

**KINGSTON CITY SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2022**

# KINGSTON CITY SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Kingston City School District

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Kingston City School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Kingston City School District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Change in Accounting Principles**

As described in Note 7 to the financial statements, in 2021/2022, the Kingston City School District adopted new accounting guidance, GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to these matters.

#### **Prior Period Adjustments**

As discussed in Note 7 to the financial statements, the District incorrectly recorded amounts in prior years related to compensated absences and capital expenditures. Accordingly, adjustments have been made to fund equity in the accompanying financial statements as of July 1, 2021. Our opinion is not modified with respect to these matters.

## ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1-A-11, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kingston City School District's basic financial statements. The supplemental information on pages D1 – D3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages F4 and F5 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*, and is also not a required part of the basic financial statements. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and schedule of expenditures of federal awards are 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 September 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Marvin and Company, P.C.*

Latham, NY  
September 28, 2022

**KINGSTON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

The following is a discussion and analysis of the Kingston City School District's (District) financial performance for the fiscal year ended June 30, 2022. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**Financial Highlights**

- District voters approved the 2021-2022 General Fund Budget on May 15, 2021. Total appropriations of \$197,389,466 represented an increase of 5.32% over the prior year. Estimated General Fund revenues of \$88,565,051 were 10.71% higher. The resulting tax levy of \$107,419,898, an increase of 0.00%, was at the Maximum Allowable Levy Limit determined by the Tax Cap legislation.
- In the General Fund financial statements, revenues exceeded expenses producing an operating surplus of \$1,483,388.
- Final total General Fund revenues exceeded the budgeted estimate by \$2,281,223. Property Tax revenue increased at year-end to account for an adjustment settlement related to uncollected taxes. This revenue reduced deferred revenue, now totaling \$5,899,815. Revenues for P.I.L.O.T.S., interest on delinquent taxes, BOCES and other refunds of prior years and other state aid contributed to the increase.
- General Fund expenses totaled 97.4% of the adjusted budget. The Board of Education approved the transfer of \$4,000,000 from unexpended funds to the Debt Service Fund to offset future debt payments.
- At year-end, the Board appropriated \$4,220,000 to the 2022-2023 Budget Revenues from unappropriated fund balance. The Board further committed \$350,000 from the Tax Reduction Reserve and a combined \$400,000 from Debt Service Fund Reserves to balance the 2022-2023 budget.
- The reported total Governmental Fund Balance of \$61,597,156 was an increase from 2022 by \$44,376,325. The Capital Fund balance increased by \$39,891,221 as a result from Kingston High School Phase II and other capital project expenses being bonded.
- The Total Net Position in Governmental Activities decreased by \$2,649,901.

## Overview Of The Financial Statements

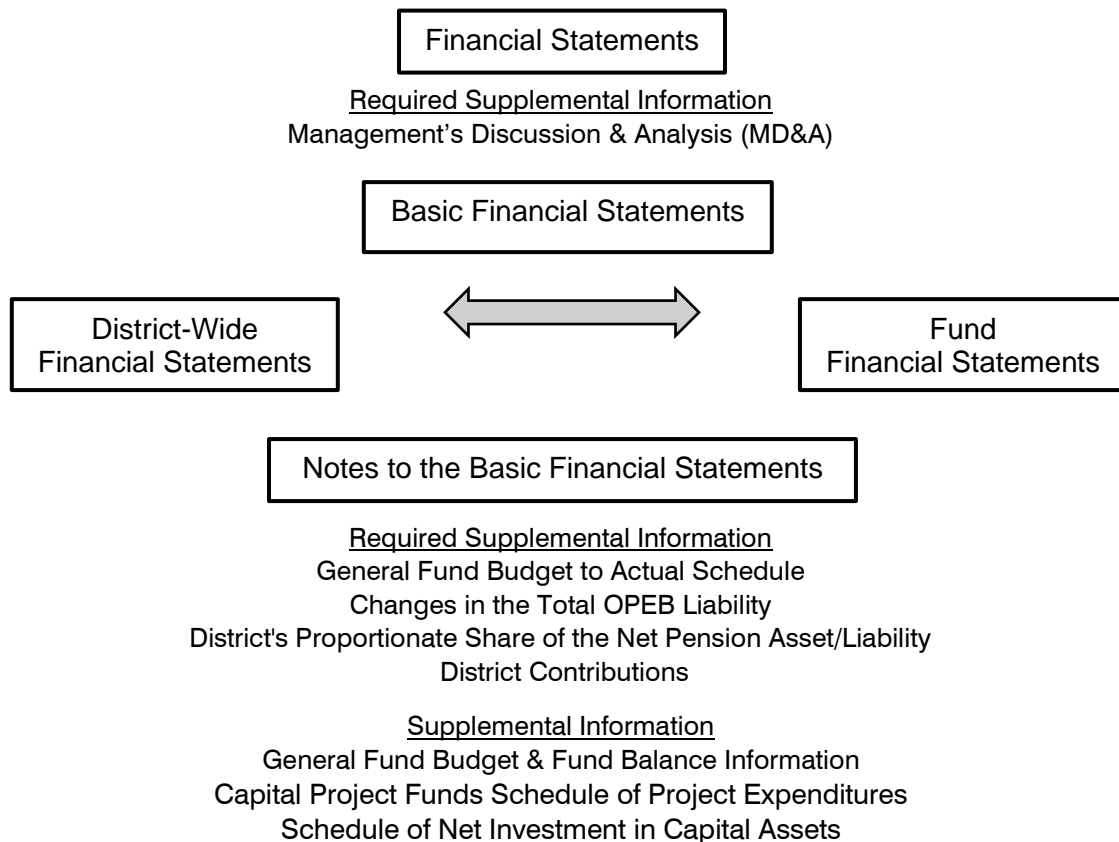
This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

- District-wide Financial Statements - Which provide both short term and long term information about the District's overall financial position and results of operations.
- Fund Financial Statements - Which focus on individual parts of the District, reporting the District's functioning in more detail than the District-wide statements.
- Notes to the Financial Statements - Which provide additional information about the basic financial statements and the balances reported.

In addition to these statements, this report also includes required supplemental information and other supplemental information. Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

Table A-1 shows how the various sections of this annual report are arranged and related to one another.

**Table A-1 Organization of the District's Annual Financial Report**





## **Districtwide Financial Statements**

The District-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. GASB 34 requires the use of the economic resources measurement focus and full accrual basis of accounting in the District-wide statements. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows (inflows and/or outflows) in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the District-wide financial statements as governmental activities, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

## Financial Analysis Of The District As A Whole

The District's net position as of June 30, 2022, is detailed in Tables A-3 and A-4.

**Table A-3 Condensed Statement of Net Position**

### DISTRICTWIDE FINANCIAL ANALYSIS Kingston City School District's Net Position June 30, 2022 and 2021

	Governmental Activities		Variance Increase (Decrease)
	2022	2021	
Current Assets	\$ 88,602,764	\$ 90,426,554	\$ (1,823,790)
Capital and Lease Assets	171,666,784	167,170,088	4,496,696
Net Pension Asset	<u>70,987,736</u>	<u>-</u>	<u>70,987,736</u>
Total Assets	<u>331,257,284</u>	<u>257,596,642</u>	<u>73,660,642</u>
Deferred Outflows of Resources	<u>141,959,093</u>	<u>171,199,480</u>	<u>(29,240,387)</u>
Total Assets and Outflows of Resources	<u>473,216,377</u>	<u>428,796,122</u>	<u>44,420,255</u>
Current Liabilities	29,276,419	69,368,967	(40,092,548)
Noncurrent Liabilities	110,777,222	75,861,165	34,916,057
OPEB Obligation	553,221,971	668,171,133	(114,949,162)
Net Pension Liability	<u>-</u>	<u>11,161,857</u>	<u>(11,161,857)</u>
Total Liabilities	<u>693,275,612</u>	<u>824,563,122</u>	<u>(131,287,510)</u>
Deferred Inflows of Resources	<u>240,390,217</u>	<u>62,393,123</u>	<u>177,997,094</u>
Total Liabilities and Inflows of Resources	<u>933,665,829</u>	<u>886,956,245</u>	<u>46,709,584</u>
Net Position			
Investment in capital assets	65,788,598	65,507,291	281,307
Restricted	44,940,934	41,414,279	3,526,655
Unrestricted (deficit)	<u>(571,178,984)</u>	<u>(565,081,693)</u>	<u>(6,097,291)</u>
Total Net Position	<u>\$ (460,449,452)</u>	<u>\$ (458,160,123)</u>	<u>\$ (2,289,329)</u>

During 2022, the District's assets and deferred outflows increased \$44,420,255 (See Table A-3) primarily as a result of the change in the net pension asset.

Deferred outflows of resources relate primarily to ERS, TRS and OPEB.

The increase in liabilities and deferred inflows can be attributed primarily to the increase in deferred inflows of resources.

Deferred inflows of resources relate primarily to ERS, TRS, and OPEB.

## Changes in Net position

The District's fiscal year 2022 revenue totaled \$211,731,884 (See Table A-4). Property taxes and New York State aid accounted for the majority of revenue (see Table A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total net cost of all programs and services totaled \$192,659,156 for 2022. These expenses are predominately for the education, supervision, and transportation of students (see Table A-4). The District's administrative and business activities accounted for 7% of total costs.

The change in net position increased \$45,831,290 over the prior year.

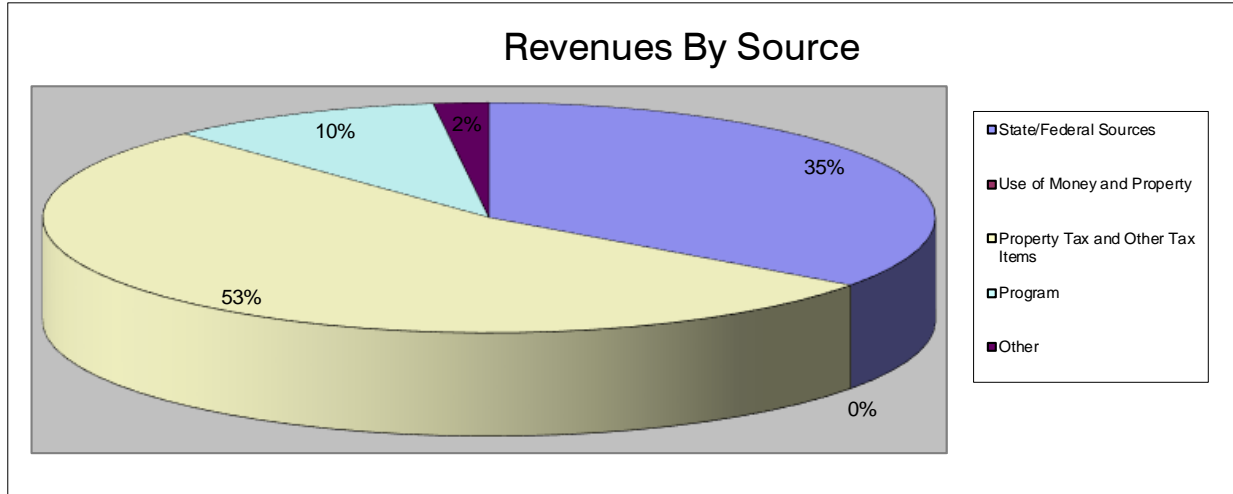
**Table A-4 Changes in Net Position**

<b>Kingston City School District's Changes in Net Position For Years Ended June 30, 2022 and 2021</b>			
	<u>Governmental Activities</u>		
	<u>2022</u>	<u>2021</u>	<u>Variance Increase (Decrease)</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 541,188	\$ 365,800	\$ 175,388
Operating Grants and contributions	21,181,441	10,487,331	10,694,110
Total Program Revenues	<u>\$ 21,722,629</u>	<u>\$ 10,853,131</u>	<u>\$ 10,869,498</u>
General Revenues:			
Real Property Taxes	\$ 100,587,732	\$ 99,975,965	\$ 611,767
Other Tax Items	10,045,750	10,207,034	(161,284)
Use of Money and Property	142,744	129,757	12,987
Sale of Property and Compensation for Loss	-	994	(994)
Miscellaneous	4,904,457	3,777,331	1,127,126
State Sources	74,137,684	69,495,051	4,642,633
Federal Sources	190,888	2,193,619	(2,002,731)
Premium on Obligations	-	782,360	(782,360)
Total General Revenues	<u>190,009,255</u>	<u>186,562,111</u>	<u>3,447,144</u>
Expenses (Net of Program Revenues):			
Instruction	162,573,753	196,939,995	(34,366,242)
Support Services:			
General Support	14,050,003	19,552,080	(5,502,077)
Pupil Transportation	8,861,719	9,804,264	(942,545)
Debt Service	3,103,253	3,120,361	(17,108)
Depreciation-Unallocated	4,820,494	5,126,151	(305,657)
Amortization-Unallocated	593,332	-	593,332
Capital Outlay	13,117	-	13,117
School Lunch	(1,356,515)	500,451	(1,856,966)
Total Expenses	<u>192,659,156</u>	<u>235,043,302</u>	<u>(42,384,146)</u>
Change in Net Position	<u>\$ (2,649,901)</u>	<u>\$ (48,481,191)</u>	<u>\$ 45,831,290</u>

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District:

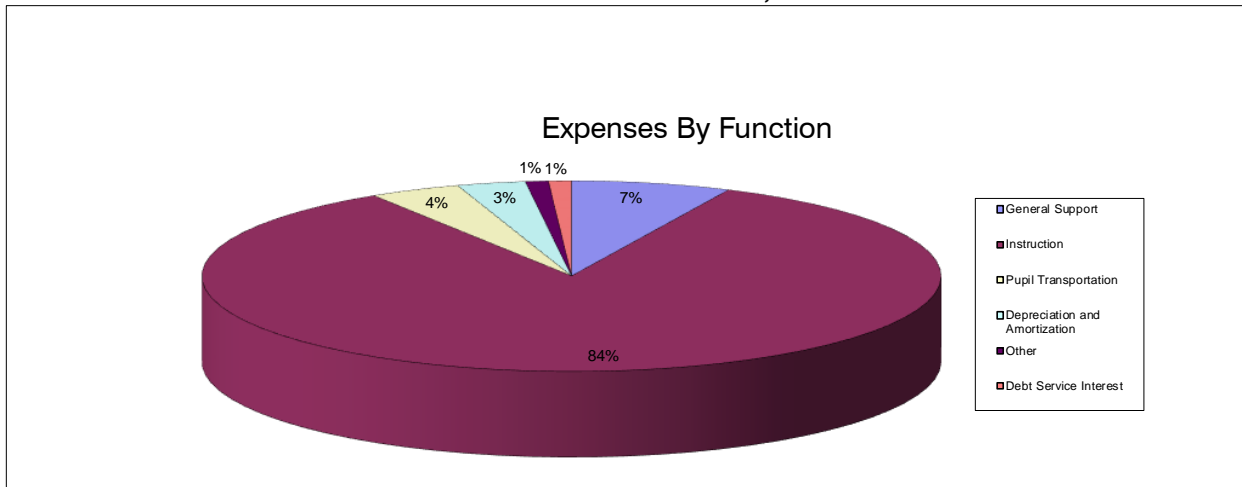
**Table A-5: Revenue Sources for 2022**

**Districtwide Revenues by Source  
For the Year Ended June 30, 2022**



**Table A-6: Expense Sources for 2022**

**Districtwide Expenses by Function  
For the Year Ended June 30, 2022**



## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- ▶ **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- ▶ **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

## FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$61.6 million, which is above last year's total of \$17.2 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2022 and 2021:

	Fund Balance 2022	Fund Balance 2021 (Restated)	Variance Increase (Decrease)
General	\$ 47,625,595	\$ 46,142,207	\$ 1,483,388
School Lunch	1,771,368	414,525	1,356,843
Debt Service	6,235,665	4,590,792	1,644,873
Capital	5,964,528	(33,926,693)	39,891,221
<b>Totals</b>	<b>\$ 61,597,156</b>	<b>\$ 17,220,831</b>	<b>\$ 44,376,325</b>

## General Fund

The tables that follow assist in illustrating the financial activities and balance of the general fund.

<u>Revenues:</u>	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
Taxes and Other Tax Items	\$ 112,633,855	\$ 109,789,468	\$ 2,844,387
Use of Money and Property	137,543	128,908	8,635
State/Federal Sources	74,328,575	71,688,670	2,639,905
Other	5,415,827	5,015,400	400,427
Totals	<u>\$ 192,515,800</u>	<u>\$ 186,622,446</u>	<u>\$ 5,893,354</u>

<u>Expenses:</u>	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
General Support	\$ 14,068,971	\$ 12,439,019	\$ 1,629,952
Instruction	100,349,006	97,202,116	3,146,890
Pupil Transportation	8,861,719	9,121,235	(259,516)
Employee Benefits	52,342,710	53,408,278	(1,065,568)
Debt Service	12,007,810	7,859,835	4,147,975
Other	-	3,401,176	(3,401,176)
Totals	<u>\$ 187,630,216</u>	<u>\$ 183,431,659</u>	<u>\$ 4,198,557</u>

## General Fund Budget Information

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The difference between the General Fund's original budget and the final amended budget was \$177,176. This amount represents an increase in appropriations related to a tax certiorari adjustment of \$175,000 and an increase of \$2,176 for additional gifts and donations received.

## Capital Assets

The District's capital assets (net of accumulated depreciation) as of June 30, 2022 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 736,128
Construction in Progress	46,102,916
Buildings and Improvements	120,651,411
Machinery and Equipment	2,504,650
Vehicles	361,612
Total	<u>\$ 170,356,717</u>

The total increase in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$1,678,060. The driver for the increase of capital assets was attributable to the capital projects.

## Debt

The District had debt including serial bonds, installment purchase debt and lease liabilities outstanding in the amount of \$108,545,319 as of June 30, 2022, a decrease from the previous year of \$7,384,029.

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bonds	\$ 105,675,000
Installment Purchase Debt	2,139,160
Lease Liabilities	<u>731,159</u>
Totals	<u>\$ 108,545,319</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 5% of the total full value of real property within the District boundaries. That limitation is approximately \$218 million. At June 30, 2022, the District's general obligation debt was approximately 49% of its total debt limit. The District has a bond rating of Aa3.

### Factors Bearing On The District's Future

The Board of Education and District Administration continue their commitment to long-range financial planning and maintaining fiscal stability for the Kingston City School District while supporting student achievement and success. We strive to balance the needs of our students with the values of our community and its ability to pay.

#### A. Property Tax Cap & Budgetary Impact

The Maximum Allowable Tax Levy for the 2021-2022 budget was 1.31%. The budget presented to voters in May 2021 had a \$0 tax levy increase. In order to hold the tax levy at the 2021-2022 limit, the district allocated \$5,500,000 from unexpended 2021-2022 funds and from various reserve funds. District administrators will continue to analyze and evaluate the tax cap limitations and the impact on budget growth.

#### B. Management of Capital Assets and Facilities Use

Phase II of the 2nd Century Capital Project at Kingston High School is substantially complete. Funding for the construction costs for Phase II. The District obtained a Bond Issued in November 2021 and will be fund any remaining minor cost through Bond Anticipation Notes (BANs). Final financing will be coordinated with State Aid to minimize the associated tax levy attributed to the project. Voter and state approved projects at Edson, J.F. Kennedy and M.C. Miller Schools are also nearing completion. Capital Reserves funded the initial \$5 million toward these projects. The remaining \$11 million was borrowed in the form of a Bond Issue in November 2021.

### C. Federal Stimulus Funds

KCSD received \$6,427,954 from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and \$15,136,271 from the American Rescue Plan (ARP). The District is committing these funds over the next few school years to target the following initiatives:

Addressing Learning Loss and Improving Academic Outcomes Social-Emotional & Physical Well-Being  
Addressing the Needs of ELLs, SWDs & ED Students  
Diversity, Equity, Inclusion & Access  
Technology  
Facilities  
Evaluation, Community Input & Communication  
Remote Learning-2021

### D. Financial Planning

District Administrators continue to use the Fund Balance and Reserve Plan as a tool in financial planning, budgeting and maintaining a sound financial position. The plan details the various classifications of reserves and fund balance, levels of funding and how each will be used to benefit the District and taxpayers. The plan is continually analyzed, updated and presented annually.

### E. Other Notable Issues

- Possible future changes to funding formulas for aid to New York State public school districts, which depend on the fiscal health and stability of the State, to determine the local share necessary to fund the annual budget.
- Cost of continuing and new mandates from the State or Federal governments Special Education provisions.
- Future of Federally funded programs such as IDEA and Title I, ESEA, which provide approximately \$4 million in funding to Kingston City School District programs annually.
- Contribution rate trends for District payments to New York State Retirement and Teacher's Retirement Systems.
- The rising cost of health insurance for the District's active employees and retirees
- Property tax assessment challenges, declining property values in certain commercial sectors and potential changes to the Homestead/Non-Homestead dual tax rate classification which could shift or increase taxes to District taxpayers.
- Other environmental factors such as population trends and economic conditions that may impact the District.



## **Contacting The District's Financial Management**

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Kingston City School District  
21 Wynkoop Place  
Kingston, New York 12401

**KINGSTON CITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

**ASSETS**

Current Assets:	
Cash and Investments - Unrestricted	\$ 28,821,292
Cash and Investments - Restricted	44,940,934
Accounts Receivable	37,178
Taxes Receivable	6,191,590
Leases Receivable	162,859
State and Federal Aid Receivable	6,473,649
Due From Other Governments	1,914,400
Inventories	60,862
Capital Assets, net	170,356,717
Lease Assets, net	1,310,067
Net Pension Asset, Proportionate Share	70,987,736
Total Assets	<u>331,257,284</u>
Deferred Outflows of Resources	
Other Post Employment Benefits	96,825,482
Pensions	45,133,611
Total Deferred Outflows of Resources	<u>141,959,093</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 473,216,377</u>

**LIABILITIES**

Current Liabilities:	
Accounts and Retainage Payable	\$ 10,045,427
Accrued Liabilities	2,217,987
Accrued Compensated Absences	426,068
Due to Other Governments	200,827
Accrued Interest Payable	234,860
Due to Teachers' Retirement System	7,760,799
Due to Employees' Retirement System	336,305
Refundable Advances	13,603
Long-Term Liabilities - Due and Payable Within One Year	
Bonds	6,740,000
Unamortized Bond Premium	455,022
Installment Purchase Debt	405,690
Lease Liabilities	439,831
Long-Term Liabilities - Due and Payable After One Year	
Bonds	98,935,000
Unamortized Bond Premium	2,861,199
Installment Purchase Debt	1,733,470
Lease Liabilities	291,328
Compensated Absences	6,956,225
Other Post Employment Benefits Payable	553,221,971
Total Liabilities	<u>693,275,612</u>
Deferred Inflows of Resources	
Other Post Employment Benefits	153,681,427
Pensions	86,553,329
Lease	155,461
Total Deferred Inflows of Resources	<u>240,390,217</u>

**NET POSITION**

Net Investment in Capital Assets	65,788,598
Restricted	44,940,934
Unrestricted	(571,178,984)
Total Net Position	<u>(460,449,452)</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u>\$ 473,216,377</u>

See accompanying notes to financial statements.

B1.

**KINGSTON CITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

		<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
<b><u>Expenses</u></b>	<b><u>Charges for Services</u></b>	<b><u>Operating Grants</u></b>	<b><u>Capital Grants</u></b>	<b><u>Capital Grants</u></b>	<b><u>Net (Expense) Revenue and Changes in Net Position</u></b>
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 14,050,003	\$ -	\$ -	\$ -	\$ (14,050,003)
Instruction	115,387,768	511,373	17,115,445	-	(97,760,950)
Pupil transportation	8,861,719	-	-	-	(8,861,719)
Employee benefits	64,812,803	-	-	-	(64,812,803)
Debt service	3,103,253	-	-	-	(3,103,253)
Depreciation - unallocated	4,820,494	-	-	-	(4,820,494)
Amortization - unallocated	593,332	-	-	-	(593,332)
Capital outlay	13,117	-	-	-	(13,117)
School lunch program	<u>2,739,296</u>	<u>29,815</u>	<u>4,065,996</u>	<u>-</u>	<u>1,356,515</u>
Total Functions and Programs	<u>\$ 214,381,785</u>	<u>\$ 541,188</u>	<u>\$ 21,181,441</u>	<u>\$ -</u>	<u>(192,659,156)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					110,633,482
Use of money and property					142,744
State sources					74,137,684
Federal sources					190,888
Miscellaneous					<u>4,904,457</u>
Total General Revenues					<u>190,009,255</u>
Change in Net Position					<u>(2,649,901)</u>
Total Net Position - Beginning of Year, as Previously Reported					(458,160,123)
Cumulative Effect of Change in Accounting Principle (Note 7)					<u>360,572</u>
Total Net Position - Beginning of Year, as Restated					<u>(457,799,551)</u>
Total Net Position - End of Year					<u>\$ (460,449,452)</u>

See accompanying notes to financial statements.

**KINGSTON CITY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>						
Cash and Investments - Unrestricted	\$ 25,105,370	\$ 67,402	\$ 1,092,805	\$ 2,555,715	\$ -	\$ 28,821,292
Cash and Investments - Restricted	34,698,722	-	-	4,006,547	6,235,665	44,940,934
State and Federal Receivable, net	3,567,880	2,246,749	659,020	-	-	6,473,649
Due From Other Governments	1,914,400	-	-	-	-	1,914,400
Due From Other Funds	2,201,298	-	-	-	-	2,201,298
Other Receivables	37,098	-	80	-	-	37,178
Taxes Receivable	6,191,590	-	-	-	-	6,191,590
Leases Receivable	162,859	-	-	-	-	162,859
Inventories	-	-	60,862	-	-	60,862
<b>Total Assets</b>	<b>\$ 73,879,217</b>	<b>\$ 2,314,151</b>	<b>\$ 1,812,767</b>	<b>\$ 6,562,262</b>	<b>\$ 6,235,665</b>	<b>\$ 90,804,062</b>
<b>Liabilities</b>						
Accounts Payable	\$ 9,326,324	\$ 43,548	\$ 27,430	\$ 597,441	\$ -	\$ 9,994,743
Accrued Liabilities	2,217,987	-	-	-	-	2,217,987
Due to Other Funds	-	2,201,005	-	293	-	2,201,298
Due to Other Governments	130,863	69,598	366	-	-	200,827
Due to Teachers' Retirement System	7,760,799	-	-	-	-	7,760,799
Due to Employees' Retirement System	336,305	-	-	-	-	336,305
Accrued Compensated Absences	426,068	-	-	-	-	426,068
Refundable Advances	-	-	13,603	-	-	13,603
<b>Total Liabilities</b>	<b>20,198,346</b>	<b>2,314,151</b>	<b>41,399</b>	<b>597,734</b>	<b>-</b>	<b>23,151,630</b>
<b>Deferred Inflows of Resources</b>	<b>6,055,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,055,276</b>
<b>Total Deferred Inflows of Resources</b>	<b>6,055,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,055,276</b>
<b>Fund Equity</b>						
Fund Equity:						
Non-spendable	-	-	60,862	-	-	60,862
Restricted	34,698,722	-	-	4,006,547	6,235,665	44,940,934
Assigned	4,794,534	-	1,710,506	1,957,981	-	8,463,021
Unassigned	8,132,339	-	-	-	-	8,132,339
<b>Total Fund Equity</b>	<b>47,625,595</b>	<b>-</b>	<b>1,771,368</b>	<b>5,964,528</b>	<b>6,235,665</b>	<b>61,597,156</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity</b>	<b>\$ 73,879,217</b>	<b>\$ 2,314,151</b>	<b>\$ 1,812,767</b>	<b>\$ 6,562,262</b>	<b>\$ 6,235,665</b>	<b>\$ 90,804,062</b>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	\$ 61,597,156
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	170,356,717
Retainage Payable is not due and payable in the current period and, therefore, not reported in the funds	(50,684)
Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,310,067
Property tax revenues are recorded as revenue when levied under the accrual basis and when "available" under the modified accrual basis	5,899,815
Accrued interest expense is reported under the accrual basis	(234,860)
Net pension asset	70,987,736
Net deferred outflows related to net pension asset/liability and OPEB adjustments	141,959,093
Net deferred inflows related to net pension asset/liability and OPEB adjustments	(240,234,756)
Net deferred loss on refunding and unamortized bond premium	(3,316,221)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Bonds payable	(105,675,000)
Installment purchase debt	(2,139,160)
Lease liabilities	(731,159)
Other postemployment benefits payable	(553,221,971)
Compensated absences	(6,956,225)
<b>Net Position of Governmental Activities</b>	<b>\$ (460,449,452)</b>

**KINGSTON CITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Real Property Taxes and Tax Items	\$ 112,633,855	\$ -	\$ -	\$ -	\$ -	\$ 112,633,855
Charges for Services	511,373	-	-	-	-	511,373
Use of Money and Property	137,543	-	328	-	4,873	142,744
Miscellaneous	4,904,454	16,030	21,413	-	-	4,941,897
State Sources	74,137,684	3,399,950	61,086	-	-	77,598,720
Federal Sources	190,891	13,699,465	3,983,497	-	-	17,873,853
Sales	-	-	29,815	-	-	29,815
<b>Total Revenues</b>	<u>192,515,800</u>	<u>17,115,445</u>	<u>4,096,139</u>	<u>-</u>	<u>4,873</u>	<u>213,732,257</u>
<b>Expenditures</b>						
General Support	14,068,971	-	-	-	-	14,068,971
Instruction	100,349,006	15,468,560	-	-	-	115,817,566
Pupil Transportation	8,861,719	-	-	-	-	8,861,719
Employee Benefits	52,342,710	1,954,081	391,595	-	-	54,688,386
Debt Service	12,007,810	-	-	-	1,200,000	13,207,810
Cost of Sales	-	-	2,347,701	-	-	2,347,701
Capital Outlay	-	-	-	6,367,259	-	6,367,259
<b>Total Expenditures</b>	<u>187,630,216</u>	<u>17,422,641</u>	<u>2,739,296</u>	<u>6,367,259</u>	<u>1,200,000</u>	<u>215,359,412</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,885,584</u>	<u>(307,196)</u>	<u>1,356,843</u>	<u>(6,367,259)</u>	<u>(1,195,127)</u>	<u>(1,627,155)</u>
<b>Other Sources and (Uses)</b>						
Other Financing Sources - Premiums	-	-	-	3,478,480	-	3,478,480
Interfund Transfers, net	(3,402,196)	307,196	-	255,000	2,840,000	-
Proceeds of Long Term Debt	-	-	-	41,325,000	-	41,325,000
BANs redeemed from appropriations	-	-	-	1,200,000	-	1,200,000
<b>Total Other Sources (Uses)</b>	<u>(3,402,196)</u>	<u>307,196</u>	<u>-</u>	<u>46,258,480</u>	<u>2,840,000</u>	<u>46,003,480</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<u>1,483,388</u>	<u>-</u>	<u>1,356,843</u>	<u>39,891,221</u>	<u>1,644,873</u>	<u>44,376,325</u>
Fund Equity, Beginning of Year, as Previously Reported	44,977,437	-	414,525	(32,418,124)	4,590,792	17,564,630
Prior Period Adjustments (Note 7)	1,164,770	-	-	(1,508,569)	-	(343,799)
Fund Equity, Beginning of Year, as Restated	<u>46,142,207</u>	<u>-</u>	<u>414,525</u>	<u>(33,926,693)</u>	<u>4,590,792</u>	<u>17,220,831</u>
<b>Fund Equity, End of Year</b>	<u>\$ 47,625,595</u>	<u>\$ -</u>	<u>\$ 1,771,368</u>	<u>\$ 5,964,528</u>	<u>\$ 6,235,665</u>	<u>\$ 61,597,156</u>

**KINGSTON CITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Net changes in fund balance - total governmental funds	\$	44,376,325
<p>Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.</p>		
	Depreciation expense \$	(4,820,494)
	Capital outlays	<u>6,498,554</u>
		1,678,060
Retainage costs do not meet the criteria to be recorded as expenditures in the governmental funds		(50,684)
Lease outlays are expenditures in government funds, but are capitalized in the statement of net position		355,038
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities		(593,332)
Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues.		552,717
Unearned revenue recognized when availability period is met for governmental activities. However, recognized in the prior year under full accrual.		(2,000,373)
Repayments of lease liabilities recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position		456,630
Repayments of long-term debt are recorded as expenditures in the governmental funds but are recorded as liabilities in the statement of activities.		7,440,188
Proceeds of serial bond principal is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position.		(41,325,000)
Proceeds of serial bond premium is revenue in governmental funds, but proceeds increase unamortized bond premium in the statement of net position.		(3,478,480)
Bond premium is revenue and deferred losses are expenses in the governmental funds but are recorded as liabilities and assets in the statement of activities and subsequently amortized.		455,022
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
	Other Post Employment Benefits \$	(22,278,226)
	Compensated Absences	(239,984)
	Adjustments for net pension liability - ERS	1,375,101
	Adjustments for net pension asset - TRS	<u>10,627,097</u>
		<u>(10,516,012)</u>
Change in net position - governmental activities	\$	<u><u>(2,649,901)</u></u>

See accompanying notes to financial statements.

B5.

**KINGSTON CITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2022**

	<b>Custodial Fund</b>	<b>Private Purpose Trusts</b>
<b>ASSETS</b>		
Cash - restricted	\$ 278,014	\$ 392,048
Total Assets	\$ 278,014	\$ 392,048
<b>NET POSITION</b>		
Reserved for individuals, organizations and other governments	\$ 278,014	
Reserved for scholarships		\$ 392,048

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Custodial Fund</b>	<b>Private Purpose Trusts</b>
<b>ADDITIONS</b>		
Gifts and contributions	\$ 301,616	\$ 70,223
Investment earnings	-	3,100
Total Additions	301,616	73,323
<b>DEDUCTIONS</b>		
Scholarships and awards	-	15,483
Other custodial activities	301,155	-
Total Deductions	301,155	15,483
Change in Net Position	461	57,840
Net Position - Beginning of year	277,553	334,208
Net Position - End of year	\$ 278,014	\$ 392,048

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Kingston City School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

The Kingston City School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and 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.

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District's reporting entity within its Fiduciary funds.

The Extraclassroom Activity Funds

The extraclassroom activity funds of the District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office, located at 21 Wynkoop Place, Kingston, New York. The District accounts for the assets held as an agent for various student organizations in the custodial fund.



**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***B. Joint Venture***

The Kingston City School District is a component district in the Ulster Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(4)(b)(7) of the General Municipal Law. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

A BOCES' budget is comprised of separate budgets for administrative, programs, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2022, the Kingston City School District was billed \$21,436,553 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$4,254,222. Financial statements for the BOCES are available from the BOCES administrative office.

***C. Basis of Presentation***

***District-wide Statements***

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis of Presentation***

***Fund Financial Statements***

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

***I. Governmental Funds***

The District reports the following major governmental funds:

General Fund

This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

a. Special Aid Fund

These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

b. School Lunch Fund

The school lunch fund is used to account for child nutrition activities whose funds are restricted as to use.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities and equipment.

Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis of Presentation***

***II. Fiduciary Funds***

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used.

There are two classes of fiduciary funds:

a. Private Purpose Trust Funds

These funds are used to account for trust arrangements in which principal and income benefits individuals, private organizations or other governments. A scholarship is an example of a Private Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

b. Custodial Funds

These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

***D. Basis of Accounting/Measurement Focus***

***General Information***

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***D. Basis of Accounting/Measurement Focus***

***General Information***

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other post employment benefits, pensions, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under finance leases are reported as other financing sources.

***E. Refundable Advances***

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

***F. Property Taxes***

***I. Calendar***

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on September 1. Taxes are collected during the period September 15 to December 15.

***II. Enforcement***

Uncollected real property taxes are subsequently enforced by the City of Kingston and County of Ulster, in which the District is located. An amount representing uncollected real property taxes is transmitted by the City to the District within two years from the return of unpaid taxes to the City and County. Real property taxes receivable expected to be collected within sixty days of year end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise taxes receivable are offset by deferred inflows of resources.

***G. Restricted Resources***

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line item level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. There were supplemental appropriations for the year ended June 30, 2022. See page D1.
- e. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.
- f. Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

***II. Encumbrances***

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund equity and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred, or the commitment is paid.

***III. Budget Basis of Accounting***

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***I. Cash and Investments***

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments, if any, are stated at fair value.

***J. Accounts Receivable***

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

***K. Inventories and Prepaid Items***

Inventories of food and supplies in the school lunch fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund equity in the amount of these non-liquid assets has been classified as nonspendable and not available for other subsequent expenditures.

***L. Lease Assets***

Lease Assets are valued at the amount of the future minimum lease payments. Amortization is between 3 to 10 years based on the contract terms and or estimated replacement of the assets.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Interfund Transfers***

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 2.A.II. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

***N. Equity Classifications***

District-wide statements:

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

**Net investment in capital assets** - consists of net capital assets (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

**Restricted** - reports net position when constraints placed on the assets or deferred outflows are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** - reports the balance of net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund statements:

In the fund basis statements there are five classifications of fund equity:

**Non-spendable** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$60,862.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Equity Classifications***

**Restricted** - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund equity:

Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from unexpended bond proceeds or the proceeds of the sale of District property. This reserve is accounted for in the Debt Service Fund.

Employee Benefits Accrued Liability Reserve

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Capital Reserve

According to Education Law §3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Retirement System Contributions

According to General Municipal Law Section 6-r, these reserve funds must be used for financing retirement contributions including employee and teacher retirement. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System (TRS). During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. \$3,669,889 was reserved for TRS and \$6,155,694 was reserved for ERS. This reserve is accounted for in the General Fund.



**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Equity Classifications***

Tax Certiorari

According to General Municipal Law §3651.1-a, this reserve must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Unemployment Insurance

According to General Municipal Law §6-m, this reserve must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund. This reserve is accounted for in the General Fund.

Encumbrances

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

Property Loss and Liability

These reserves are used to pay for property loss and liability claims incurred. Separate property loss and liability claims are required and these reserves may not exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is accounted for in the General Fund.

Tax Reduction

This reserve is created by the Board of Education from the proceeds of the sale of real property, after being used for any other legally required purpose. It is to be used to reduce real property taxes over a period of time, not to exceed ten years.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Equity Classifications***

Restricted fund equity includes the following:

General Fund:

Property Loss	\$	102,360
Liability Reserve		1,102,345
Unemployment Insurance		434,519
Employees' Retirement System		6,155,694
Teachers' Retirement System		3,669,889
Employee Benefits Accrued Liability		596,036
Capital Reserve		11,005,337
Tax Reduction Reserve		2,471,441
Tax Certiorari Reserve		9,161,101
Total	<u>\$</u>	<u>34,698,722</u>

Debt Service Fund:

Debt Service	<u>\$</u>	<u>6,235,665</u>
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Capital Fund:

Capital Fund - Encumbrances	<u>\$</u>	<u>4,006,547</u>
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**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Districts highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2022.

**Assigned** - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint 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. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. Fund balance of the school lunch fund of \$1,710,506 is considered assigned. Fund balance of the capital projects fund of \$1,957,981 is considered assigned. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$574,534. Appropriated fund balance in the General Fund amounted to \$4,220,000.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Equity Classifications***

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Purpose of Encumbrances:

General Fund	\$	204,854
Instruction		369,394
Pupil Transportation		286
		<u>574,534</u>

**Unassigned** - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. Deficit fund equity in governmental funds are classified as unassigned. In funds other than the General Fund, the unassigned classification is used to report deficit fund equity resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Net Position/Fund Balance

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Equity Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund equity). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Equity Classifications***

Order of Use of Fund Balance

The District's policy is to apply expenditures against nonspendable fund equity, restricted fund equity (to the extent appropriated), committed fund equity, assigned fund equity and unassigned fund equity at the end of the fiscal year. For all funds, nonspendable fund equity is determined first and then restricted fund equity for specific purposes are determined. Any remaining fund equity amounts for funds other than the General Fund are classified as either assigned or restricted fund equity. In the General Fund, committed fund balance is determined next, then assigned. The remaining amounts are reported as unassigned. Assignments of fund equity cannot cause a negative unassigned fund equity.

***O. Post Employment Benefits***

In addition to providing the retirement benefits described in Note 2.B.I, the District provides post employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post employment benefits is shared between the District and the retired employee. See Note 4.

***P. Capital Assets***

Capital assets are reported at historical cost or estimated historical cost. 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. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life in Years</b>
Site improvements	\$ 5,000	SL	20
Buildings and improvements	5,000	SL	15-50
Furniture and equipment	5,000	SL	5-15
Vehicles	5,000	SL	8

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Q. Deferred Outflows and Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS systems) and OPEB subsequent to the measurement date. The third item relates to the OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes in assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to the OPEB report in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item is related to the premium received from advanced refunding which is amortized over the life of the bond issue. The fourth represents the straight-line amortization of lease liability over the term of the lease.

In the Balance Sheet-Governmental Funds deferred inflow of resources arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period.

***R. Short-term Debt***

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**S. *Payables, Accrued Liabilities and Long-term Obligations***

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post employment benefits payable, compensated absences and pension costs that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**T. *Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

- a. Total fund equity of governmental funds vs. net position of governmental activities:

Total fund equity of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital and lease assets and long-term liabilities, including pensions.

- b. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

***Long-Term Revenue and Expense Differences***

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***T. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

***Capital Related Differences***

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and an asset on the Statement of Net Position and depreciation expense on those items as recorded in the Statement of Activities.

***Long-Term Debt Transaction Differences***

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

***Pension Differences***

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

***OPEB Differences***

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

***U. Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post employment benefits, potential contingent liabilities, net pension asset/liability, deferred outflows/inflows and the lives of long-term assets.

***V. Vested Benefits***

District employees are granted vacation in varying amounts, based principally on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**V. Vested Benefits**

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death employees may receive a payment based on unused accumulated sick leave, based on contractual provisions. Unused sick leave for teachers is converted to a dollar amount and can be applied to their share of the premium of health insurance plan at retirement.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

**W. Implementation of New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the District implemented the following new standards issued by GASB.

GASB issued Statement 87, *Leases*, effective for the year ending June 30, 2022. The impact of implementing this standard has been reflected in the District-wide and Fund financial statements, See Note 7.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement 92, *Omnibus 2020*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement 96, *Subscription-based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement had no impact on the District.

GASB has issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement 98, *The Annual Comprehensive Financial Report*, effective for the year ended June 30, 2022. This statement had no impact on the District.



**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**X. *Future Changes in Accounting Standards***

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

GASB has issued Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships*, effective for the year ending June 30, 2023.

GASB Statement No. 99, *Omnibus 2022*, effective for the year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB No. 62*, effective for the year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025.

**2. DETAIL NOTES ON ALL FUNDS**

**A. *Assets***

**I. *Cash and Investments***

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2022, all deposits were fully insured and collateralized.

Investment and Deposit Policy

The District follows an investment and deposit policy, overall the objective of which is to adequately safeguard the principal amounts of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and the United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. All District investments are valued based on Level 2 of the hierarchy.

The District participates in NYCLASS and NYLAF, multi-municipal cooperative investment pool agreements pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants.

At June 30, 2022, the District held \$47,401,597 in investments consisting of various investments in securities issued by the United States and its agencies. The following valuation inputs are included as investments:

Total investments of the NYCLASS cooperative as of year-end are \$4,232,768,655, which consisted of \$1,155,122,566 in repurchase agreements, \$646,343,774 in collateralized bank deposits, \$196,823,742 in FDIC Insured Bank Deposits, and \$2,234,478,573 in U.S. Government Treasury Securities.

Total investments of the NYLAF cooperative as of September 30, 2021, based on audited numbers, are \$476,654,416, which consisted of \$195,162,156 in collateralized bank deposits \$87,300,000 in repurchase agreements, \$9,594,646 in U.S. Government Agency Obligations and \$184,597,614 in U.S. Treasury Securities.

<u>Investments in Securities at Value</u>	<u>Valuation Inputs</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund	\$ -	\$ 41,165,932	\$ -	\$ 41,165,932
Debt Service Fund	<u>-</u>	<u>6,235,665</u>	<u>-</u>	<u>6,235,665</u>
Total	<u>\$ -</u>	<u>\$ 47,401,597</u>	<u>\$ -</u>	<u>\$ 47,401,597</u>

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

***I. Cash and Investments***

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2022, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.

Restricted Cash and Investments

General Fund

Restricted cash and investments of \$34,698,722 consists of \$434,519 restricted for Unemployment Reserve, \$596,036 restricted for Employee Benefit Accrued Liability Reserve, \$6,155,694 restricted for Employees' Retirement System Reserve, \$3,669,889 restricted for Teachers' Retirement System Reserve, \$102,360 restricted for Property Loss Reserve, \$1,102,345 restricted for Liability Reserve, \$9,161,101 restricted for Tax Certiorari Reserve, \$2,471,441 restricted for Tax Reduction Reserve and \$11,005,337 restricted for Capital Reserve.

Debt Service Fund

Restricted cash and investments of \$6,235,665 is restricted for future debt service payments.

Capital Fund

Restricted cash of \$4,006,547 is restricted for voter approved projects.

Fiduciary Funds

Restricted cash of \$670,062 consists of \$278,014 restricted for individuals, organizations and other governments and \$392,048 restricted for scholarships.

***II. Interfund Receivables and Payables***

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**II. Interfund Receivables and Payables**

Interfund receivable and payable balances at June 30, 2022 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 2,201,298	\$ -	\$ 1,412,548	\$ 4,814,744
Special Aid Fund	-	2,201,005	307,196	-
Debt Service Fund	-	-	4,000,000	1,160,000
Capital Projects Funds	-	293	255,000	-
Total Government Activities	<u>\$ 2,201,298</u>	<u>\$ 2,201,298</u>	<u>\$ 5,974,744</u>	<u>\$ 5,974,744</u>

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of special education summer school programs its students attended.

**III. Capital Assets**

Capital asset balances for the year ended June 30, 2022 are as follows:

	<u>(Restated) Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance June 30, 2022</u>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$ 736,128	\$ -	\$ -	\$ 736,128
Construction in progress	52,275,608	6,174,359	12,347,051	46,102,916
Total Nondepreciable Historical Cost	<u>53,011,736</u>	<u>6,174,359</u>	<u>12,347,051</u>	<u>46,839,044</u>
Capital assets that are depreciated:				
Buildings and improvements	200,671,443	12,557,051	-	213,228,494
Machinery and equipment	7,968,494	93,729	-	8,062,223
Vehicles	1,225,545	20,466	-	1,246,011
Total Depreciable Historical Cost	<u>209,865,482</u>	<u>12,671,246</u>	<u>-</u>	<u>222,536,728</u>
Less accumulated depreciation:				
Buildings and improvements	88,178,350	4,398,733	-	92,577,083
Machinery and equipment	5,222,629	334,944	-	5,557,573
Vehicles	797,582	86,817	-	884,399
Total Accumulated Depreciation	<u>94,198,561</u>	<u>4,820,494</u>	<u>-</u>	<u>99,019,055</u>
Total Capital Assets, net	<u>\$ 168,678,657</u>	<u>\$ 14,025,111</u>	<u>\$ 12,347,051</u>	<u>\$ 170,356,717</u>

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**IV. Lease Receivable**

The District leases space to BOCES in a District building. The original term was for 10 years ending June 30, 2027, with varying payments made semi-annually. The District is reporting lease receivable of \$162,859 as of June 30, 2022, and lease revenue of \$37,239 and interest revenue of \$5,159 related to lease payments received for the year ended June 30, 2022. For years ending June 30, 2023 to June 30, 2027 the annual rental payment to be received is \$35,000.

**V. Lease Assets**

Capital asset balances for the year ended June 30, 2022 are as follows:

	(Restated) Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Furniture and equipment	\$ 1,172,962	\$ 355,038	\$ -	\$ 1,528,000
Buildings and Improvements	375,399	-	-	375,399
Total Lease Assets	<u>1,548,361</u>	<u>355,038</u>	<u>-</u>	<u>1,903,399</u>
Less Accumulated Amortization:				
Furniture and equipment	-	468,199	-	468,199
Buildings and Improvements	-	125,133	-	125,133
Total Accumulated Amortization:	<u>-</u>	<u>593,332</u>	<u>-</u>	<u>593,332</u>
Total Lease Assets, Net	<u>\$ 1,548,361</u>	<u>\$ (238,294)</u>	<u>\$ -</u>	<u>\$ 1,310,067</u>

**B. Liabilities**

**I. Pension Plans**

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

Plan Descriptions

*Teachers' Retirement System*

The TRS is administered by the New York State Teachers' Retirement Board. This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYS/TRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

*Employees' Retirement System*

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12208 or found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 3.5% of their salary for the entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

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

<b>Contributions</b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
2021-22	\$ 1,864,439	\$ 6,348,876
2020-21	1,757,820	6,348,876
2019-20	1,657,552	6,054,059

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Actuarial valuation date	April 1, 2021	June 30, 2020
Net pension asset/(liability)	\$ 2,971,186	\$ 68,016,550
District's portion of the Plan's total net pension asset/(liability)	0.0363466%	0.3925000%



**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Pension Expense (Credit)*

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense of \$134,382 for ERS and \$(3,897,453) for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 225,012	\$ 9,375,360	\$ 291,853	\$ 353,375
Changes of assumptions	4,958,575	22,372,065	83,671	3,961,763
Net difference between projected and actual earnings on pension plan investments	-	-	9,729,388	71,186,357
Changes in proportion and differences between contributions and proportionate share of contributions	481,171	766,118	125,392	821,530
Contributions subsequent to the measurement date	336,305	6,619,005	-	-
<b>Total</b>	<u>\$ 6,001,063</u>	<u>\$ 39,132,548</u>	<u>\$ 10,230,304</u>	<u>\$ 76,323,025</u>

*Deferred Outflows and Inflows of Resources Related to Pensions*

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2023 for ERS and June 30, 2022 for TRS. 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>ERS</u>	<u>TRS</u>
Year ended:		
2022	\$ -	\$ (8,885,346)
2023	(616,301)	(10,340,586)
2024	(981,335)	(12,991,145)
2025	(2,455,151)	(17,203,827)
2026	(512,759)	3,299,619
Thereafter	-	2,311,803

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.7%	2.40%
Projected Cost of Living Adjustments	1.4% annually	1.3% annually

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

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

<u>ERS</u>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
	<u>2022</u>	<u>2022</u>
Asset Class:		
Domestic equity	32%	3.30%
International equity	15	5.85
Private equity	10	6.50
Real estate	9	5.00
Opportunistic absolute return strategies	3	4.10
Credit	4	3.78
Real assets	3	5.8
Bonds and mortgages	23	0.00
Cash	1	-1.00
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.5% for 2022.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
	<u>2021</u>	<u>2021</u>
Asset Class:		
Domestic equity	33%	6.80%
International equity	16	7.6
Global equity	4	7.1
Real estate equity	11	6.5
Private equity	8	10.0
Domestic fixed income	16	1.3
Global bonds	2	0.8
Private debt	1	5.9
Real estate debt	7	3.3
High-yield bonds	1	3.8
Cash equivalents	<u>1</u>	-0.2
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.4% for 2021.

*Discount Rate*

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

*Sensitivity of the Proportionate Share of the Net Pension (Asset/(Liability) to the Discount Rate Assumption*

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

<b>ERS</b>	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (7,647,799)</u>	<u>\$ 2,971,186</u>	<u>\$ 11,853,454</u>
<b>TRS</b>	<b>1% Decrease (5.95%)</b>	<b>Current Assumption (6.95%)</b>	<b>1% Increase (7.95%)</b>
Employer's proportionate share of the net pension asset/(liability)	<u>\$ 7,137,345</u>	<u>\$ 68,016,550</u>	<u>\$ 119,181,105</u>

*Changes of Assumptions*

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

*Collective Pension Expense*

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2022 is \$337,728 for ERS and \$(4,004,597) for TRS.

*Payables to the Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$336,305.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$7,760,799.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

Other Benefits

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

**II. Indebtedness**

Short-Term Debt

Bond Anticipation Notes (BAN)

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. The District obtained permanent financing in the current period and redeemed \$42,000,000 in BAN payable. The District had no outstanding Bond Anticipation Notes at June 30, 2022.

Interest on short-term debt was comprised of:

Interest paid	\$ 940,000
Less interest accrued in the prior year	(600,556)
Plus interest accrued in the current year	-
Total Expense	<u>\$ 339,444</u>

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire 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 the capital assets. These long-term liabilities are full faith and credit debt of the District. 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 the long-term liabilities.

Interest on long-term debt was comprised of:

Interest paid	\$ 3,153,975
Less interest accrued in the prior year	(187,021)
Plus interest accrued in the current year	234,860
Less amortization of premium and loss on refunding	(97,588)
Total Expense	<u>\$ 3,104,226</u>

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing sources. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Changes

The changes in long-term liabilities and activity for the year ended June 30, 2022 are summarized as follows:

	<b>As Restated Balance July 1,</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30,</b>
Serial Bonds	\$ 71,395,000	\$ 41,325,000	\$ (7,045,000)	\$ 105,675,000
Installment Purchase Debt	2,534,348	-	(395,188)	2,139,160
Lease Liabilities	1,187,789	-	(456,630)	731,159
Compensated Absences	6,716,241	239,984	-	6,956,225
Other Postemployment Benefits (see Note 4)	668,171,133	47,246,419	(162,195,581)	553,221,971
Plus - Unamortized Bond Premium	-	3,478,480	(357,434)	3,121,046
Less - Deferred loss on Refunding	<u>292,763</u>	<u>-</u>	<u>(97,588)</u>	<u>195,175</u>
<b>Total</b>	<b><u>\$ 750,297,274</u></b>	<b><u>\$ 92,289,883</u></b>	<b><u>\$ (170,547,421)</u></b>	<b><u>\$ 672,039,736</u></b>

Additions and deletions to compensated absences is shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2022</u>
<u>Serial Bonds</u>				
Construction	2009	2024	4.03%	\$ 915,000
Refunded-2009 Construction	2016	2024	4.00%	1,955,000
Construction	2010	2025	2.95%	540,000
Construction	2018	2037	3.05%	63,300,000
Construction	2021	2037	2.00-5.00%	38,965,000
Total Serial Bonds				<u>\$ 105,675,000</u>
Installment Purchase Debt	2012	2027	2.64%	<u>\$ 2,139,160</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2023	\$ 6,740,000	\$ 3,400,067	\$ 455,022	\$ 10,595,089
2024	6,990,000	3,146,794	437,593	10,574,387
2025	5,930,000	2,883,164	321,704	9,134,868
2026	6,150,000	2,662,474	302,486	9,114,960
2027	6,135,000	2,437,126	282,305	8,854,431
Thereafter	<u>73,730,000</u>	<u>11,981,006</u>	<u>1,495,460</u>	<u>87,206,466</u>
Total	<u>\$ 105,675,000</u>	<u>\$ 26,510,631</u>	<u>\$ 3,294,570</u>	<u>\$ 135,480,201</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and the liability for the defeased bonds are not included in the District's financial statements.



**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

The District entered into an Energy Performance Contract which is accounted for as installment purchase debt. The following is a schedule of future payments

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 405,690	\$ 53,814	\$ 459,504
2024	416,471	43,033	459,504
2025	427,538	31,965	459,503
2026	438,900	20,604	459,504
2027	450,561	8,940	459,501
Thereafter	-	-	-
Total	<u>\$ 2,139,160</u>	<u>\$ 158,356</u>	<u>\$ 2,297,516</u>

**III. Constitutional Debt Limit**

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 5% of the full valuation of taxable real estate within the District. At June 30, 2022, the District has exhausted 2.47% of its constitutional debt limit.

**IV. Lease Arrangements**

A summary of the leasing arrangements as of June 30, 2022, is as follows:

<u>Describe</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2022</u>
Governmental Activities						
Furniture and equipment	5/20/2021	3 years	\$ 198,216	1.81%	\$ 578,352	\$ 357,159
Furniture and equipment	4/15/2020	3 years	146,076	1.22%	431,151	121,350
Buildings #1	7/1/2019	5 years	100,000	1.79%	500,000	196,098
Buildings #2	5/1/2019	5 years	35,000	2.31%	145,000	56,552
Total Lease Arrangements						<u>\$ 731,159</u>

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**IV. Lease Arrangements**

Buildings #1 and #2 were leased for warehouse and maintenance facility storage. The Furniture and equipment leases were for various office equipment, audio and visual technology equipment.

Annual requirements to amortize long-term obligations and related interest is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 439,831	\$ 3,864	\$ 443,695
2024	291,328	1,485	292,813
2025	-	-	-
2026	-	-	-
2027	-	-	-
Thereafter	-	-	-
Total	<u>\$ 731,159</u>	<u>\$ 5,349</u>	<u>\$ 736,508</u>

**3. COMMITMENTS AND CONTINGENCIES**

**A. Risk Financing and Related Insurance**

General Information

The Kingston City School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, injuries to employees; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Workers' Compensation

The District participates in a risk sharing pool. The Ulster County Workers' compensation Fund, to insure workers' compensation claims. This public entity risk pool was created under Article 5, Workers' Compensation Law, to finance liability and related workers' compensation claims. The pool has a December 31 year end. At December 31, 2021, the District's share of the liability of unbilled and open claims was \$300,000. The liability is reported in the General Fund.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**3. COMMITMENTS AND CONTINGENCIES**

**A. Risk Financing and Related Insurance**

Litigation

There are currently pending proceedings with State Court revival actions under the New York Child Victims Act CPLR214-g by two former students alleging sexual abuse by a former teacher and administrator during the 1980s. The District is vigorously defending the matter and the parties are currently in discovery. The contingent liability cannot be determined at this time.

There are currently pending proceedings with State Court revival actions under the New York Child Victims Act CPLR214-g by a child who was a member of the Boy Scouts of America alleging sexual abuse by a Scout Leader and volunteer during 1970-73. The District is vigorously defending the matter and expects that it will be dismissed as the alleged individual was not an employee of the District.

**B. Other Items**

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

**4. OTHER POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Plan Description*

The District administers a defined benefit OPEB plan that provides OPEB benefits to employees of the District governed by contractual agreements. The plan is a single-employer defined benefit plan (the Plan). Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

*Funding Policy*

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees classified as teachers and principals are required to reach age 55 and have 10 years of service or in some cases meet ERS/TRS service requirements to qualify for other post employment benefits. Eligibility requirements for support staff having a hire date on or after July 1, 2017 and non-bargaining staff are a 10-year district service requirement and they must meet the service requirements for ERS/TRS. For support staff hired before July 1, 2017, they must meet the ERS/TRS service requirements. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2022 approximately \$18,856,000 was paid on behalf of 916 retirees.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Benefits Provided*

The District provides for continuation of medical benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under. Retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

*Employees Covered by Benefit Terms* - At the valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	916
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>1,023</u>
Total Plan Members	<u><u>1,939</u></u>

*Net OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2022; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability at June 30, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Varied by years of service in retirement system
Prior Discount Rate	2.16%
Discount Rate	3.54%
Medicare Healthcare cost trend rates	5.70% for 2020 decreasing to an ultimate rate of 4.04% by 2075

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS Group and General Employees for the ERS Group) projected fully generationally using Society of Actuaries' Scale MP-2020.

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. Additionally, it was assumed that participants will keep their marital status upon retirement. Actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine the retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Changes in the Net OPEB Liability*

Changes in the District's net OPEB liability were as follows:

	<b>Total OPEB Liability [a]</b>	<b>Plan Fiduciary Net Position [b]</b>	<b>Net OPEB Liability [a] - [b]</b>
<b>Balances at June 30, 2021</b>	\$ 668,171,133	\$ -	\$ 668,171,133
Changes for the year:			
Service cost	28,539,622	-	28,539,622
Interest	14,846,396	-	14,846,396
Changes in benefit terms	-	-	-
Difference between expected and actual experience	3,860,401	-	-
Changes of assumptions or other inputs	(143,339,585)	-	(139,479,184)
Benefit payments	(18,855,996)	-	(18,855,996)
Net changes	(114,949,162)	-	(114,949,162)
<b>Balances, June 30, 2022</b>	<u>\$ 553,221,971</u>	<u>\$ -</u>	<u>\$ 553,221,971</u>

Changes of benefit terms and assumptions reflect changes in assumptions and other inputs including a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB Liability	<u>\$ 652,379,240</u>	<u>\$ 553,221,971</u>	<u>\$ 474,163,326</u>

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

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

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.70%) or 1 percentage point higher (6.70%) than the current healthcare cost trend rate:

	<b>1% Decrease (4.70% Decreasing to 3.04%)</b>	<b>Healthcare Cost Trend Rate (5.70% Decreasing to 4.04%)</b>	<b>1% Increase (6.70% Decreasing to 5.04%)</b>
Total OPEB Liability	<u>\$ 457,149,619</u>	<u>\$ 553,221,971</u>	<u>\$ 678,900,463</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$41,134,222. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 25,031,541	\$ (26,848,166)
Amounts recognized in OPEB expense	-	-
Changes of assumptions	71,793,941	(126,833,261)
Total	<u>\$ 96,825,482</u>	<u>\$ (153,681,427)</u>

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

<b>Year Ending <u>June 30,</u></b>		
2023	\$	(2,251,796)
2024		(2,251,796)
2025		1,030,198
2026		(30,136,022)
2027		(23,246,529)
Thereafter		-

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**5. TAX ABATEMENT**

The County of Ulster enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District's property tax revenue was reduced by \$2,268,937 for the year ended June 30, 2022. The District did receive PILOT payments in the amount of \$1,458,207 for the year ended June 30, 2022.

**6. CONTINGENCY**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. Additionally, access to grants, funding and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak will likely have a continued material adverse impact on the economy and cost of education. The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued.

**7. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2022, the District implement GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of the statement changes reporting for leases and subscription-based information technology arrangements. The District-wide net position was restated as a result of the implementation of GASB No. 87 and GASB No. 96 as follows:

Statement of Activities and Changes in Net Position

Net position at beginning of year, as previously reported	\$ (458,160,123)
Lease assets	1,548,361
Lease liabilities	<u>(1,187,789)</u>
Net position at beginning of year, as restated	<u>\$ (457,799,551)</u>

During the year ended June 30, 2022, it was determined that the District incorrectly recorded amounts in prior years related to compensated absences and capital expenditures. As a result, a prior period adjustment was recorded in the general fund and capital projects fund. The District's fund equity was restated as follows:

General Fund

Fund equity at beginning of year, as previously reported	\$ 44,977,437
Prior period adjustment - compensated absences	<u>1,164,770</u>
Fund Equity at beginning of year, as restated	<u>\$ 46,142,207</u>

Capital Projects Fund

Fund equity at beginning of year, as previously reported	\$ (32,418,124)
Prior period adjustment – capital expenditures	<u>(1,508,569)</u>
Fund Equity at beginning of year, as restated	<u>\$ (33,926,693)</u>

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**8. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through September 28, 2022, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of June 30, 2022, have been incorporated into these financial statements.



**KINGSTON CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
<b>Revenues</b>				
Local Sources				
Real Property Taxes	\$ 100,587,734	\$ 100,587,734	\$ 102,588,105	\$ 2,000,371
Other Tax Items	9,132,164	9,132,164	10,045,750	913,586
Charges for Services	390,450	390,450	511,373	120,923
Use of Money and Property	146,000	146,000	137,543	(8,457)
Sale of Property and Compensation for Loss	1,000	1,000	-	(1,000)
Miscellaneous	1,310,200	1,312,376	4,904,454	3,592,078
Total Local Sources	111,567,548	111,569,724	118,187,225	6,617,501
State Sources	76,137,696	76,137,696	74,137,684	(2,000,012)
Federal Sources	2,749,705	2,749,705	190,891	(2,558,814)
<b>Other Sources</b>				
Interfund Transfers	1,190,000	1,190,000	1,412,548	222,548
Total Revenue and Other Sources	191,644,949	191,647,125	\$ 193,928,348	\$ 2,281,223
<b>Appropriated Fund Balance</b>				
Prior year's Encumbrances	1,404,517	1,404,517		
Appropriated Reserves	4,340,000	4,515,000		
Appropriated Fund Equity	-	-		
Total Appropriated Fund Balance	5,744,517	5,919,517		
Total Revenues, Other Sources and Appropriated Fund Equity	\$ 197,389,466	\$ 197,566,642		

**KINGSTON CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Expenditures</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Final Budget Variance with Actual and Encumbrances</b>
General Support					
Board of Education	\$ 127,033	\$ 123,283	\$ 116,031	\$ 909	\$ 6,343
Central Administration	304,271	360,402	359,990	-	412
Finance	983,835	1,197,554	1,192,250	1,000	4,304
Staff	720,383	797,729	791,696	14	6,019
Central Services	7,715,505	7,625,922	7,449,740	136,531	39,651
Special Items	<u>3,182,771</u>	<u>4,226,724</u>	<u>4,159,264</u>	<u>66,400</u>	<u>1,060</u>
Total General Support	<u>13,033,798</u>	<u>14,331,614</u>	<u>14,068,971</u>	<u>204,854</u>	<u>57,789</u>
Instruction					
Instruction, Administration & Improvement	5,396,446	5,314,597	4,973,008	118,363	223,226
Teaching - Regular School	46,174,655	43,888,421	42,147,016	183,421	1,557,984
Programs for Students with Disabilities	37,980,820	37,319,500	36,873,647	7,076	438,777
Occupational Education	3,553,398	3,597,982	3,596,082	-	1,900
Teaching - Special Schools	2,360,500	2,549,916	2,469,082	67	80,767
Instructional Media	3,801,441	3,634,133	3,555,456	45,181	33,496
Pupil Services	<u>6,287,163</u>	<u>6,835,279</u>	<u>6,734,715</u>	<u>15,286</u>	<u>85,278</u>
Total Instruction	<u>105,554,423</u>	<u>103,139,828</u>	<u>100,349,006</u>	<u>369,394</u>	<u>2,421,428</u>
Pupil Transportation	10,063,814	10,063,813	8,861,719	286	1,201,808
Employee Benefits	57,404,820	53,204,837	52,342,710	-	862,127
Debt Service Principal	5,080,188	7,896,818	7,896,818	-	-
Debt Service Interest	<u>5,072,423</u>	<u>4,110,993</u>	<u>4,110,992</u>	<u>-</u>	<u>1</u>
Total Other	<u>77,621,245</u>	<u>75,276,461</u>	<u>73,212,239</u>	<u>286</u>	<u>2,063,936</u>
Total Expenditures	196,209,466	192,747,903	187,630,216	574,534	4,543,153
Other Uses					
Interfund Transfer	<u>1,180,000</u>	<u>4,818,739</u>	<u>4,814,744</u>	<u>-</u>	<u>3,995</u>
Total Expenditures and Other Uses	<u>\$ 197,389,466</u>	<u>\$ 197,566,642</u>	<u>\$ 192,444,960</u>	<u>\$ 574,534</u>	<u>\$ 4,547,148</u>
<b>Net Change in Fund Equity</b>			<u>\$ 1,483,388</u>		
Fund equity - beginning of year, as previously reported			44,977,437		
Prior period adjustment (Note 7)			1,164,770		
Fund equity - beginning of year, as restated			<u>46,142,207</u>		
Fund equity - ending			<u>\$ 47,625,595</u>		

**KINGSTON CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2022**

	Fiscal Year Ending* <u>2022</u>	Fiscal Year Ending* <u>2021</u>	Fiscal Year Ending* <u>2020</u>	Fiscal Year Ending* <u>2019</u>	Fiscal Year Ending* <u>2018</u>
<b>Total OPEB Liability</b>					
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 28,539,622	\$ 28,189,702	\$ 18,424,784	\$ 11,162,534	\$ 11,620,821
Interest	14,846,396	15,538,668	18,710,941	17,787,577	16,416,211
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience in the measurement of the total OPEB liability	3,860,401	(40,272,250)	3,455,039	46,869,717	-
Changes in assumptions and other inputs	(143,339,585)	(1,064,716)	137,439,578	7,173,019	(23,266,782)
Benefit payments	<u>(18,855,996)</u>	<u>(18,176,081)</u>	<u>(17,300,759)</u>	<u>(16,307,990)</u>	<u>(13,564,515)</u>
Net Change in Total OPEB Liability	(114,949,162)	(15,784,677)	160,729,583	66,684,857	(8,794,265)
Total OPEB Liability - beginning	<u>668,171,133</u>	<u>683,955,810</u>	<u>523,226,227</u>	<u>456,541,370</u>	<u>465,335,635</u>
Total OPEB Liability - ending	<u>\$ 553,221,971</u>	<u>\$ 668,171,133</u>	<u>\$ 683,955,810</u>	<u>\$ 523,226,227</u>	<u>\$ 456,541,370</u>
Covered-employee payroll	\$ 73,788,717	\$ 68,304,149	\$ 71,130,418	\$ 65,899,339	\$ 64,009,525
Total OPEB Liability as a percentage of covered-employee payroll	749.7%	978.2%	961.6%	794.0%	713.2%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available. Additionally, the amounts presented were determined as of the measurement date.

**KINGSTON CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2022**

**ERS Pension Plan  
Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.0363466%	0.0377760%	0.0369161%	0.0400000%	0.0380923%	0.0354990%	0.0348273%
Proportionate share of the net pension liability (asset)	\$ (2,971,186)	\$ 37,615	\$ 9,775,597	\$ 2,634,247	\$ 1,229,407	\$ 3,250,998	\$ 5,589,881
Covered-employee payroll	\$ 12,878,452	\$ 11,667,436	\$ 11,769,234	\$ 11,621,696	\$ 10,849,457	\$ 10,449,005	\$ 10,059,771
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-23.07%	0.32%	83.06%	22.67%	11.33%	31.11%	55.57%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

**TRS Pension Plan  
Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.392500%	0.402575%	0.407180%	0.391968%	0.400209%	0.399052%	0.387569%
Proportionate share of the net pension liability (asset)	\$ (68,016,550)	\$ 11,124,242	\$ (10,578,565)	\$ (7,087,813)	\$ (3,041,989)	\$ 4,274,012	\$ (40,256,105)
Covered-employee payroll	\$ 72,595,182	\$ 67,691,193	\$ 69,304,699	\$ 69,264,509	\$ 65,109,087	\$ 64,545,823	\$ 62,836,184
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-93.69%	16.43%	-15.26%	-10.23%	-4.67%	6.62%	-64.07%
Plan fiduciary net position as a percentage of the total pension asset	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of each Plan's measurement date as disclosed in the footnotes.

**KINGSTON CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2022**

**ERS Pension Plan  
Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,864,439	\$ 1,757,820	\$ 1,657,552	\$ 1,595,562	\$ 1,632,538	\$ 1,486,385	\$ 1,649,090
Contributions in relation to the contractually required contribution	<u>(1,864,439)</u>	<u>(1,757,820)</u>	<u>(1,657,552)</u>	<u>(1,595,562)</u>	<u>(1,632,538)</u>	<u>(1,486,385)</u>	<u>(1,649,090)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 12,878,452	\$ 11,667,436	\$ 11,769,234	\$ 11,621,696	\$ 10,849,457	\$ 10,449,005	\$ 10,059,771
Contributions as a percentage of covered-employee payroll	14.48%	15.07%	14.08%	13.73%	15.05%	14.23%	16.39%

**TRS Pension Plan  
Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 6,348,876	\$ 6,348,876	\$ 6,054,059	\$ 7,217,880	\$ 6,380,690	\$ 7,843,479	\$ 8,720,921
Contributions in relation to the contractually required contribution	<u>(6,348,876)</u>	<u>(6,348,876)</u>	<u>(6,054,059)</u>	<u>(7,217,880)</u>	<u>(6,380,690)</u>	<u>(7,843,479)</u>	<u>(8,720,921)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 72,595,182	\$ 67,691,193	\$ 69,304,699	\$ 69,264,509	\$ 65,109,087	\$ 64,545,823	\$ 62,836,184
Contributions as a percentage of covered-employee payroll	8.75%	9.38%	8.74%	10.42%	9.80%	12.15%	13.88%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of each Plan's measurement date as disclosed in the footnotes.

**KINGSTON CITY SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND  
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$	195,984,949
Add: Prior year's encumbrances		1,404,517
Original Budget		197,389,466
Adjustments:		
Tax Certiorari adjustment		175,000
Donations		2,176
Final Budget	\$	197,566,642

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2022-23 [subsequent year's] voter-approved expenditure budget	\$	203,123,508
Maximum allowed (4% of 2022-23 [subsequent year's] budget)		8,124,940
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		

Unrestricted Fund Equity:		
Committed Fund Equity	\$	-
Assigned Fund Equity		4,794,534
Unassigned Fund Equity		8,132,339
Total Unrestricted Fund Equity		12,926,873

Less:		
Appropriated Fund Balance		4,220,000
Encumbrances included in Committed and Assigned Fund Equity		574,534
Total Adjustments		4,794,534

General Fund Fund Equity Subject to Section 1318 of Real Property Tax Law	\$	8,132,339
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Actual percentage		4.00%
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\* Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

**KINGSTON CITY SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing					Fund Balance June 30, 2022
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Transfer to Debt Service	Total	
Asbestos Mgmt.	\$ 15,000	\$ 183,150	\$ 170,473	\$ 0	\$ 170,473	\$ 12,677	\$ -	\$ -	\$ 183,150	\$ -	\$ 183,150	\$ 12,677
Blacktop Districtwide	25,000	534,978	399,978	210,000	609,978	(75,000)	-	-	534,978	-	534,978	(75,000)
Carnegie Building	-	5,001	59	-	59	4,942	-	-	5,001	-	5,001	4,942
Carpet-Districtwide	60,000	71,033	67,932	-	67,932	3,101	-	-	71,033	-	71,033	3,101
Cafeteria Renovations	125,000	125,000	79,187	-	79,187	45,813	-	-	125,000	-	125,000	45,813
Oil Tank	48,000	409,584	373,431	5,000	378,431	31,153	-	-	409,584	-	409,584	31,153
Underground Storage Tanks	-	20,000	-	-	-	20,000	-	-	20,000	-	20,000	20,000
Health & Safety	4,588,000	4,585,000	4,585,000	-	4,585,000	-	4,585,000	-	-	-	4,585,000	-
Health & Safety Accessibility	33,500	33,500	33,500	-	33,500	-	-	-	33,500	-	33,500	-
Masonry-Roof	176,986	176,896	176,896	-	176,896	-	176,896	-	-	-	176,896	-
District Facilities Master Plan	370,000	545,000	542,559	-	542,559	2,441	-	-	545,000	-	545,000	2,441
Buiding Upkeep & Repair 07-08	31,400	514,000	513,999	-	513,999	1	-	-	514,000	-	514,000	1
Vehicles	75,000	962,000	928,171	20,466	948,637	13,363	-	-	962,000	-	962,000	13,363
Mandatory Lead Testing	-	30,000	-	8,118	8,118	21,882	-	-	30,000	-	30,000	21,882
Districtwide Roof Repairs	-	65,000	-	-	-	65,000	-	-	65,000	-	65,000	65,000
Lease-Purchase Warehouse	-	247,135	247,135	-	247,135	-	-	-	247,135	-	247,135	-
KW Field House Roof	335,000	335,000	335,000	-	335,000	-	-	-	335,000	-	335,000	-
Repair Bond-EXCEL	21,133,079	21,132,410	21,132,410	-	21,132,410	-	15,130,000	6,002,410	-	-	21,132,410	-
KHS Fire Alarm System	-	100,052	100,052	-	100,052	-	-	-	100,052	-	100,052	-
Building Upkeep & Repair 08-09	225,000	225,000	225,000	-	225,000	-	-	-	225,000	-	225,000	-
Building Upkeep & Repair 10-11	-	125,000	125,000	-	125,000	-	-	-	125,000	-	125,000	-
Building Upkeep & Repair 13-14	-	248,000	248,000	-	248,000	-	-	-	248,000	-	248,000	-
Building Upkeep & Repair 19-20	-	100,000	-	-	-	100,000	-	-	100,000	-	100,000	100,000
Capital Outlay 2014-2015	100,000	100,000	100,000	-	100,000	-	-	-	100,000	-	100,000	-
Capital Outlay 2015-2016	100,000	100,000	100,000	-	100,000	-	-	-	100,000	-	100,000	-
Capital Outlay 2017-2018	-	100,000	100,000	-	100,000	-	-	-	100,000	-	100,000	-
Capital Outlay 2018-2019	-	100,000	-	-	-	100,000	-	-	100,000	-	100,000	100,000
Capital Outlay 2019-2020	-	100,000	12,000	-	12,000	88,000	-	-	100,000	-	100,000	88,000
Carnegie Library Renovation	-	3,580,000	3,574,418	-	3,574,418	5,582	2,930,000	500,000	150,000	-	3,580,000	5,582
Carnegie Library- LOWES Grant	-	100,000	95,634	-	95,634	4,366	-	-	100,000	-	100,000	4,366
Carnegie Library- City Block Grant	-	50,000	-	-	-	50,000	-	-	50,000	-	50,000	50,000
Anna Devine Boiler	-	459,000	459,000	-	459,000	-	-	-	459,000	-	459,000	-
Johnson Controls EPC	5,661,072	5,661,072	5,661,072	-	5,661,072	-	5,661,072	-	-	-	5,661,072	-
JKHS Roof Repair	289,291	289,452	289,452	-	289,452	-	-	-	289,452	-	289,452	-
2012 Capital Upgrades	8,000,000	8,000,000	6,780,000	-	6,780,000	1,220,000	53,907	-	6,726,093	-	6,780,000	-
2014 Capital Upgrades	6,950,000	6,950,000	6,985,634	-	6,985,634	(35,634)	4,330,000	-	2,655,634	-	6,985,634	-
2018 Capital Upgrades	-	16,000,000	11,240,448	2,860,053	14,100,501	1,899,499	-	-	5,000,000	-	5,000,000	(9,100,501)
Meagher School Renovations	-	4,226,248	4,193,724	-	4,193,724	32,524	-	-	4,226,248	-	4,226,248	32,524
KHS Second Century	137,500,000	137,500,000	114,259,583	3,263,622	117,523,205	19,976,795	122,003,482	-	10,058,907	-	132,062,389	14,539,184
<b>Totals</b>	<b>\$ 185,851,328</b>	<b>\$ 214,088,511</b>	<b>\$ 184,134,747</b>	<b>\$ 6,367,259</b>	<b>\$ 190,502,006</b>	<b>\$ 23,586,505</b>	<b>\$ 154,870,357</b>	<b>\$ 6,502,410</b>	<b>\$ 35,093,767</b>	<b>\$ -</b>	<b>\$ 196,466,534</b>	<b>\$ 5,964,528</b>

**KINGSTON CITY SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2022**

<b>Capital Assets, Net</b>		\$	170,356,717
<b>Add:</b>			
Capital projects fund - cash and investments			6,562,262
<b>Deduct:</b>			
Short-term portion of bonds payable	\$		(6,740,000)
Short-term portion of installment purchase debt			(405,690)
Long-term portion of bonds payable			(98,935,000)
Long-term portion of installment purchase debt			(1,733,470)
Unamortized bond premium			(3,316,221)
			(111,130,381)
<b>Net Investment in Capital Assets</b>		\$	65,788,598



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

To the President and Members  
of the Board of Education of  
Kingston City School District

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 and each major fund of the Kingston City School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 28, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for determining 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

### **District's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*Marvin and Company, P.C.*

Latham, NY  
September 28, 2022

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

To the President and Members of the Board of Education of the  
Kingston City School District

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

#### ***Opinion on Each Major Federal Program***

We have audited the Kingston City School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Kingston City School District's major federal programs for the year ended June 30, 2022. The Kingston City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kingston City School District, 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 for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contract grant agreements applicable to the District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Marvin and Company P.C.*

Latham, NY

September 28, 2022

**KINGSTON CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Education</b>			
Passed Through New York State Education Department			
<b>Special Education Cluster</b>			
Special Education - Grants to States (IDEA, Part B)	84.027A	0032-22-0990	\$ 1,916,819
Special Education - Preschool Grants (IDEA Preschool)	84.173A	0033-22-0990	<u>82,167</u>
Total Special Education Cluster			<u>1,998,986</u>
Title I Grants to Local Educational Agencies	84.010A	0021-22-3400	1,837,045
Title I Grants to Local Educational Agencies	84.010A	0021-21-3400	219,989
Title I Grants to Local Educational Agencies - School Improvement Grant - Enhanced	84.010A	0011-22-2307	25,600
Title I Grants to Local Educational Agencies - School Improvement Grant - Enhanced	84.010A	0011-21-2307	34,881
Title I Grants to Local Educational Agencies - School Improvement	84.010A	0011-22-2108	593,776
Title I Grants to Local Educational Agencies - School Improvement	84.010A	0011-21-2108	155,275
Title I Grants to Local Educational Agencies Part D - Neglected and Delinquent	84.010A	0016-22-3400	<u>44,878</u>
Total Title I Grants to Local Education Agencies			<u>2,911,444</u>
Supporting Effective Instruction State Grants	84.367A	0147-22-3400	<u>260,311</u>
English Language Acquisition State Grants	84.365A	0293-22-3400	69,279
English Language Acquisition State Grants	84.365A	0149-21-3400	<u>6,911</u>
Total English Language Acquisition State Grants			<u>76,190</u>
Student Support and Academic Enrichment Program	84.424A	0204-22-3400	<u>144,586</u>
Career and Technical Education - Basic Grants to States	84.048A	8039-22-0007	377,717
Career and Technical Education - Basic Grants to States	84.048A	8039-20-0007	<u>7,312</u>
Total Career and Technical Education - Basic Grants to States			<u>385,029</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5891-21-3400	2,261,777
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - Learning Loss	84.425U	5884-21-3400	360,185
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - Comprehensive After School Program	84.425U	5883-21-3400	100,001
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - Summer Enrichment	84.425U	5882-21-3400	100,000
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-3400	<u>3,728,137</u>
Total Education Stabilization Fund			<u>6,550,100</u>
Total U.S. Department of Education			<u>12,326,646</u>

See notes to schedule of expenditures of federal awards.

**KINGSTON CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<b>Federal Communications Commission</b>			
Passed Through from Ulster County BOCES (Consortium) COVID-19 Emergency Connectivity Fund Program	32.009	ECF2190016567	\$ 1,352,819
Total Federal Communications Commission			<u>1,352,819</u>
<b>National Endowment of the Humanities</b>			
Direct			
Promotion of the Arts Grants to Organizations and Individuals	45.024	Not Applicable	<u>20,000</u>
Total National Endowment of the Humanities			<u>20,000</u>
<b>U.S. Department of Agriculture</b>			
Pass-through from New York State Education Department			
<b>Child Nutrition Cluster</b>			
Cash Assistance			
COVID-19 National School Lunch Program	10.555	Unknown	2,612,295
COVID-19 National School Lunch Program - Snack Program	10.555	Unknown	19,444
COVID-19 National School Lunch Program - Emergency Operational Cost	10.555	Unknown	259,527
COVID-19 National School Lunch Program - Supply Chain	10.555	Unknown	123,554
COVID-19 School Breakfast Program	10.553	Unknown	638,205
COVID-19 Summer Food Service Program for Children	10.559	Unknown	17,058
Fresh Fruit and Vegetable Program	10.582	Unknown	2,121
Total Child Nutrition Cluster - Cash Assistance			<u>3,672,204</u>
Non-Cash Assistance (Food Distribution)	10.555	Unknown	<u>302,233</u>
Total Child Nutrition Cluster - Non-Cash Assistance			<u>302,233</u>
Total Child Nutrition Cluster			<u>3,974,437</u>
COVID- 19 Pandemic Electronic Benefit Transfer Administration Costs	10.649	Unknown	<u>9,060</u>
Total U.S. Department of Agriculture			<u>3,983,497</u>
Total Expenditures of Federal Awards			<u>\$ 17,682,962</u>

See notes to schedule of expenditures of federal awards.

**KINGSTON CITY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Kingston City School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the District's financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the 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). This Schedule only presents a selected portion of the operations of the District.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

**3. SCOPE OF AUDIT**

The Kingston City School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

**4. NON-CASH ASSISTANCE**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$302,233.

**5. INDIRECT COST RATE**

The Kingston City School District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is to charge federal award programs with indirect costs, if allowable within the grant.

**6. SUB-RECIPIENTS**

The District provided no federal awards to sub-recipients during the year ended June 30, 2022.



**KINGSTON CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted?   X   yes    \_\_\_\_\_ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes      X   no

Identification of major programs:

<u>Federal Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
84.027A, 84.173A	Special Education Cluster
84.425D, 84.425U	Education Stabilization Fund
32.009	COVID-19 Emergency Connectivity Fund Program

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

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

**SECTION II: FINANCIAL STATEMENT FINDINGS**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to the Financial Statements

2022-001      Compliance with Net Cash Resources and Excess Fund Balance for Child Nutrition

*Statement of Condition:* The fund equity in the school lunch fund exceeds the allowable limit by approximately \$535,000.

*Criteria:* According to the code of federal regulations section CFR 210.14(b) the school food authority shall limit its net cash resources to no more than 3 months worth of average expenditures.

**KINGSTON CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

*Cause:* The cumulative effect of expenditures being less than revenue for a number of years was impacted by the increase in federal reimbursement rates and funding.

*Effect of Condition:* The District was not in compliance with federal guidelines.

*Questioned Cost:* None.

*Context:* As part of audit procedures, compliance with this federal guideline is reviewed.

*Repeat Finding:* None.

*Recommendation:* The District should follow federal guidelines and resolve the excess fund equity. The District is required to submit a plan to the Child Nutrition Program Administration detailing how the District will reduce the fund equity to an acceptable level within one year, and also what the District will do to ensure that an excess fund equity does not occur in the future.

*Views of responsible officials and planned corrective actions:* The District has planned various expenditures in 2022-2023 for the use of the School Lunch Excess Fund Balance which includes the purchase of a new Cargo Van, covering the additional costs of a new employee Benefit Package and Wage increases, and to reimburse the General Fund for Indirect and Direct costs. The District is also concerned about the escalating cost of food and materials, as well as the drastic reduction in the value of commodities that they will receive in 2022-2023, and will use the Excess Fund Balance towards expenditures if needed.

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV: FEDERAL AWARD FINDINGS PRIOR YEAR**

None