9,562,809	\$ 9,653,501	\$ 12,654,167	\$ 11,822,000
Operating Grants & Contrib.	490,231	663,563	-	-	490,231	663,563
Capital Grants & Contrib.	4,363,998	4,467,518	-	-	4,363,998	4,467,518
Total Program Revenues	7,945,587	7,299,580	9,562,809	9,653,501	17,508,396	16,953,081
General Revenues						
Property Taxes	18,497,686	16,679,155	-	-	18,497,686	16,679,155
Other Taxes	13,940,953	13,344,805	-	-	13,940,953	13,344,805
State Aid	3,725,033	3,092,087	-	-	3,725,033	3,092,087
Other General Revenues	265,600	1,633,154	54,655	5,971	320,255	1,639,125
Total General Revenues	36,429,272	34,749,201	54,655	5,971	36,483,927	34,755,172
Total Revenues	44,374,859	42,048,781	9,617,464	9,659,472	53,992,323	51,708,253
Program Expenses						
General Government	5,901,866	4,921,781	-	-	5,901,866	4,921,781
Public Safety	26,094,485	23,449,361	-	-	26,094,485	23,449,361
Health	68,623	35,864	-	-	68,623	35,864
Transportation	6,175,840	3,825,433	-	-	6,175,840	3,825,433
Economic Assist. & Opp.	225,525	311,686	-	-	225,525	311,686
Culture & Recreation	2,851,488	2,975,635	-	-	2,851,488	2,975,635
Home & Community Serv.	4,638,797	4,990,175	-	-	4,638,797	4,990,175
Employee Benefits, retirees	2,962,134	3,428,303	-	-	2,962,134	3,428,303
Interest Expense	336,246	431,248	-	-	336,246	431,248
Water	-	-	4,264,391	4,319,537	4,264,391	4,319,537
Sewer	-	-	5,360,750	4,845,181	5,360,750	4,845,181
Total Expenses	49,255,004	44,369,486	9,625,141	9,164,718	58,880,145	53,534,204
Change in Net Assets before transfers	(4,880,145)	(2,320,705)	(7,677)	494,754	(4,887,822)	(1,825,951)
Transfers	-	(70,663)	-	70,663	-	-
Increase (decrease) in net assets	\$ (4,880,145)	\$ (2,391,368)	\$ (7,677)	\$ 565,417	\$ (4,887,822)	\$ (1,825,951)

MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplemental Information
For the Year Ended December 31, 2016 (cont'd)
(Un-audited)

The City's total revenues increased by \$2,284,058 or 4.42%. The total cost of all programs and services increased by \$5,345,941 or 9.99%. The following analysis separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for the City's governmental activities increased by \$2,326,066 or 5.53%, while total expenses increased by \$4,885,518 or 11.01%, which results in a decrease in net assets of \$2.6 million for 2016 compared to a \$2.3 million decrease in 2015.

The cost of all governmental activities this year was \$49.26 million compared to \$44.37 million last year. However, as shown in Table 2, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$18,497,686 because some of the cost was paid by those who directly benefited from the programs, (\$3,091,358) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,854,229) and other general revenue (\$17,931,574). Overall, the City's governmental program revenues increased \$646,007 or 8.85%. The City paid for the remaining "public benefit" portion of governmental activities with \$36.43 million in taxes and with the other revenues, such as general state aid.

Business-type Activities

Revenues of the City's business-type activities (see Table 2) decreased from \$9.65 million to \$9.61 million or 0.43% and expenses increased from \$9.16 million to \$9.63 million or 2.94%. The most significant factor driving the decrease in net assets was the cost of postemployment benefit expenses.

Details on changes relating to the Water Department may be found in the management discussion and analysis that is presented in the Department's own separately issued financial reports.

The City's Funds

As the City completed the year, its governmental funds as presented in the Balance Sheet on page 21 reported a combined fund balance of \$1,648,918 which is \$1,936,929 lower than last year's total. The capital expenditures create new assets for the City and are reported in the Statement of Net Position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplemental Information
For the Year Ended December 31, 2016 (cont'd)
(Un-audited)

General Fund Budgetary Highlights

Over the course of the year, the Council revised the City budget several times. These budget amendments include the following:

1. Modifications required to reflect new grants which were obtained and to authorize expenditures for same.
2. Various modifications throughout the year for unanticipated expenditures.

Even with these adjustments, the actual charges to appropriations (expenditures) of \$39,217,209 were \$1,727,549 less than the final budget amount. This is most significantly due to Public Safety expenditures being under-budget by \$837,677 and General Government Support expenditures being under-budget by \$391,086

Capital Assets

At the end of 2016, the City had \$80,833,337 invested in a broad range of capital assets, including buildings, roads, park facilities, water and sewer lines and equipment for police, fire, public works departments. (See Table 3 on page 19) This amount represents a net increase (including additions and deductions) of \$6,844,203 or 9.25% over the last year.

This year's major additions included:

General Fund

Washington Avenue storm sewer remediation paid with bonding.	\$561,098
Various equipment purchases	\$1,331,096
Road improvements using CHIPS funding.	\$532,877
Greenkill Ave Bridge Improvements paid with grants and bonding	\$1,197,280

Water Fund

Water system improvements paid with bonding and local share.	\$ 3,305,370
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Sewer Fund

Sewer system improvements paid with grants, bonding, and local share.	\$2,387,668
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The City's 2017 general fund capital budget anticipates a spending level of \$660,000 which will be financed with grants and long term bonding. There was \$0 of anticipated spending at the time the 2016 sewer fund capital budget was adopted. Most sewer infrastructure projects are approved outside of the annual capital budget process. The 2017 water fund capital budget is approximately \$ 3,200,000 and will be financed by a combination of bonding and budget appropriations. More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

**Capital Assets at Year End
(Net Depreciation)
Table 3**

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 192,500	\$ 192,500	\$ 118,729	\$ 118,729	\$ 311,229	\$ 311,229
Construction in Progress	2,534,099	5,172,330	3,764,586	4,300,103	6,298,685	9,472,433
Buildings	6,977,720	7,265,571	4,929,335	3,615,794	11,907,055	10,881,365
Improvements	9,949,586	8,742,674	4,429,274	4,919,176	14,378,860	13,661,850
Infrastructure	19,319,190	15,615,128	21,785,283	18,012,755	41,104,473	33,627,883
Machinery & Equip.	5,225,368	4,763,066	1,607,667	1,271,308	6,833,035	6,034,374
Total	\$ 44,198,463	\$ 41,751,269	\$ 36,634,874	\$ 32,237,865	\$ 80,833,337	\$ 73,989,134

MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplemental Information
For the Year Ended December 31, 2016 (cont'd)
(Un-audited)

Debt

At year-end, the City had \$38,261,386 in bonds and notes outstanding versus \$37,246,724 last year – a decrease of 2.72%.

On April 2, 2014, S&P raised the rating on the City's long-term rating and underlying rating (SPUR) one notch from A+ to AA-, with a stable outlook. Some of the factors cited in the decision for the upgrade include strong budgetary flexibility, very strong liquidity, adequate overall budget performance, a strong debt and contingent liabilities profile, and strong management conditions with good financial management practices.

On March 6, 2016, S&P assigned its AA- long-term rating to the City's \$8,673,407 public improvement bonds - 2016. At the same time, S&P affirmed the AA- long-term rating and underlying rating on the city's outstanding general obligation bonds. The outlook is stable. Some of the factors cited in the decision include strong budgetary flexibility, very strong liquidity, strong management conditions, strong debt and contingent liabilities profile, and strong institutional framework score.

On July 27, 2016, S&P assigned its AA- long-term rating to the City's \$2,675,000 public improvement refunding bonds - 2016. At the same time, S&P affirmed the AA- long-term rating and underlying rating on the city's outstanding general obligation bonds. The outlook is stable. Some of the factors cited in the decision include strong budgetary flexibility, very strong liquidity, strong management, strong debt and contingent liability position, and strong institutional framework score.

The State limits the amount of general obligation debt that cities can issue to 7% of the average 5 year full assessed value of all taxable property within the City. The City's outstanding debt was approximately 25% of its limit at the end of the year.

Other obligations include liabilities for retirement, compensated absences, judgments and claims, and landfill closure. More detailed information about the City's long-term liabilities is presented in the notes to the financial statement. See Table 5 for details on debt.

Outstanding Debt at Year End

Table 4

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds (Backed by the City)	\$ 9,155,337	\$ 10,956,385	\$ 4,544,662	\$ 4,947,021	\$ 13,699,999	\$ 15,903,406
Bond anticipation notes	5,999,495	5,007,077	6,459,593	3,125,040	12,459,088	8,132,117
NYS EFC Revolving Loans	-	-	9,903,000	10,644,221	9,903,000	10,644,221
Installment Debt	730,088	851,298	1,469,213	1,715,682	2,199,301	2,566,980
Total	\$ 15,884,920	\$ 16,814,760	\$ 22,376,468	\$ 20,431,964	\$ 38,261,388	\$ 37,246,724

MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplemental Information
For the Year Ended December 31, 2016 (cont'd)
(Un-audited)

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2017 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. As of December 2016, unemployment in the Kingston, NY Metropolitan Statistical Area stands at 4.3 percent versus the state unemployment rate of 4.5 percent.

The residential housing market shows some signs of improvement, however the City has experienced declines in assessed value the last several budget cycles. Sales tax revenues have showed strong, consistent growth.

These indicators were taken into account when adopting the General Fund budget for 2017. Revenues were budgeted at \$41,467,784 which was an increase from the 2016 actual amount of \$40,082,624. The City appropriated \$775,000 of fund balance for the 2017 budget.

Budgeted expenditures of \$41,467,784 exceeded the final 2016 expended amount of \$39,212,209. The City has added no major new programs or initiatives to the 2017 budget. The City has continued to implement a program of conservative spending for required programs and seek out grants and other sources of funding to cover unexpected expenses related to infrastructure repair. Through aggressive actions to control spending, the City has been able to minimize negative impact on fund balance.

As for the City's business-type activities, we expect that the 2017 results will be consistent with 2016 as there were no rate increases for Sewer charges. Also, the Kingston Water Board did not make any changes in its 2017 rates.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Comptroller's Office at 420 Broadway, Kingston, New York, 12401.

CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 7,980,514	\$ 3,527,360	\$ 11,507,874	\$ 1,930,378
Taxes receivable	5,088,681	-	5,088,681	-
Due from other governments	5,169,819	178,664	5,348,483	-
Notes receivable	911,050	-	911,050	214,038
Other receivables	4,555,334	2,021,818	6,577,152	19,661
Inventory	9,704	154,240	163,944	-
Prepaid expenses	359,387	168,658	528,045	8,904
Internal balances	(943,983)	943,983	-	-
Total current assets	23,130,506	6,994,723	30,125,229	2,172,981
Non-current assets:				
Cash - restricted	-	1,107,360	1,107,360	280,749
Long term receivables	-	-	-	1,120,627
Total non-current assets	-	1,107,360	1,107,360	1,401,376
Capital assets:				
Land	192,500	118,729	311,229	2,784,953
Improvements and Infrastructure, net of depreciation	29,157,349	26,701,016	55,858,365	230,412
Buildings, machinery and equipment, net of depreciation	12,314,515	6,050,541	18,365,056	1,479,960
Construction in progress	2,534,099	3,764,588	6,298,687	-
Total capital assets	44,198,463	36,634,874	80,833,337	4,495,325
DEFERRED OUTFLOW OF RESOURCES				
Other	24,587	-	24,587	-
Pension	12,117,543	1,756,099	13,873,642	-
Total deferred outflows of resources	12,142,130	1,756,099	13,898,229	-
Total assets and deferred outflow of resources	\$ 79,471,099	\$ 46,493,056	\$ 125,964,155	\$ 8,069,682

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 2,720,017	\$ 1,863,686	\$ 4,583,703	\$ 1,370
Accrued liabilities and retainage payable	621,384	307,006	928,390	6,458
Due to other governments	4,043,549	226,682	4,270,231	-
Bond anticipation notes payable	5,999,495	4,968,839	10,968,334	-
Notes payable	-	-	-	85,733
Bond & Installment Obligations Payable	2,032,659	1,311,338	3,343,997	-
Compensated absence liability	-	5,383	5,383	-
Total current liabilities	15,417,104	8,682,934	24,100,038	93,561
Non-current liabilities:				
Bond & Installment Obligations Payable	7,852,766	14,605,537	22,458,303	-
Bond anticipation notes payable	-	1,490,754	1,490,754	-
Notes payable	-	-	-	841,557
Compensated absence liability	2,636,116	506,819	3,142,935	-
Other long term liabilities	594,838	27,958	622,796	-
Other post-employment benefits	48,697,452	6,782,548	55,480,000	-
Due to retirement system	1,911,823	-	1,911,823	-
Share of net pension liability	11,428,376	1,475,181	12,903,557	-
Total non-current liabilities	73,121,371	24,888,797	98,010,168	841,557
Total liabilities	88,538,475	33,571,731	122,110,206	935,118
DEFERRED INFLOW OF RESOURCES				
Deferred revenue	281,291	-	281,291	-
Pension	1,663,965	281,554	1,945,519	-
Total deferred inflows of resources	1,945,256	281,554	2,226,810	-
NET POSITION				
Net Investment in Capital Assets	28,313,543	12,724,069	44,062,703	4,495,325
Restricted for economic and community development	120,065	-	120,065	-
Restricted for special projects	-	364,496	-	-
Unrestricted	(39,446,240)	(448,794)	(42,555,629)	2,639,239
Total net position	(11,012,632)	12,639,771	1,627,139	7,134,564
Total liabilities, deferred inflow of resources, and net position	\$ 79,471,099	\$ 46,493,056	\$ 125,964,155	\$ 8,069,682

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CHANGES IN NET POSITION PRIMARY GOVERNMENT			COMPONENT UNITS
					GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
Governmental Activities:								
General government support	\$ 5,901,866	\$ 2,005,630	\$ 88,992	\$ -	\$ (3,807,244)	\$ -	\$ (3,807,244)	\$ -
Public safety	26,094,485	282,656	-	94,576	(25,717,253)	-	(25,717,253)	-
Health	68,623	63,753	-	-	(4,870)	-	(4,870)	-
Transportation	6,175,840	143,353	264,326	3,082,765	(2,685,396)	-	(2,685,396)	-
Economic assistance & opportunity	225,525	-	62,179	1,186,657	1,023,311	-	1,023,311	-
Culture and recreation	2,851,488	380,016	74,734	-	(2,396,738)	-	(2,396,738)	-
Home and community services	4,638,797	215,950	-	-	(4,422,847)	-	(4,422,847)	-
Employee benefits	2,962,134	-	-	-	(2,962,134)	-	(2,962,134)	-
Interest on long-term debt	336,246	-	-	-	(336,246)	-	(336,246)	-
Total governmental activities	49,255,004	3,091,358	490,231	4,363,998	(41,309,417)	-	(41,309,417)	-
Business-type activities:								
Water Fund	4,264,391	4,503,886	-	-	-	239,495	239,495	-
Sewer Fund	5,360,750	5,058,923	-	-	-	(301,827)	(301,827)	-
Total business-type activities	9,625,141	9,562,809	-	-	-	(62,332)	(62,332)	-
Total primary government	\$ 58,880,145	\$ 12,654,167	\$ 490,231	\$ 4,363,998	(41,309,417)	(62,332)	(41,371,749)	-
Component Units:								
Kings ton Local Development Corp.	\$ 277,731	\$ 157,624	\$ -	\$ -	-	-	-	(120,107)
General revenues								
Taxes:								
Real property taxes					17,461,410	-	17,461,410	-
Other real property tax items					1,036,276	-	1,036,276	-
Sales taxes					12,898,536	-	12,898,536	-
Mortgage taxes					331,805	-	331,805	-
Utility taxes					336,784	-	336,784	-
Franchise taxes					373,828	-	373,828	-
Grants and contributions					3,725,033	-	3,725,033	-
Unrestricted investment earnings					27,990	1,247	29,237	7,734
Special item-Gain on sale of property and compensation for loss					145,580	4,482	150,062	-
Miscellaneous					92,030	48,926	140,956	-
Total general revenues, special items and transfers					36,429,272	54,655	36,483,927	7,734
Change in net position					(4,880,145)	(7,677)	(4,887,822)	(112,373)
Net position - beginning, as previously stated					(9,233,873)	12,628,564	3,394,691	7,246,937
Prior period adjustment (Note H)					3,101,386	18,884	3,120,270	-
Net position - beginning, restated					(6,132,487)	12,647,448	6,514,961	7,246,937
Net position - ending					\$ (11,012,632)	\$ 12,639,771	\$ 1,627,139	\$ 7,134,564

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Restated General	Special Grant	Capital Projects	Debt Service	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,754,019	\$ 120,148	\$ 177,509	\$ 928,838	\$ 7,980,514
Receivables:					
Taxes	5,088,681	-	-	-	5,088,681
Other	1,211,454	-	-	-	1,211,454
Inventory	9,704	-	-	-	9,704
Mortgage loans receivable	-	911,050	-	-	911,050
Due from other funds	2,178,287	-	1,041,194	162,975	3,382,456
Due from other governments	2,556,089	-	81,073	599,000	3,236,162
State and federal receivable	1,035,247	-	2,308,633	-	3,343,880
Prepaid expenses	604,029	-	-	-	604,029
Total assets	\$ 19,437,510	\$ 1,031,198	\$ 3,608,409	\$ 1,690,813	\$ 25,767,930
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 940,397	\$ -	\$ 1,779,620	\$ -	\$ 2,720,017
Accrued liabilities	515,453	-	-	-	515,453
Retainage payable	-	-	30,890	-	30,890
Bond anticipation notes payable	-	-	5,999,495	-	5,999,495
Due to other funds	1,355,853	-	2,057,689	912,897	4,326,439
Due to other governments	4,319,864	83	18,050	-	4,337,997
Deferred revenues	4,917,587	911,050	357,391	-	6,186,028
Other liabilities	221	-	-	2,472	2,693
Total liabilities	12,049,375	911,133	10,243,135	915,369	24,119,012
Fund Balance:					
Nonspendable	613,733	-	-	-	613,733
Restricted	-	-	3,663,800	-	3,663,800
Assigned appropriated	775,000	-	-	-	775,000
Assigned unappropriated	511,445	120,065	-	775,444	1,406,954
Unassigned	5,487,957	-	(10,298,526)	-	(4,810,569)
Total fund balance	7,388,135	120,065	(6,634,726)	775,444	1,648,918
Total liabilities and fund equity	\$ 19,437,510	\$ 1,031,198	\$ 3,608,409	\$ 1,690,813	\$ 25,767,930

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 7,980,514	\$ -	\$ -	\$ 7,980,514
Receivables				
Taxes	5,088,681	-	-	5,088,681
Other	4,555,334	-	-	4,555,334
Inventory	9,704	-	-	9,704
Mortgage loans receivable	911,050	-	-	911,050
Due from Other Funds	3,382,456	-	(4,326,439)	(943,983)
Due from other governments	3,236,162	1,933,657	-	5,169,819
Prepaid Expenses	604,029	(244,642)	-	359,387
Capital Assets, Net	-	-	-	-
Land	-	192,500	-	192,500
Improvements and Infrastructure, net	-	29,157,349	-	29,157,349
Buildings, machinery and equipment, net	-	12,314,515	-	12,314,515
Construction in progress	-	2,534,099	-	2,534,099
Deferred Outflows of Resources - Other	-	24,587	-	24,587
Deferred Outflows of Resources - Pension	-	12,117,543	-	12,117,543
Total Assets and Deferred Outflows	\$ 25,767,930	\$ 58,029,608	\$ (4,326,439)	\$ 79,471,099
LIABILITIES				
Accounts Payable	\$ 2,720,017	\$ -	\$ -	\$ 2,720,017
Other Liabilities	2,693	592,145	-	594,838
Accrued Expenditures	515,453	75,041	-	590,494
Retainage payable	30,890	-	-	30,890
Bond Anticipation Notes Payable	5,999,495	-	-	5,999,495
Bond & Installment Obligations Payable	-	9,885,425	-	9,885,425
Due to Other Funds	4,326,439	-	(4,326,439)	-
Due to other governments	4,337,997	(294,448)	-	4,043,549
Due to Employees' Retirement System	-	1,911,823	-	1,911,823
Compensated Absences	-	2,636,116	-	2,636,116
Net Pension Liability-Proportionate Share	-	11,428,376	-	11,428,376
Other Postemployment Benefits	-	48,697,452	-	48,697,452
Deferred Inflows of Resources - Deferred Revenue	6,186,028	(5,904,737)	-	281,291
Deferred Inflows of Resources - Pension	-	1,663,965	-	1,663,965
Total Liabilities and Deferred Inflows	24,119,012	70,691,158	(4,326,439)	90,483,731
Total Fund Balances	1,648,918	(12,661,550)	-	(11,012,632)
Total Liabilities, Deferred Inflows and Fund Balances	\$ 25,767,930	\$ 58,029,608	\$ (4,326,439)	\$ 79,471,099

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Special Grant	Capital Projects	Debt Service	Total Governmental Funds
Revenues:					
Real Property Taxes	\$ 17,167,464	\$ -	\$ -	\$ -	\$ 17,167,464
Real Property Tax Items	1,036,276	-	-	-	1,036,276
Non Property Tax Items	13,609,148	-	-	-	13,609,148
Departmental Income	2,347,725	-	77,341	-	2,425,066
Intergovernmental Charges	65,000	-	-	-	65,000
Use of Money and Property	28,477	-	30	19,959	48,466
Licenses and Permits	565,322	-	-	-	565,322
Fines and Forfeitures	206,344	-	-	-	206,344
Sale of Property and Compensation for Loss	145,580	-	-	-	145,580
Miscellaneous	359,570	40,859	56,633	-	457,062
Interfund Revenues	100,000	-	-	-	100,000
State and Federal Aid	4,451,696	1,248,836	2,554,653	-	8,255,185
Total Revenues	40,082,602	1,289,695	2,688,657	19,959	44,080,913
Expenditures:					
General Government	5,622,147	-	218,910	5,289	5,846,346
Public Safety	19,450,322	-	693,673	-	20,143,995
Public Health	49,591	-	-	-	49,591
Transportation	3,142,448	-	2,730,382	-	5,872,830
Economic Assistance and Opportunity	171,637	-	-	-	171,637
Culture and Recreation	1,918,316	-	995,253	-	2,913,569
Home and Community Services	3,240,465	1,301,664	1,204,601	-	5,746,730
Employee Benefits	2,962,134	-	-	-	2,962,134
Debt Service	526,872	-	14,743	2,053,109	2,594,724
Total Expenditures	37,083,932	1,301,664	5,857,562	2,058,398	46,301,556
Excess/(Deficiency) of Revenues					
Over Expenditures	2,998,670	(11,969)	(3,168,905)	(2,038,439)	(2,220,643)
Other Financing Sources/(Uses):					
BANS Redeemed from Appropriations	-	-	-	-	-
Proceeds from Obligations	-	-	338,353	-	338,353
Operating Transfers In	34	-	125,500	2,007,777	2,133,311
Operating Transfers Out	(2,133,277)	-	(34)	-	(2,133,311)
Total Other Financing Sources/(Uses)	(2,133,243)	-	463,819	2,007,777	338,353
Change in Fund Balances	865,427	(11,969)	(2,705,086)	(30,662)	(1,882,290)
Fund Balances - Beginning, Previously Stated	6,522,708	186,673	(3,929,640)	806,106	3,585,847
Prior Period Adjustment (Note H)	-	(54,639)	-	-	(54,639)
Fund Balances - Beginning, as Restated	6,522,708	132,034	(3,929,640)	806,106	3,531,208
Fund Balances - Ending	\$ 7,388,135	\$ 120,065	\$ (6,634,726)	\$ 775,444	\$ 1,648,918

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 17,167,464	\$ 293,946	\$ -	\$ -	\$ -	\$ 17,461,410
Real Property Tax Items	1,036,276	-	-	-	-	1,036,276
Non Property Tax Items	13,609,148	-	-	-	-	13,609,148
Departmental Income	2,425,066	-	-	-	-	2,425,066
Intergovernmental/Grant Income	65,000	-	-	-	-	65,000
Use of Money and Property	48,466	-	-	-	-	48,466
Licenses and Permits	565,322	-	-	-	-	565,322
Fines and Forfeitures	206,344	-	-	-	-	206,344
Sale of Property and Compensation for Loss	145,580	-	-	-	-	145,580
Miscellaneous	457,062	-	-	-	-	457,062
Interfund Revenues	100,000	-	-	-	-	100,000
State and Federal Aid	8,255,185	-	-	-	-	8,255,185
Total Revenues	44,080,913	293,946	-	-	-	44,374,859
Expenditures:						
General Government	5,846,346	(427,653)	483,173	-	-	5,901,866
Public Safety	20,143,995	6,163,619	(213,129)	-	-	26,094,485
Public Health	49,591	19,032	-	-	-	68,623
Transportation	5,872,830	526,277	(223,267)	-	-	6,175,840
Economic Assistance and Opportunity	171,637	53,888	-	-	-	225,525
Culture and Recreation	2,913,569	569,825	(631,906)	-	-	2,851,488
Home and Community Services	5,746,730	754,222	(1,862,155)	-	-	4,638,797
Employee Benefits	2,962,134	-	-	-	-	2,962,134
Debt Service	2,594,724	-	-	(1,920,125)	(338,353)	336,246
Total Expenditures	46,301,556	7,659,210	(2,447,284)	(1,920,125)	(338,353)	49,255,004
Excess/(Deficiency) of Revenues Over Expenditures	(2,220,643)	(7,365,264)	2,447,284	1,920,125	338,353	(4,880,145)
Other Financing Sources/(Uses):						
Proceeds from Obligations	338,353	-	-	-	(338,353)	-
Operating Transfers In	2,133,311	-	-	-	(2,133,311)	-
Operating Transfers Out	(2,133,311)	-	-	-	2,133,311	-
Total Other Financing Sources/(Uses)	338,353	-	-	-	(338,353)	-
Change in Fund Balances	\$ (1,882,290)	\$ (7,365,264)	\$ 2,447,284	\$ 1,920,125	\$ -	\$ (4,880,145)

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	WATER FUND	SEWER FUND	TOTAL
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,141,424	\$ 2,385,936	\$ 3,527,360
Receivables:			
Charges for Services	964,806	1,026,355	1,991,161
Other	-	30,657	30,657
Internal balances	-	1,650,944	1,650,944
Prepaid expenses	165,522	3,136	168,658
Due from other governments	-	178,664	178,664
Inventories - net of allowance	154,240	-	154,240
Total current assets	2,425,992	5,275,692	7,701,684
Non current assets:			
Restricted cash and cash equivalents	1,107,360	-	1,107,360
Total non-current assets	1,107,360	-	1,107,360
Capital assets:			
Land	118,729	-	118,729
Improvements and Infrastructure, net of depreciation	5,593,246	21,107,770	26,701,016
Buildings, Machinery and Equipment, net of depreciation	5,128,776	921,765	6,050,541
Construction in progress	3,216,367	548,221	3,764,588
Total capital assets	14,057,118	22,577,756	36,634,874
DEFERRED OUTFLOW OF RESOURCES	897,255	858,844	1,756,099
Total assets and deferred outflow of resources	\$ 18,487,725	\$ 28,712,292	\$ 47,200,017

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2016

	WATER FUND	SEWER FUND	TOTAL
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,096,861	\$ 766,825	\$ 1,863,686
Accrued liabilities	95,825	56,184	152,009
Retainage payable	-	82,628	82,628
Internal balances	139,097	567,864	706,961
Due to other governments	6,370	220,312	226,682
Bond anticipation notes payable	1,360,000	3,608,839	4,968,839
Current portion of bonds, notes, and loans payable	482,922	828,416	1,311,338
Compensated absence liability	5,383	-	5,383
Total current liabilities	3,186,458	6,131,068	9,317,526
Non-current liabilities:			
Bond anticipation notes payable	1,490,754	-	1,490,754
Compensated absence liability	192,501	314,318	506,819
Bonds, notes, and loans payable	5,363,435	9,314,471	14,677,906
Other long term liabilities	27,958	-	27,958
Other post-employment benefits	3,020,000	3,762,548	6,782,548
Proportionate share of net pension liability	761,919	713,262	1,475,181
Total non-current liabilities	10,856,567	14,104,599	24,961,166
Total liabilities	14,043,025	20,235,667	34,278,692
DEFERRED INFLOW OF RESOURCES	90,976	190,578	281,554
NET POSITION			
Net investment in capital assets	4,326,532	8,397,537	12,724,069
Restricted	-	364,496	364,496
Unrestricted (deficit)	27,192	(475,986)	(448,794)
Total net position	4,353,724	8,286,047	12,639,771
Total liabilities, deferred inflow of resources and net position	\$ 18,487,725	\$ 28,712,292	\$ 47,200,017

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	WATER FUND	SEWER FUND	TOTAL
OPERATING REVENUES			
Charges for services	\$ 4,196,092	\$ 4,929,705	\$ 9,125,797
Program grants and subsidies	-	54,960	54,960
Other revenue	307,794	74,258	382,052
Total operating revenues	4,503,886	5,058,923	9,562,809
OPERATING EXPENSES			
Personal services	2,635,427	2,704,933	5,340,360
Real property taxes	274,565	-	274,565
Maintenance, operations and contractual services	624,215	1,344,955	1,969,170
Depreciation	581,955	1,018,063	1,600,018
Total operating expenses	4,116,162	5,067,951	9,184,113
Net Operating Income (Loss)	387,724	(9,028)	378,696
Non-operating income and (expense)			
Interest income	879	368	1,247
Sale of property	1,534	2,948	4,482
Interest on bonds and notes	(148,229)	(292,799)	(441,028)
Rental Income	48,926	-	48,926
Total non-operating revenues (expenses)	(96,890)	(289,483)	(386,373)
Change in Net Position	290,834	(298,511)	(7,677)
Net Position, December 31, 2015	4,044,006	8,584,558	12,628,564
Prior Period Adjustment - (Note H)	18,884	-	18,884
Net Position, December 31, 2016	\$ 4,353,724	\$ 8,286,047	\$ 12,639,771

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	WATER FUND	SEWER FUND	TOTAL
Cash Flows From Operating Activities:			
Cash received from users	\$ 4,574,157	\$ 5,854,849	\$ 10,429,006
Cash paid to employees	(1,859,006)	(2,704,933)	(4,563,939)
Cash paid for operating expenses	(1,356,684)	(2,308,589)	(3,665,273)
Net Cash Provided by Operating Activities	1,358,467	841,327	2,199,794
Cash Flows From Capital and Related Financing Activities:			
Proceeds from capital debt	1,526,254	1,516,077	3,042,331
Proceed from sale of capital assets	1,534	2,947	4,481
Purchase of Fixed Assets, net	(2,289,426)	(2,716,134)	(5,005,560)
Interest payments on bonded indebtedness	(147,490)	(292,799)	(440,289)
Principal payments on bonded indebtedness	(541,534)	(781,284)	(1,322,818)
Loans provided/paid, net	-	1,878,798	1,878,798
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,450,662)	(392,395)	(1,843,057)
Cash Flows From Investing Activities:			
Rental income	48,926	-	48,926
Interest received	879	368	1,247
Net Cash Provided by Investing Activities	49,805	368	50,173
Net Increase (Decrease) in Cash and Cash Equivalents	(42,390)	449,300	406,910
Cash and Cash Equivalents at January 1, 2016	2,291,174	1,936,636	4,227,810
Cash and Cash Equivalents at December 31, 2016	\$ 2,248,784	\$ 2,385,936	\$ 4,634,720
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 387,724	\$ (9,028)	\$ 378,696
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	581,955	1,018,063	1,600,018
Changes in assets and liabilities:			
Decrease (Increase) in accounts receivable	70,211	795,926	866,137
Decrease (Increase) in inventories	(35,577)	-	(35,577)
Decrease (Increase) in prepaid items	13,173	(3,136)	10,037
Decrease (Increase) in due from related party	25,778	(568,334)	(542,556)
Increase (Decrease) in accounts payable	30,260	(49,426)	(19,166)
Increase (Decrease) in deferred revenues	(602,025)	73,065	(528,960)
Increase(Decrease) in accrued expenses and other liabilities	886,968	(415,803)	471,165
Net Cash Provided by Operating Activities	\$ 1,358,467	\$ 841,327	\$ 2,199,794

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2016

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	\$ 317,761
Total assets	\$ 317,761
LIABILITIES	
Escrow funds returnable and other liabilities	\$ 317,761
Total liabilities	317,761
NET POSITION	-
Total liabilities and net position	\$ 317,761

See notes to the financial statements

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies

The City of Kingston, New York, (the "City") which was incorporated in 1872, is governed by its Charter, the City of Kingston local law and other general laws of the State of New York. The City operates under a strong-mayor 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 fiscal officer. The following basic services are provided: fire and police protection; public works activities including water and sewer services, wastewater treatment, trash collection and removal, street maintenance, snow and ice removal; public transportation; cultural and recreational activities and public parks and facilities; economic and community development; human rights advocacy; tax assessment, collection and enforcement; and code enforcement.

The financial statements of the City of Kingston have been prepared in accordance with generally accepted accounting principles (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.

1. The Reporting Entity

The financial reporting entity consists of (a) the primary government which is the City of Kingston, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Codification Section 2100.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB Codification Section 2100, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the City of Kingston's reporting entity.

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

The City of Kingston previously included the Kingston Housing Authority in its financial statements for the year ending December 31, 2011. The City implemented GASB Statement No. 61 and have concluded that the Kingston Housing Authority no longer meets the criteria necessary to be included in the City's financial statements as a component unit.

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

The Dietz Stadium is jointly administered with the Kingston City School District and is excluded from the financial statements. See Note F for further information.

There were no significant transactions with component units other than that the City processes the payroll for Kingston Local Development Corp and Kingston-Ulster Empire Zone. These entities then reimburse the City.

NOTE A - Summary of Accounting Policies - continued

2. Basic Financial Statements – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). The government-wide statements include the Statement of Net Position and the Statement of Activities. The other statements are fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the City's services are classified as governmental activities except for water and sanitary sewer. These services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual economic resource basis, which recognizes all long term assets and receivables as well as long term related debt; restricted net position; and unrestricted net position. Net assets are reported as restricted when there are external restrictions by creditors, grantors, laws or regulations of other governments. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, transportation, etc.). The functions are also supported by general government revenues (property, sales and use taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related charges for services, operating and capital grants. Charges for services must be directly associated with the function (public safety, transportation, home and community services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, investment earnings, etc.). The City does not allocate indirect costs. This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

3. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements using the current financial resources measurement focus. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The City records its transactions in the fund types below:

- 1) Governmental Funds - The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following are the City's governmental fund types:
 - a) General fund - the principal operating fund and includes all operations not accounted for and reported in another fund.
 - b) Special revenue funds - 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 funded by HUD. This fund utilizes a June 30 year-end.

NOTE A - Summary of Accounting Policies - continued

3. Basic Financial Statements – Fund Financial Statements - continued

- c) Debt service funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation long term debt. Debt service funds are used when legally mandated for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.
- d) Capital projects funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities and equipment (other than those financed by business-type/proprietary funds).
- 2) Proprietary Funds - The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles are similar to businesses in the private sector. The City has only one type of proprietary fund; 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 enterprise funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

- 3) Fund Balance - Fund balance is presented in five different classifications which focus on the constraints imposed on resources in governmental funds, rather than on availability for appropriation. The classifications include: non-spendable, restricted, committed, assigned, and unassigned.
 - a) Non-spendable consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
 - b) Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies - continued

3. Basic Financial Statements – Fund Financial Statements – continued

- c) Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Common Council is the decision-making authority that can, by action taken prior to the end of the fiscal year, commit fund balance.
- d) Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Common Council has not authorized a designated official to assign fund balance.
- e) Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the City spends funds in the following order: restricted, committed, assigned, unassigned.

The City has, by resolution, adopted a fund balance policy that states the City must maintain a minimum unrestricted (the total of committed, assigned, and unassigned) fund balance of at least ten percent of the general fund operating budget. Unrestricted fund balance below the minimum should be replenished.

Nonspendable		
Inventory	\$	9,704
Prepaid expenses		604,029
		<u>613,733</u>
Assigned Appropriation		
Designated for subsequent year's budget		775,000
Assigned Unappropriated		
Recreation fees		114,202
Risk retention reserve		225,804
Encumbered		171,439
		<u>511,445</u>
Unassigned		5,487,957
Total fund balance	\$	<u><u>7,388,135</u></u>

NOTE A - Summary of Accounting Policies - continued

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes, is employed in the general fund. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred. Encumbrances of \$171,439 were included in the reporting of assigned fund balance in the general fund.

5. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

A. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

B. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

6. Financial Statement Amounts

A. Cash and Investments

The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy. City monies must be deposited in FDIC-insured commercial banks located within the State. The Comptroller is authorized to use demand accounts and certificates of deposit. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

For the purposes of the proprietary funds statement of cash flows, the City considers all cash and cash equivalents with an original maturity of three months or less to be cash equivalents.

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies - continued

A. Cash and Investments – continued

Deposits and investments at year-end were entirely covered by federal deposit insurance or by collateral held by a custodial bank in the City's name as follows:

<u>Bank</u>	<u>Bank Balance</u>	<u>Insured (FDIC)</u>	<u>Collateralized- Custodial Bank</u>	<u>Not Collateralized</u>
Chase Bank	\$ 1,168,486	\$ 500,000	\$ 853,034	\$ -
Catskill Hudson	2,545,520	500,000	2,626,708	-
M&T Bank	6,791,905	500,000	8,580,398	-
TD Bank	1,570,170	250,000	2,500,000	-

B. 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, 2016, the City had total real property tax assets of \$5,088,681. On the fund financial statements, the taxes are offset by deferred tax revenue of \$4,426,587 for the City portion. The deferred tax revenue 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 the City regardless of when received.

Other revenues totaling \$34,514 are deferred in the governmental fund financial statements as they were not received within 60 days following year-end; therefore, are unavailable to pay liabilities of the current period. Other deferred revenue received after 60 days is recognized as revenue in the government-wide statements if grantor eligibility requirements are met.

C. Notes Receivable

The following is a summary as of December 31, 2016:

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

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies - continued

6. Financial Statement Amounts - continued

C. Notes Receivable - continued

Summary of 2016 activity

	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016	Due in One Year
Homeowner Loans	\$ 781,118	\$ 129,932	\$ -	\$ 911,050	\$ -
Total Loans	\$ 781,118	\$ 129,932	\$ -	\$ 911,050	\$ -

D. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	15-40 years
Improvements	15-40 years
Infrastructure	15-40 years
Machinery and equipment	3-40 years

NOTE A - Summary of Accounting Policies - continued

6. Financial Statement Amounts - continued

E. Capital Assets – continued

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, underground pipe, etc. Neither their historical cost nor related depreciation had historically been reported in the financial statements prior to 2004 when the City's implemented all the provisions of GASB Statement No. 34 including retroactive reporting of infrastructure.

F. Property Taxes

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

G. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

H. Budgets

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

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

Basis of Budgeting - Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues and expenditures are budgeted by department and class. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

NOTE A - Summary of Accounting Policies - continued

6. Financial Statement Amounts – continued

I. Deficit Fund Balances

The capital projects fund had a deficit fund balance at December 31, 2016. The deficit will be eliminated as short-term debt is converted to permanent financing.

J. Encumbrances

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

K. Revenues

Substantially all governmental fund revenues are accrued. The governmental fund financial statements recognize the proceeds of debt as other financing sources.

Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB Statement No.33. In applying GASB No. 33 to grant revenues, the grantor recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the grantor and deferred revenue by the recipient.

L. Expenditures

Expenditures are recognized when the fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than when purchased.

M. Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employer-related costs when earned (or estimated to be earned) by the employee based on varying contracts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. The amount estimated to be used in subsequent fiscal years is maintained separately for governmental funds and represents a reconciling item between the fund and government-wide presentations.

NOTE A - Summary of Accounting Policies – continued

6. Financial Statement Amounts - continued

N. Pension Plans

Plan Description

The City of Kingston is required to participate in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Policemen's and Firemen's Retirement System (PFRS) (the Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publically available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York, 12244.

Funding Policy

The Systems are generally noncontributory. Tiers I-IV are noncontributory after ten years of participation and Tier V is required to contribute 3% of their salary, and Tier VI is required to contribute a minimum of 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates of participating employers expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by those employers to the pension accumulation fund.

The City is required to contribute to the Systems at an actuarially determined rate. The required contributions for the current and prior two calendar years were \$1,509,733, \$1,668,827, and \$1,822,264 for ERS, and \$2,205,484, \$2,287,767, and \$2,726,392 for PFRS.

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- i. For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- ii. For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- iii. For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to payoff existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2007 through 2016. The total unpaid liability at the end of the fiscal year was \$1,911,823 which is reported in the governmental activities of the government-wide financial statements.

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies - continued

6. Financial Statement Amounts - continued

M. Pension Plans -continued

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

At December 31, 2016, the City reported liabilities of \$4,950,767 under the Employees' Retirement System, net of \$17,043 allocated to the Kingston Local Development Corporation, and \$7,969,833 under the Police and Fire Retirement System for its proportionate share of the net pension liability. This amount is recorded as a long-term liability due to the NYS Retirement System. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2016, the City's proportion was 0.0308454 percent of the Employees' Retirement System liability and 0.2691796 of the Police and Fire Retirement System.

For the year ended December 31, 2016, the City recognized pension expense of \$1,831,262 under the Employees' Retirement System and \$2,934,394 under the Police and Fire Retirement System. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience - ERS	\$ 25,017	\$ 586,831
Differences between expected and actual experience - PFRS	71,482	1,204,943
Changes of assumptions - ERS	1,320,220	-
Changes of assumptions - PFRS	3,435,769	-
Net difference between projected and actual investment earnings on pension plan investments - ERS	2,937,067	-
Net difference between projected and actual investment earnings on pension plan investments - PFRS	4,466,447	-
Changes in proportion and differences between employer contributions and proportionate share of contributions - ERS	224,824	4,311
Changes in proportion and differences between employer contributions and proportionate share of contributions - PFRS	70,902	46,050
Employer contributions subsequent to the measurement date - ERS	1,334,258	-
Total	<u>\$ 13,885,986</u>	<u>\$ 1,842,135</u>

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies -continued

6. Financial Statement Amounts -continued

M. Pension Plans -continued

\$1,334,258 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>ERS</u>	<u>PFRS</u>	<u>TOTAL</u>
2017	\$ 999,882	\$ 1,598,863	\$ 2,598,745
2018	999,882	1,598,863	2,598,745
2019	999,882	1,598,863	2,598,745
2020	916,340	1,536,673	2,453,013
2021	-	460,346	460,346

Actuarial Assumptions

The total pension liability at March 31, 2016, was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2015, valuation were as follows:

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.5%	2.5%
Salary increases	3.8%	4.5%
Investment rate of return (net of investment expense, including inflation)	7.0%	7.0%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return of the target asset allocation percentage and by adding expected inflation.

NOTE A - Summary of Accounting Policies -continued

6. Financial Statement Amounts -continued

M. Pension Plans -continued

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.30%
International equity	8.55
Private equity	11.00
Real estate	8.25
Absolute return strategies	6.75
Opportunistic portfolio	8.60
Real assets	8.65
Bonds and mortgages	4.00
Cash	2.25
Inflation-indexed bonds	4.00

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's proportionate share of the net ERS pension liability/(asset)	\$ 11,163,620	\$ 4,950,767	\$ (298,828)
City's proportionate share of the net PFRS pension liability/(asset)	\$ 17,801,462	\$ 7,969,833	\$ (271,201)

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies -continued

6. Financial Statement Amounts -continued

M. Pension Plans -continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all employers as of March 31, 2016, were as follows:

	Dollars in Thousands		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727	\$ 202,651,271
Plan net position	156,253,265	27,386,940	183,640,205
Employers' net pension liability	<u>\$ 16,050,279</u>	<u>\$ 2,960,787</u>	<u>\$ 19,011,066</u>
Ratio of plan net position to the employers' total pension liability	90.7%	90.2%	90.6%

N. Post-employment Benefits (Health insurance and firefighter disability)

From an accrual accounting perspective, the cost of postemployment benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB statement No. 45 during the year ended December 31, 2008, the City recognizes the cost of postemployment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Plan Description

The City provides continuation of medical insurance coverage to employees that retire directly from City employment after retirement age with a minimum of ten years of service. Based on collective bargaining agreements, the retiree and his or her beneficiaries receive this coverage for the life of the retiree and survivor. Healthcare benefits for non-union employees are based on those of union employees. Currently the retiree's share of premium cost ranges from 0 to 50%, depending on the employee group and lengths of service. These contracts will be renegotiated at various times in the future. Also, under requirements of state and local law, the City compensates firefighters that retire due to disability before the mandatory retirement age of 70. This compensation is equal to the differential between the retiree's pension and the salary that they would be paid if still in active service. There are currently 5 firefighters receiving such compensation.

The total number of participants as of January 1, 2016, the effective date of the OPEB valuations, follows:

Active employees	309
Retired employees	288
Spouses of deceased employees	<u>0</u>
	<u>703</u>

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies -continued

6. Financial Statement Amounts -continued

O. Post-employment Benefits (Health insurance and firefighter disability) (Cont'd)

Funding Policy

The City currently pays for postemployment healthcare benefits on a pay-as-you-go basis through premiums paid to insurance companies and reimbursements to retirees for their Medicare premiums.

Annual Other Post-employment Benefit Cost

For the year ended December 31, 2016, the City's annual OPEB cost (expense) was \$11,380,000 and the Annual Required Contribution was \$11,570,000. The payment of current health insurance premiums and Medicare reimbursement, which totaled \$3,100,000 for retirees and their survivors, resulted in a Net OPEB obligation of \$55,480,000 for the year ended December 31, 2016.

	Governmental Funds	Proprietary Funds	Total
Amortization of UAAL over 30 Years	\$ 5,061,273	\$ 698,727	\$ 5,760,000
Normal cost with interest to end of year	5,172,104	637,896	5,810,000
Annual required contribution (ARC)	10,233,377	1,336,623	11,570,000
Interest on net OPEB obligation	1,542,395	227,605	1,770,000
Adjustment to annual required contribution	(1,708,642)	(251,359)	\$ (1,960,000)
Annual OPEB cost	10,067,131	1,312,869	11,380,000
Contributions made	(2,673,654)	(426,346)	\$ (3,100,000)
Increase in net OPEB obligation	7,393,477	886,523	8,280,000
Net OPEB obligation - beginning of year	41,303,975	5,896,025	47,200,000
Net OPEB obligation - end of year	\$ 48,697,452	\$ 6,782,548	\$ 55,480,000

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the most recent actuarial valuation date, the liabilities were computed using the projected unit credit cost method. The actuarial assumptions utilized a 3.75% discount rate. Because the plan is unfunded, this rate was selected based on the expected earnings of the City of Kingston's short-term investments such as certificates of deposit. The valuation assumes a current 8.00% healthcare cost trend increase, reduced by decrements to a rate of 0.5% per year through year seven, to 5.0% thereafter. GASB Statement #45 requires that actuarial valuations be performed at least biennially.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Accounting Policies -continued

6. Financial Statement Amounts -continued

P. Subsequent Events

Management has evaluated subsequent events through October 2, 2017, the date the financial statements were available to be issued.

NOTE B - Interfund Receivables, Payables and Transfers

The following is a summary of amounts due from and due to other funds and transfers as of December 31, 2016. These inter-fund balances have been eliminated as part of the aggregation of balances in the statement of net assets. Such balances arise through the use of a pooled cash disbursement account and the temporary funding of capital projects. Transfers are recorded for the reimbursement of expenses and the permanent funding of capital projects.

<u>FUND</u>	<u>RECEIVABLE</u>	<u>PAYABLE</u>
General	\$ 2,178,287	\$ (1,355,853)
Capital Projects	1,041,194	(2,057,689)
Special Grant	-	-
Debt Service	162,975	(912,897)
subtotal Governmental funds	<u>3,382,456</u>	<u>(4,326,439)</u>
Proprietary funds:		
Water	-	(139,097)
Sewer	1,650,944	(567,864)
Subtotal Proprietary funds	<u>1,650,944</u>	<u>(706,961)</u>
TOTALS	<u>\$ 5,033,400</u>	<u>\$ (5,033,400)</u>
	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General	\$ 34	\$ (2,133,277)
Capital Projects	125,500	(34)
Special Grant	-	-
Debt Service	2,007,777	-
subtotal Governmental funds	<u>2,133,311</u>	<u>(2,133,311)</u>
Proprietary funds:		
Water	-	-
Sewer	-	-
Subtotal Proprietary funds	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 2,133,311</u>	<u>\$ (2,133,311)</u>

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE C – Capital Assets

The table on the following page provides a summary of changes in capital assets. In addition, depreciation was charged to governmental activities functions as follows:

General government	\$	548,285
Public Safety		495,835
Transportation		1,234,897
Culture and Recreation		352,428
Home and community services		688,960
Total governmental activities depreciation	\$	<u>3,320,405</u>

The following describes the City's Capital Assets:

	Balance 12/31/2015	Additions	Disposals/ Transfers	Balance 12/31/2016
<u>Governmental Activities:</u>				
Land	\$ 192,500	\$ -	\$ -	\$ 192,500
Construction in progress	5,172,330	1,456,890	(4,095,121)	2,534,099
<u>Depreciated Assets:</u>				
Buildings	13,232,255	-	-	13,232,255
Improvements	14,927,400	1,897,828	-	16,825,228
Infrastructure	25,682,106	4,819,257	-	30,501,363
Machinery and equipment	15,502,375	1,688,835	-	17,191,210
Total Capital Assets	<u>74,708,966</u>	<u>9,862,810</u>	<u>(4,095,121)</u>	<u>80,476,655</u>
<u>Less accumulated depreciation:</u>				
Buildings	5,966,683	287,852	-	6,254,535
Improvements	6,184,726	690,916	-	6,875,642
Infrastructure	10,067,068	1,115,105	-	11,182,173
Machinery and equipment	10,739,310	1,226,532	-	11,965,842
Total Accumulated Depreciation	<u>32,957,787</u>	<u>3,320,405</u>	<u>-</u>	<u>36,278,192</u>
Net Governmental Assets	<u>41,751,179</u>	<u>6,542,405</u>	<u>(4,095,121)</u>	<u>44,198,463</u>
<u>Business-Type Activities:</u>				
Land	118,729	-	-	118,729
Construction in progress	4,300,103	3,071,549	(3,607,066)	3,764,586
<u>Depreciated Assets:</u>				
Buildings	4,996,149	1,518,737	-	6,514,886
Improvements	16,973,641	4,572	-	16,978,213
Infrastructure	26,006,807	4,463,811	-	30,470,618
Machinery and equipment	3,862,101	523,438	-	4,385,539
Total Capital Assets	<u>56,257,530</u>	<u>9,582,107</u>	<u>(3,607,066)</u>	<u>62,232,571</u>
<u>Less accumulated depreciation:</u>				
Buildings	1,380,355	205,196	-	1,585,551
Improvements	12,054,465	494,474	-	12,548,939
Infrastructure	7,994,052	691,283	-	8,685,335
Machinery and equipment	2,590,793	209,065	(21,986)	2,777,872
Total Accumulated Depreciation	<u>24,019,665</u>	<u>1,600,018</u>	<u>(21,986)</u>	<u>25,597,697</u>
Net Business-Type Assets	<u>32,237,865</u>	<u>7,982,089</u>	<u>(3,585,080)</u>	<u>36,634,874</u>
Primary Government Net Assets	<u>\$ 73,989,044</u>	<u>\$ 14,524,494</u>	<u>\$ (7,680,201)</u>	<u>\$ 80,833,337</u>

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE D - Long-Term Liabilities

Constitutional Debt Limit- At December 31, 2016 the total outstanding indebtedness of the City of Kingston aggregated \$38,062,086. Of this amount, \$24,964,275 was subject to the constitutional debt limit and represented approximately 25% of its limit.

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

1. Types

a. Serial Bonds

The City of Kingston borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities, which are backed by the full faith and credit of the City, are recorded in the enterprise funds and government-wide statements.

b. Loans Payable

- i. NYS Environmental Facilities Corp - The Water Department received \$1,183,625 from the Clean Water & Drinking Water Revolving Fund Revenue Bond of 1998 for improvements to its filtration plant. In addition, the Department received \$2,545,816 from the 2004 Bond and \$571,283 from the 2005 Bond for improvements to the water treatment plant. Interest payments are reduced by subsidies from the state.
- ii. NYS Environmental Facilities Corp - The City received \$1,552,579 from the Clean Water & Drinking Water Revolving Fund Revenue Bond series 2005B for the Wilbur Avenue Siphon project and pretreatment pump station. Interest payments are reduced by subsidies from the state. The total interest due on these bonds for the current year was reduced by \$14,630.
- iii. NYS Environmental Facilities Corp - The City received \$5,819,243 from the Clean Water & Drinking Water Revolving Fund Revenue Bond series 2011C for sewer improvements. Interest payments are reduced by subsidies from the state. The total interest due on these bonds for the current year was reduced by \$80,077.

c. Judgments and Claims

As described in Note D.1f. Insurance Claims, the City has prepared an estimate of future loss liabilities based on historical trends and other factors.

d. Compensated Absence and Vacation Pay Obligations

The City has prepared an estimate of the value of earned but unused leave time which is payable from future resources.

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE D - Long-Term Liabilities -continued

1. Types -continued

e. 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 estimated cost to the City of post-closure care was \$2,692,498 at December 31, 2011. This estimate had not been reviewed for several years. Now that the City is half way through the post-closure period, the prior costs were reviewed to determine if the estimate was still appropriate. As a result of this review, the estimated remaining liability was increased to \$601,842 and is reported with other long-term liabilities in the government- wide statement of net assets. Actual costs may vary due to inflation, changes in technology, or changes in regulations.

f. Insurance Claims

The City has adopted an insurance program which includes a self-insurance portion. The City is responsible for the payment of the first \$50,000 of every claim arising prior to June 1, 1998 and for claims subsequent to that date, the self-insured retention is \$25,000. 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. It is estimated that the City's potential liability for claims for the period prior to December 31, 2012 is \$300,000 of which \$225,804 has been reserved in the general fund.

The City also participates in a risk sharing pool to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The City's share of the liability for unbilled and open claims is \$402,340 which is reported with other long term liabilities in the government-wide financial statements.

2. Schedule of Notes Payable

Description	Date of Issue	Interest Rate	Balance 12/31/2015	Issued (Paid) During Year	Balance 12/31/2016	Date of Maturity
<u>DUE IN ONE YEAR</u>						
Bond Anticipation:						
Equipment/Improvement	Nov-16	1.00%	\$ 5,007,077	\$ 992,418	\$ 5,999,495	Nov-17
Sewer Improvements	Nov-16	1.00%	1,730,040	1,878,798	3,608,838	Nov-17
Water Improvements	Mar-16	1.25%	1,395,000	(35,000)	1,360,000	Mar-17
Total Bond Anticipation			<u>8,132,117</u>	<u>2,836,216</u>	<u>10,968,333</u>	
<u>DUE IN MULTIPLE YEARS</u>						
Bond Anticipation:						
Water Improvements	Mar-16	2.00%	-	1,490,754	1,490,754	Mar-17
Installment Debt:						
Equipment #3	Nov-05	4.49%	314,385	(57,479)	256,906	Nov-20
Wendel Energy	Aug-07	3.41%	2,115,495	(272,645)	1,842,850	Aug-22
Water Vehicles	Jun-10	5.90%	137,100	(37,556)	99,544	Jun-17
Total Installment Debt			<u>2,566,980</u>	<u>1,123,074</u>	<u>3,690,054</u>	

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE D - Long-Term Liabilities -continued

3. Changes

The changes in the City's indebtedness during the year ended December 31, 2016, are summarized as follows:

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016	Due in One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$ 10,956,387	\$ -	\$ (1,801,049)	\$ 9,155,338	\$ 1,785,683
Retirement payable	2,244,092		(332,270)	1,911,822	-
Compensated absences	2,786,701	-	(150,585)	2,636,116	-
Judgements and claims	68,103		(77,800)	(9,697)	-
Landfill closure liability	599,696	2,146		601,842	-
Installment debt	851,298	-	(121,210)	730,088	125,766
Share of net pension liability	1,441,500	9,986,876	-	11,428,376	-
OPEB liability	41,303,975	7,393,477	-	48,697,452	-
Total governmental	60,251,752	17,382,499	(2,482,914)	75,151,337	1,911,449
<u>Business-type Activities:</u>					
Bonds Payable	15,591,241	-	(1,143,579)	14,447,662	1,131,317
Installment debt	1,715,683	-	(246,470)	1,469,213	216,246
Compensated absences	428,010	84,192	-	512,202	5,383
Share of net pension liability	320,611	1,154,570	-	1,475,181	-
OPEB liability	5,896,025	886,523	-	6,782,548	-
Total business-type	23,951,570	2,125,285	(1,390,049)	24,686,806	1,352,946
Total Long Term Debt	\$ 84,203,322	\$ 19,507,784	\$ (3,872,963)	\$ 99,838,143	\$ 3,264,395

4. Description

a. Serial Bonds

The City borrows money in order to acquire or construct buildings and public improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the City, are recorded in the long-term liabilities. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of long-term liabilities.

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE D - Long-Term Liabilities -continued

7. Description -continued

a. Serial Bonds (Cont'd).

The following is a schedule of the City's serial bonds as of December 31, 2016:

Deserption	Date of Issue/ Maturity	Interest Rate	Total Authorized	Balance 12/31/2015	Issued (Paid) During Year	Balance 12/31/2016
Serial Bonds:						
Clean Water Revolving Loan	3/98 to 6/18	3.75% to 5.20%	\$ 1,183,625	\$ 195,000	\$ (65,000)	\$ 130,000
Clean Water Revolving Loan	7/04 to 2/25	1.99% to 5.025%	2,545,816	1,465,000	(125,000)	1,340,000
Clean Water Revolving Loan	3/05 to 5/25	2.10% to 4.405%	571,283	239,221	(21,221)	218,000
Clean Water Revolving Loan	7/05 to 10/24	2.059% to 3.969%	1,552,579	770,000	(80,000)	690,000
Public Improvement Serial	7/06 to 3/26	4.250% to 4.375%	4,116,824	220,000	(220,000)	-
Public Improvement Serial	4/10 to 4/27	2% to 4.25%	4,815,000	2,475,000	(300,000)	2,175,000
Refunding Serial Bonds	5/13 to 2/18	.28% to 2% to 3.6%	3,110,000	1,860,000	(605,000)	1,255,000
Clean Water Revolving Loan	7/11 to 5/31	.28% to 4.113%	5,819,243	4,895,000	(295,000)	4,600,000
Clean Water Revolving Loan	11/12 to 11/32	.285% to 3.483%	3,552,158	3,080,000	(155,000)	2,925,000
Refunding Serial Bonds	8/15 to 8/21	.285% to 3.483%	2,675,000	2,675,000	(260,000)	2,415,000
Public Improvement Serial	3/15 to 3/35	.285% to 3.483%	8,673,407	8,673,407	(818,407)	7,855,000
				<u>\$ 17,874,221</u>	<u>\$ (2,944,628)</u>	<u>\$ 23,603,000</u>

b. Bond Anticipation Notes Payable

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

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE D - Long-Term Liabilities -continued

4. Description -continued

c. Amortization

The annual requirements needed to amortize bonded debt and installment debt as of December 31, 2016, are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Sewer Fund</u>		<u>Water Fund</u>	
			<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,785,683	\$ 241,648	\$ 684,539	\$ 291,186	\$ 446,778	\$ 181,871
2018	1,666,648	198,041	623,396	274,438	451,756	169,336
2019	742,848	163,153	622,396	256,156	391,756	156,978
2020	601,143	142,128	659,095	235,782	396,762	144,984
2021	611,143	124,671	659,095	213,790	410,762	132,152
2022-2026	2,260,673	408,818	3,039,327	741,017	1,979,000	439,680
2027-2031	943,000	148,730	2,038,000	262,660	1,304,000	164,639
2032-2036	544,000	37,208	375,000	25,591	366,000	13,441
	<u>\$ 9,155,138</u>	<u>\$ 1,464,397</u>	<u>\$ 8,700,848</u>	<u>\$ 2,300,620</u>	<u>\$ 5,746,814</u>	<u>\$ 1,403,081</u>

d. Advance Refunding of Public Improvement Debt

In May 2005, the City issued \$3,335,000 in serial bonds, and in July 2006, issued \$4,116,824 in serial bonds through the Depository Trust Company. The proceeds were used to fund public improvements in the City, with \$4,981,824 allocated to General Fund, \$2,395,000 allocated for Sewer purposes, and \$75,000 allocated for Water purposes. The net proceeds of the 2015 refunding, \$2,932,469, after payment of \$70,850 in underwriting and other issuance costs, were used to purchase state and local securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. As of August 19, 2015, the escrow funds were deposited to pay the refunded debt of \$2,810,000. The outstanding principal balance on the refunding debt totaled \$2,415,000 at December 31, 2016, with an average interest rate of 4.30%

NOTE E - Commitments and Contingencies

1. Litigation

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. 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.

2. Grant Programs

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 although the City believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal.

3. Authorized Debt

In addition to the debt shown above, \$31,084,460 had been authorized but was unissued at December 31, 2016.

4. Capital Projects

The Water Department and City of Kingston other than the Water Department have prepared four and five-year capital plans. The current estimated total cost of projects contemplated for the next five years is \$28,164,964 for the Water Department and \$17,700,000 for the City other than the Water Dept. These projects are prioritized based on criteria, the highest of which is that the project is legally mandated. Unfortunately only a portion of these projects will be undertaken due to limitations on funding sources which include a combination of budget appropriations, grants and borrowing.

5. Deferred Compensation Plan

City employees may elect to participate in the deferred compensation plan created in accordance with IRS Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

On October 1, 1997 the NY State Deferred Compensation Board (Board) created an agreement that made Chase Manhattan Bank the Trustee and Custodian of the plan. Consequently, Statement No. 32 became effective for the New York State Deferred Compensation Plan as of October 1, 1997. Since the Board is no longer the trustee of the plan, the plan no longer meets the criteria for inclusion in New York State's financial statements. Therefore, municipalities which participate in New York State's Deferred Compensation Plan are no longer required to record the value of the plan assets.

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE F – Jointly Governed Organization

The City of Kingston and Kingston City School District have undertaken the joint operation and maintenance of Dietz Stadium, a recreational facility, through the Dietz Stadium Commission. The Mayor appoints three members of the seven-member board. This activity is excluded from the financial statements of all participating municipalities. The City has no equity interest in the Commission. All expenses are shared equally by the parties.

NOTE G – Lease Agreements

In August 2005, the City entered into an agreement with Aslan Environmental Services to implement and manage a process for converting sludge into bio-solid pellets with equipment provided by Aslan. The initial term of the agreement was for 10 years; however, it was later increased to 15 years. The initial monthly payment is \$19,600 with an increase of 3% for each of the subsequent years. The City has the option to purchase the equipment based on the following schedule with an exercise payment of 5% of the purchase price. The first payment under the lease was not due until the equipment commenced operation to dry the sludge. A total of \$220,104 was paid in 2016.

Schedule of terms for options to purchase:

	Price	Credit
< 2 years	\$ 1,900,000	16,000
2-4 years	1,650,000	32,000
4-6 years	1,400,400	48,000
6-8 years	1,150,000	64,000
> 8 years	900,000	80,000

NOTE H – Prior Period Adjustment

In 2016, the following prior period adjustments were recorded to properly state fund balance and net position as of December 31, 2015:

Location	Amount	Reason	Effect
Government Wide	\$ 3,156,025	To decrease OPEB liability overstated in prior year	Increase net position
Special Grant	54,639	To reflect write off of uncollectable receivables	Decrease of net position
Water Fund	18,884	To agree opening fund balance to prior year audit report received after 2015 audit date	Increase of net position

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE I – New Reporting Standards

GASB issued Statement 72, Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement 72 is effective for fiscal year 2016. The City determined that the new standard did not have a significant impact on its financial reporting.

GASB has issued Statement 73, Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, which improves the usefulness of information about pensions included in the general purpose external financial reports of state and local government for making decisions and assessing accountability. This Statement also amends Statement 67, Financial Reporting for Pension Plans. GASB Statement 73 is effective for fiscal year 2016. The City determined that the new standard did not have a significant impact on its financial reporting.

GASB has issued Statement 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability. The City determined that the new standard did not have a significant impact on its financial reporting.

GASB has issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves the information provided by state and local governmental employers about support for OPEB that is provided by other entities. The City is currently studying the Statement and plans on adopting it if and when required, which will be for the December 31, 2018 financial statements.

GASB has issued Statement 77, Tax Abatement Disclosures. This Statement requires governments to disclose in the notes certain information related to tax abatement agreements. GASB Statement 77 is effective for fiscal year 2016. The City has implemented Statement 77 as required.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. The City has not evaluated the effect of GASB 83 on its financial statements.

In January of 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not evaluated the effect of GASB 83 on its financial statements.

In March 2017, GASB issued Statement 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The City is required to implement this standard for the year ending December 31, 2018.

CITY OF KINGSTON, NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE I – New Reporting Standards - continued

The City has also issued Statements 76, 78-82, and 86, none of which are expected to have any substantive effects on the City's net position.

NOTE J – Subsequent Events

On March 23, 2017, the City renewed a bond anticipation note for \$3,122,439 at 2.00%. The note was for the purposes of various capital improvements and equipment purchases for various City departments.

NOTE K – Restated Financial Statements

The City has restated its 2016 financial statements because of a change in the classification of fund balance in the General Fund. The overall fund balance for the General Fund did not change.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KINGSTON, NEW YORK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real property taxes	\$ 17,669,687	\$ 17,669,687	\$ 17,167,464	\$ (502,223)
Other property tax items	1,088,000	1,088,000	1,036,276	(51,724)
Non property tax items	13,370,000	13,386,281	13,609,148	222,867
Departmental income	2,378,144	2,391,244	2,347,725	(43,519)
Intergovernmental charges	74,500	74,500	65,000	(9,500)
Use of money and property	32,500	32,500	28,477	(4,023)
Licenses and permits	387,800	387,800	565,322	177,522
Fines and forfeitures	235,000	235,000	206,344	(28,656)
Sale of property and compensation for loss	54,300	54,300	145,580	91,280
Miscellaneous local sources	454,700	454,700	459,570	4,870
State aid	3,779,151	3,779,151	3,829,008	49,857
Federal aid	509,500	509,500	622,688	113,188
Total revenues	40,033,282	40,062,663	40,082,602	19,939
Appropriation of prior year's fund balance	775,000	882,095	-	(882,095)
Total revenues and appropriation of prior year's fund balance	40,808,282	40,944,758	40,082,602	(862,156)
EXPENDITURES				
General Government Support	6,257,827	6,013,233	5,622,147	391,086
Public safety	20,045,603	20,287,999	19,450,322	837,677
Health	57,379	57,379	49,591	7,788
Transportation	3,311,192	3,347,567	3,142,448	205,119
Economic assistance & opportunity	142,003	208,561	171,637	36,924
Culture and recreation	2,063,751	2,099,996	1,918,316	181,680
Home and community service	3,428,344	3,449,120	3,240,465	208,655
Employee benefits, retirees	2,889,000	2,889,000	2,962,134	(73,134)
Debt Service:				
Principal	451,048	451,048	459,563	(8,515)
Interest	94,256	94,256	67,309	26,947
Total expenditures	38,740,403	38,898,159	37,083,932	1,814,227
Excess (deficiency) of revenues over expenditures	2,067,879	2,046,599	2,998,670	952,071
Other financing sources (uses):				
Operating transfers in	-	-	34	34
Operating transfers out	(2,067,879)	(2,046,599)	(2,133,277)	(86,678)
Total other financing sources	(2,067,879)	(2,046,599)	(2,133,243)	(86,644)
Excess (deficiency) of revenues and appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances	\$ -	\$ -	\$ 865,427	\$ 865,427

**CITY OF KINGSTON, NEW YORK
OTHER POST-EMPLOYMENT BENEFITS
PLAN SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2016**

EXHIBIT II

	<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Payroll</u>
*	2016	\$ 11,380,000	27%	\$ 55,480,000	\$ 138,530,000	0%	\$ 19,710,000	703%
*	2015	9,150,000	32%	47,200,000	121,140,000	0%	18,490,000	673%
*	2014	11,380,000	32%	47,200,000	115,100,000	0%	19,800,000	591%

* Includes Water Fund portion of OPEB liability

**CITY OF KINGSTON, NEW YORK
SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DECEMBER 31, 2016**

EXHIBIT III

NYSLRS Pension Plan
Last 10 Fiscal Years*

	Employees' Retirement System March 31, 2016	Police and Fire Retirement System March 31, 2016	Employees' Retirement System March 31, 2015	Police and Fire Retirement System March 31, 2015
City's proportion of the net pension liability (asset)	0.0308454%	0.2691796%	0.0310462%	0.2604413%
City's proportionate share of the net pension liability (asset)	\$ 4,950,767	\$ 7,969,833	\$ 1,045,219	\$ 716,890
City's covered-employee payroll	\$ 9,085,750	\$ 10,826,434	\$ 8,805,830	\$ 10,492,852
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.49%	73.61%	11.87%	6.83%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	90.24%	97.95%	99.03%

*The amounts presented for each fiscal year were determined as of the System's measurement date

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

CITY OF KINGSTON, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2016

EXHIBIT IV

NYSLRS Pension Plan
Last 10 Fiscal Years*

	Employees' Retirement System March 31, 2016	Police and Fire Retirement System March 31, 2016	Employees' Retirement System March 31, 2015	Police and Fire Retirement System March 31, 2015
Contractually required contribution	\$ 1,831,262	\$ 2,934,394	\$ 979,145	\$ 1,650,841
Contributions in relation to the contractually required contribution	<u>1,509,733</u>	<u>2,205,484</u>	<u>1,668,827</u>	<u>2,287,767</u>
Contribution (deficiency)/excess	<u>\$ (321,529)</u>	<u>\$ (728,910)</u>	<u>\$ 689,682</u>	<u>\$ 636,926</u>
City's covered-employee payroll	\$ 9,085,750	\$ 10,826,434	\$ 8,805,830	\$ 10,492,852
Contributions as a percentage of covered-employee payroll	16.62%	20.37%	18.95%	21.80%

*The amounts presented for each fiscal year were determined as of the System's measurement date

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.

OTHER SUPPLEMENTARY INFORMATION



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and
Members of the Common Council
City of Kingston
Kingston, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kingston, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Kingston's basic financial statements, and have issued our report thereon dated October 2, 2017. We did not audit the financial statements of the City's Water Fund, as shown on the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds. Those statements were audited by other auditors, whose report has been furnished to us.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

RBT CPAs, LLP

Poughkeepsie, New York
October 2, 2017



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY UNIFORM GUIDANCE**

To the Mayor and
Members of the Common Council
City of Kingston
Kingston, New York

Report on Compliance for Each Major Federal Program

We have audited the City of Kingston, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Kingston's major federal programs for the year ended December 31, 2016. The City of Kingston's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Kingston, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the compliance over major programs of the City's Water Fund. This audit was performed by other auditors, whose reports has been furnished to us, and our opinion, as it relates to the compliance over the Water Fund's federal programs, is based solely on the report of the other auditors. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kingston, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, City of Kingston, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the City of Kingston, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Kingston, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kingston, New York's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in Internal Control over Compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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

RBT CPAs, LLP

Poughkeepsie, New York
October 2, 2017



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND CONTROLS
OVER STATE TRANSPORTATION ASSISTANCE EXPENDED
BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor
and Members of the Common Council
City of Kingston
Kingston, New York

Report on Compliance for Each State Transportation Assistance Program

We have audited the City of Kingston, New York's compliance with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on each of City of Kingston, New York's state transportation assistance programs that were tested for the year ended December 31, 2016. The programs tested are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on State Transportation Assistance Program

In our opinion, the City of Kingston, New York, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its state transportation assistance programs tested for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The management of the City of Kingston, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Kingston, New York's internal control over compliance with the types of requirements that could have a direct and material effect on the state transportation assistance programs that were tested in order to determine the auditing procedures are appropriate in the circumstances for the purpose of expressing our opinion for each tested program and to test and report on internal control over compliance in accordance with Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kingston, New York's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the preliminary Draft Part 43 of NYCRR. Accordingly, this report is not suitable for any other purpose.

RBT CPAs, LLP

Poughkeepsie, New York
October 2, 2017

**CITY OF KINGSTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016**

Financial Statement Findings:

No matters were reported.

Findings and Questioned Costs for Federal Awards:

No matters were reported.

**CITY OF KINGSTON, NEW YORK
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SELECTED STATE AWARDS
DECEMBER 31 ,2016**

<u>Grantor/ Program Title</u>	<u>NYSDOT Contract/ Reference Number</u>	<u>CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal/State Expenditures</u>
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
DIRECT PROGRAMS:				
* CDBG-Entitlement		14.218	\$ 141,632	\$ 1,278,086
PASSED THROUGH NYS HOUSING TRUST FUND CORP.:				
Home Investment Partnerships Program	SHARS ID 20113154	14.239	-	40,310
<u>US DEPARTMENT OF TRANSPORTATION</u>				
DIRECT PROGRAMS:				
Federal Transit Formula Grant		20.507	-	634,000
			-	634,000
PASSED THROUGH STATE:				
* Highway Planning & Construction		20.205	-	1,035,444
			-	1,035,444
<u>US DEPARTMENT OF HOMELAND SECURITY</u>				
PASSED THROUGH STATE DHSSES:				
Tactical Team Targeted Grant	C158839	97.067	-	94,576
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
PASSED THROUGH STATE				
* Capitalization Grants for Drinking Water State Revolving Funds	18147-75	66.468	-	1,526,254
TOTAL FEDERAL AWARDS EXPENDED			\$ 141,632	\$ 4,608,670

STATE TRANSPORTATION ASSISTANCE

New York State Department of Transportation:				
CHIPS - Capital Reimbursement Component	n/a		\$	532,877
State Transit Op Assistance - Sponsor Operated	n/a			234,123
State Formula Grant -5307	NY-90-X769			38,250
Marchiselli Match - Federal Highway Projects	8756.18.121			165,228
Marchiselli Match - Federal Highway Projects	8757.10.221			294
Marchiselli Match - Federal Highway Projects	8760.29.121			4,055
TOTAL STATE TRANSPORTATION ASSISTANCE EXPENDITURES			\$	974,827

* A major program

CITY OF KINGSTON, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND SELECTED STATE AWARDS
DECEMBER 31, 2016

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal and selected state awards includes all grants awarded from the Federal government and financial assistance programs provided by the NYS Department of Transportation to the City of Kingston (primary government only) and is presented on the modified accrual basis of accounting. See individual financial statements for reporting on component units. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 – Subrecipients

The following is a summary of subrecipient activity for 2016:

<u>Program Title</u>	<u>CDFA Number</u>	Amount Provided to <u>Subrecipients</u>
Entitlement- Direct Programs	14.218	\$ 141,632

In addition, the City of Kingston has designated the Kingston Local Development Corporation (KLDC) as its subrecipient for purposes of the RUD 108 Loan program. Since this is a loan program, no activity is reflected in the City's financial statements. See KLDC financial statement for details on outstanding 108 loans.

CITY OF KINGSTON, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements	<u>Response</u>
Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not material weaknesses?	No
Noncompliance material to the financial statements noted?	No
Federal Awards	
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major programs:	
<u>Name of Federal Program</u>	<u>CFDA Numbers</u>
Highway Planning and Construction	20.205
CDBG - Entitlement	14.218
Capitalization Grants for Drinking Water State Revolving Funds	66.468
Dollar threshold to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee	No
State Transportation Assistance	
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not material weaknesses?	No
Type of auditors' report issued on compliance for programs tested	Unmodified
Summary of audit findings	No State
Identification of state transportation programs tested	CHIPS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND SELECTED STATE AWARDS

No matters were reported



KINGSTON WATER DEPARTMENT
PO BOX 1537, CITY OF KINGSTON, NY 12402

November 21, 2017

City of Kingston Common Council
420 Broadway
Kingston, NY 12401

Honorable Members of the Common Council:

Pursuant to the Charter of the City of Kingston, New York, Chapter 16-5 and
Section 395-29 of the Administrative Code of the City of Kingston, NY:

C16-5:

Water charges shall be a lien upon real estate until paid. Annually, before December 1, the Board of Water Commissioners shall transmit a statement to the Common Council of water charges in arrears for more than three months, with a description of the affected property. The Common Council, upon receipt of the statement, shall cause such unpaid charges, with 6% thereon, to be levied in addition to the general city tax at the time of the next levy, and such charges may be enforced in the same manner as provided in the City Charter for the collection of property taxes. Unpaid water charges remaining unpaid for a prescribed period of time subject the affected property to tax foreclosure. The Comptroller will pay the Water Commissioners for unpaid water charges on or before June 10 in each year.

S395-29:

In the event that water rents are in arrears for more than three months, the water rents and interest and charges thereon shall become a lien upon the real estate against which the water rents shall have been laid, levied or charged.

A copy of the unpaid water and sewer charges that are to be re-levied on the 2018 general tax bills is attached.

Respectfully submitted,

Judith A. Hansen,
Superintendent

Cc: John Tuey, Comptroller



KINGSTON WATER DEPARTMENT
PO BOX 1537, CITY OF KINGSTON, NY 12402

THE FOLLOWING IS A LIST OF ALL **UN-PAID** WATER CHARGES DUE THE

KINGSTON WATER DEPARTMENT AS OF:

November 21, 2017

WHICH WILL BE RELEVIED ONTO THE

2018 GENERAL TAX BILLS:

WATER	AMOUNT	PENALTY	TOTAL
	\$336,313.64	\$34,537.48	\$ 370,851.12
TOTALS	\$ 336,313.64	\$34,537.48	\$ 370,851.12

PLEASE NOTE:

50% SEWER USAGE FEE PENALTY
DUE FROM COMPTROLLER:

\$21,031.64

TOTAL AMOUNT DUE KINGSTON WATER DEPARTMENT FROM COMPTROLLER'S OFFICE:	\$ 391,882.76
--	----------------------

SEWER TOTALS RELEVIED ONTO THE

2018 GENERAL TAX BILLS:

SEWER	AMOUNT	50% SEWER FEE	6% ADMIN FEE	TOTAL
	\$413,470.18	\$21,031.64	\$49,586.78	\$484,088.60
TOTALS	\$ 413,470.18	\$21,031.64	\$49,586.78	\$ 484,088.60

TOTAL SEWER:

\$ 484,088.60

GRAND TOTAL SEWER & WATER

\$ 875,971.36

CITY OF KINGSTON
Office of Corporation Counsel
kbryant@kingston-ny.gov

Steven T. Noble, Mayor
Kevin R. Bryant, Corporation Counsel



Daniel Gartenstein, Asst. Corporation Counsel
Mary Lou P. Christiana, Asst. Corporation Counsel

Date: November 21, 2017

To: James L. Noble
President, Common Council

From: Kevin R. Bryant *KB*
Corporation Counsel

Re: Washington Avenue Tunnel

It has come to our attention that a full case assessment is needed regarding the grouting and repair of the Washington Avenue Tunnel to determine what entities might be responsible for the needed repair work presently occurring. A full case assessment regarding same is requested for approval.

As a result of said assessment, a request is also made that a separate line item be established in the amount of \$15,000.00 to pay for the study.

Please refer the above requests to the appropriate Committee.

CITY OF KINGSTON
Department of Public Works
publicworks@kingston-ny.gov

Joseph A. Chenier, Superintendent



Steven T. Noble, Mayor

December 12, 2017

Hon. James Noble
President Common Council
420 Broadway
Kingston, NY 12401

Dear President Noble;

Attached please find a request for interdepartmental transfers for the Department of Public Works. This transfer will cover the additional costs of a new roof for the Hasbrouck Avenue building as well as air monitoring for asbestos abatement.

Your assistance in this matter is greatly appreciated.

Sincerely,

Joseph A. Chenier
Superintendent Department of Public Works

Cc: Mayor Steven Noble
Comptroller John Tuey

100

COMMITTEE REPORT

Committee Vote	Yes	No
Douglas Koop, Ward 2 Chairman		
Reynolds Scott-Childress, Ward 3		
Tony Davis, Ward 6		
Steven Schabot, Ward 8		
Deborah Brown, Ward 9		

RESOLUTION #255 of 2017

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF KINGSTON, NEW YORK, APPROVING THE
DEVIATION BY THE ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY RELATING TO THE TERMS
AND CONDITIONS OF A CERTAIN PILOT AGREEMENT TO BE ENTERED INTO BETWEEN ULSTER COUNTY
INDUSTRIAL DEVELOPMENT AGENCY AND LANDMARK PRESERVATION, L.P. IN CONNECTION WITH THE
LANDMARK PRESERVATION, L.P. PROJECT.**

Sponsored by: Finance and Audit Committee
Aldermen Koop, Scott-Childress, Davis, Schabot, Brown

BE IT ENACTED by the Common Council of the City of Kingston, New York (the "Common Council"), as follows:

WHEREAS, pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended (the "Enabling Act") and Chapter 787 of the 1976 Laws of New York, as amended, constituting Section 923 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act"), the County Legislature of Ulster County has heretofore appointed the Chairman and members of Ulster County Industrial Development Agency (the "Agency") and has duly caused to be filed in the office of the Secretary of State of the State of New York the certificates required by Section 856 of the Act; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act) or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, Landmark Preservation, L.P., a New York limited partnership (the "Company"), submitted an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, which Application requested that the Agency consider undertaking a project (the "Project"), said Project consisting of the following: (A)(1) the acquisition of an interest in (a) an approximately 2.90 acre parcel of land located at 295 Broadway (tax map no. 56.34-9-1) in the City of Kingston, Ulster County, New York (the "Broadway Land"), together with an approximately 69,000 square foot building located thereon (the "Broadway Facility") and (b) an approximately 2.30 acre parcel of land located at 1 Albany Avenue (tax map no. 48.80-1-12.11) in the City of Kingston, Ulster County, New York (the "Albany Land" and collectively with the Broadway Land, the "Land"), together with an approximately 107,000 square foot building located thereon (the "Albany Facility" and collectively with the Broadway Facility, the "Facility"), (2) the renovation and rehabilitation of the Facility, and (3) the acquisition and installation therein and thereon of certain machinery, equipment and other personal property (collectively, the "Equipment") (the Land, the Facility and the Equipment being collectively referred to as the "Project Facility"), all of the foregoing to constitute a Section 8, senior and handicapped housing facility to be owned by the Company and leased to residential tenants, together with incidental and related commercial space leased to various commercial entities, and any other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, in connection with the undertaking of the Project, the Company will execute and deliver a certain payment in lieu of tax agreement (the "PILOT Agreement") by and between the Agency and the Company pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility; and

WHEREAS, the proposed payment terms of the PILOT Agreement constitute a deviation from the Agency's Uniform Tax Exemption Policy (the "Policy"); and

WHEREAS, under the Policy, prior to entering into a PILOT Agreement that deviates from the Policy's standard payment terms, the Agency shall (1) notify each affected tax jurisdiction, and (2) attempt to obtain the written consent of all the affected tax jurisdictions; and

WHEREAS, the Agency desires that the City of Kingston, through its Common Council, as one of the affected tax jurisdictions with respect to the Project Facility, adopt a resolution indicating whether the Common Council agrees to the terms of the proposed PILOT Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF KINGSTON, AS FOLLOWS:

Section 1. For the purpose of satisfying the requirements contained in the Agency's Policy, the Common Council hereby (1) acknowledges notification of the proposed deviation from the Agency's Policy, (2) waives any formal notice from the Agency of the proposed deviation from the Agency's Policy, and (3) approves the payment terms and other conditions to be contained in the PILOT Agreement, as substantially described in Schedule A attached.

Section 2. The Mayor of the City is hereby authorized, on behalf of the City, to execute and deliver the PILOT Agreement for the purpose of evidencing its approval to the proposed deviation from the Agency's Policy, said PILOT Agreement to contain the terms described in Schedule A attached, with such changes, variations, omissions and insertions as the Mayor of the City shall approve, the execution thereof by the Mayor of the City to constitute conclusive evidence of such approval.

Section 3. The officers, employees and agents of the City are hereby authorized and directed for and in the name and on behalf of the City to do all acts and things required or provided for by the applicable provisions of this Resolution in order to ensure compliance with such provisions as they relate to the execution and delivery of the PILOT Agreement, and to execute and deliver all such additional certificates, instruments and documents, and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution.

Section 4. This resolution shall take effect immediately.

Submitted to the Mayor this _____
day of _____, 2017.

Approved by the Mayor this _____
day of _____, 2017.

CARLY WINNIE, CITY CLERK

STEVEN T. NOBLE, MAYOR

Adopted by Council on December 5, 2017

STATE OF NEW YORK)
)SS.:
 COUNTY OF ULSTER)

I, the undersigned (Deputy) Clerk of the Common Council of the City of Kingston, DO HEREBY CERTIFY that the preceding Resolution was duly adopted by the Common Council of the City of Kingston at a regular meeting of the said Common Council of the City of Kingston duly called and held on December __, 2017; that said Resolution was entered in the minutes of said meeting; and that I have compared the foregoing copy with the original thereof now on file in my office and that the same is a true and correct transcript of said Resolution and of the whole thereof.

I FURTHER CERTIFY that (A) all members of said Common Council of the City of Kingston had due notice of said meeting, (B) said meeting was in all respects duly held, (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public, and public notice of the time and place of said meeting was duly given to the public and the news media as required by the Open Meetings Law; and (D) there was a quorum of the members of the Common Council of the City of Kingston present throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Kingston, New York this ____ day of December, 2017.

BY: _____
 (Deputy) Clerk of the Common Council of the City
 of Kingston, New York

(SEAL)

DRAFT FOR DISCUSSION PURPOSES ONLY
 DATED: DECEMBER 4, 2017

CONSENT BY AFFECTED TAX JURISDICTIONS

By executing this "Consent by Affected Tax Jurisdictions," the Affected Tax Jurisdictions: (1) represent that each of the Affected Tax Jurisdictions approved the terms of this Payment in Lieu of Tax Agreement pursuant to the resolutions attached in Exhibit B of this Payment in Lieu of Tax Agreement; and (2) waive the receipt of any notice from the Agency provided for under the Agency's Uniform Tax Exemption Policy or New York State law with respect to any deviation by the Agency from its Uniform Tax Exemption Policy with respect to this Payment in Lieu of Tax Agreement.

ULSTER COUNTY

BY: _____
 Authorized Officer

CITY OF KINGSTON

BY: _____
 Authorized Officer

CITY OF KINGSTON CITY SCHOOL DISTRICT

BY: _____
 President of Board of Education

SCHEDULE A

PILOT TERMS

A. Payment Terms.

The amount of payment in lieu of taxes to be paid by the Company will be equal to the amounts set forth in the attached Schedule B.

B. Allocation of Payments.

The amount of payments in lieu of taxes payable annually by the Company will be allocated among the City, the School District and the County pro-rata, based on their tax rates for the particular year.

C. Other Terms.

The proposed PILOT Agreement will also provide for the following additional terms:

- Both projects (Yosman & Gov Clinton) are to remain Senior housing for the entire PILOT period
- A PILOT Mortgage is required
- The Owner/Developer/management maintaining HFA subsidy requirements and standards
- A minimum \$150,000 must be expended to fund the new driveway Ingress/Egress to Albany Avenue and Clinton Avenue. The design and expenditures must be approved by City of Kingston
- Recapture of Benefits ("Clawbacks") in accordance with the Agency policies shall be based on the future yearly/annual Assessed Values, not just current 2017 pre-redevelopment Assessed Values

THE CITY OF KINGSTON COMMON COUNCIL

FINANCE AND AUDIT
COMMITTEE REPORTREQUEST DESCRIPTIONINTERNAL TRANSFER _____
AUTHORIZATION X _____
CLAIMS _____CONTINGENCY TRANSFER _____
BUDGET MODIFICATION _____
ZONING _____TRANSFER _____
BONDING REQUEST _____
OTHER _____DEPARTMENT Assessment DATE 12/4/17
Description _____Approval of the attached
"City PILOT Deviation approval Resolution
Landmark Preservation, L.P. Project"

Estimated Financial Impact _____ Signature _____

Motion by ADSeconded by RS-C

Action Required:

SEQRA Decision:

Type I Action _____

Type II Action _____

Unlisted Action _____

Negative Declaration of Environmental Significance: _____

Conditioned Negative Declaration: _____

Seek Lead Agency Status: _____

Positive Declaration of Environmental Significance: _____

<u>Committee Vote</u>	<u>YES</u>	<u>NO</u>
<u>DA Koop</u> Douglas Koop, Chairman	✓	
<u>Reynolds Scott-Childress</u> Reynolds Scott-Childress Ward 3	✓	
<u>Anthony Davis</u> Anthony Davis, Ward 6	✓	
<u>Steven Schabot</u> Steven Schabot, Ward 8	✓	
<u>Deborah Brown</u> Deborah Brown, Ward 9	X	

Schedule B

Yearly Payment Schedule

% Increase	YEAR	Gov Clinton	Yosman	Total
	1	\$ 187,500.00	\$ 181,000.00	\$ 368,500.00
2.00%	2	\$ 191,250.00	\$ 184,620.00	\$ 375,870.00
2.00%	3	\$ 195,075.00	\$ 188,312.40	\$ 383,387.40
2.00%	4	\$ 198,976.50	\$ 192,078.65	\$ 391,055.15
2.00%	5	\$ 202,956.03	\$ 195,920.22	\$ 398,876.25
2.00%	6	\$ 207,015.15	\$ 199,838.63	\$ 406,853.78
2.00%	7	\$ 211,155.45	\$ 203,835.40	\$ 414,990.85
2.00%	8	\$ 215,378.56	\$ 207,912.11	\$ 423,290.67
2.00%	9	\$ 219,686.13	\$ 212,070.35	\$ 431,756.48
2.00%	10	\$ 224,079.86	\$ 216,311.75	\$ 440,391.61
2.00%	11	\$ 228,561.45	\$ 220,637.99	\$ 449,199.44
2.00%	12	\$ 233,132.68	\$ 225,050.75	\$ 458,183.43
2.00%	13	\$ 237,795.34	\$ 229,551.76	\$ 467,347.10
2.00%	14	\$ 242,551.24	\$ 234,142.80	\$ 476,694.04
2.00%	15	\$ 247,402.27	\$ 238,825.66	\$ 486,227.92
2.00%	16	\$ 252,350.31	\$ 243,602.17	\$ 495,952.48
2.00%	17	\$ 257,397.32	\$ 248,474.21	\$ 505,871.53
2.00%	18	\$ 262,545.27	\$ 253,443.70	\$ 515,988.96
2.00%	19	\$ 267,796.17	\$ 258,512.57	\$ 526,308.74
2.00%	20	\$ 273,152.09	\$ 263,682.82	\$ 536,834.92
2.00%	21	\$ 278,615.14	\$ 268,956.48	\$ 547,571.62
2.00%	22	\$ 284,187.44	\$ 274,335.61	\$ 558,523.05
2.00%	23	\$ 289,871.19	\$ 279,822.32	\$ 569,693.51
2.00%	24	\$ 295,668.61	\$ 285,418.77	\$ 581,087.38
2.00%	25	\$ 301,581.98	\$ 291,127.14	\$ 592,709.13
2.00%	26	\$ 307,613.62	\$ 296,949.68	\$ 604,563.31
2.00%	27	\$ 313,765.90	\$ 302,888.68	\$ 616,654.58
2.00%	28	\$ 320,041.21	\$ 308,946.45	\$ 628,987.67
2.00%	29	\$ 326,442.04	\$ 315,125.38	\$ 641,567.42
2.00%	30	\$ 332,970.88	\$ 321,427.89	\$ 654,398.77
2.00%	31	\$ 339,630.30	\$ 327,856.45	\$ 667,486.74
2.00%	32	\$ 346,422.90	\$ 334,413.58	\$ 680,836.48
2.00%	33	\$ 353,351.36	\$ 341,101.85	\$ 694,453.21
2.00%	34	\$ 360,418.39	\$ 347,923.88	\$ 708,342.27
2.00%	35	\$ 367,626.76	\$ 354,882.36	\$ 722,509.12
		\$ 9,373,964.56	\$ 9,049,000.45	\$ 18,422,965.01

City of Kingston, New York Common Council

Honorable James Noble, Presiding

01/01/2017-12/31/2017

Roll Call

Committee _____

Date 12/5/17Resolution Title: Motion to refer # 255 back to committeeOffered By: Alderman BrownSeconded By: Alderman Mills

Record Of Vote

<u>Alderman</u>	<u>Yes</u>	<u>No</u>	<u>Absent</u>	<u>Reason</u>
1. Lynn Eckert (D)		X		
2. Douglas Koop (D)		X		
3. Reynolds Scott-Childress (D)		X		
4. Nina Dawson (D)		X		
5. William Carey (D)	X			
6. Tony Davis (D)	X			
7. Mary Ann Mills (D)	X			
8. Steven Schabot (D)	X			
9. Deborah Brown (R)	X			

Totals: Carried 5 Defeated 4

Carly Winnie, City Clerk

City of Kingston, New York Common Council

Honorable James Noble, Presiding

01/01/2017-12/31/2017

Roll Call

Committee FinanceDate 12/5/17

Resolution Title: *RESOLUTION #255 of 2017 approving the deviation by the Ulster County Industrial Agency relating to the terms and conditions of a certain PILOT agreement to be entered into between Ulster County Industrial Agency and Landmark Preservation, L.P. in connection with the Landmark Preservation, L.P. Project*

Offered By: Alderman _____

Seconded By: Alderman _____

Record Of Vote

<u>Alderman</u>	<u>Yes</u>	<u>No</u>	<u>Absent</u>	<u>Reason</u>
1. Lynn Eckert (D)				
2. Douglas Koop (D)				
3. Reynolds Scott-Childress (D)				
4. Nina Dawson (D)				
5. William Carey (D)				
6. Tony Davis (D)				
7. Mary Ann Mills (D)				
8. Steven Schabot (D)				
9. Deborah Brown (R)				

Totals: Carried _____ Defeated _____

Carly Winnie, City Clerk