

**MUNICIPALITY OF KINGSTON,
PENNSYLVANIA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2023

AND

INDEPENDENT AUDITORS' REPORT

AND

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF KINGSTON, PENNSYLVANIA

KINGSTON, PENNSYLVANIA

DECEMBER 31, 2023

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PRINCIPALS

Stephen N. Clemente, CPA
James F. Clemente, CPA, MT
Raymond J. Distasio Jr., CPA
David P. Rudis, CPA, CVA, CFF
Joseph P. Zekas, CPA
John M. Nonnemacher, CPA
David J. Kuranovich, CPA
Peter J. Morren

PROFESSIONAL STAFF

Margaret Humenansky, CPA
Colin R. Fricke, CPA, CVA
Michael R. Gaizick, CPA
Michael A. Chisarick
Helene M. Chuckra
Althea B. Edwards
Scott W. Poplawski
Daniel J. Flaherty

Marc J. Blasko
Rogen Resides
Sue Hoegg

Elmo M. Clemente (1958-2018)
Charles L. Snyder (1958-1980)

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of Council
Municipality of Kingston, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Municipality of Kingston, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Municipality of Kingston's basic financial statements as listed in the table of contents.

Unmodified Opinions

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund other than the General Fund, and the aggregate remaining fund information of the Municipality of Kingston, Pennsylvania, as of and for the year ended December 31, 2023, 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.

Qualified Opinions

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on Governmental Activities and General Fund" paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Municipality of Kingston, Pennsylvania, as of December 31, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on Governmental Activities and General Fund

Management has limited our audit procedures with respect to Act 511 taxes to confirmation of recorded revenue with tax collectors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Municipality of Kingston 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.

Responsibilities of Management for the Financial Statements

Municipality of Kingston's 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 Municipality of Kingston's ability to continue as a going concern for one year after the date that the financial statements are issued, 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Municipality of Kingston'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 Municipality of Kingston'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 5 - 7, budgetary comparison information on pages 75 - 76, and defined benefit pension trust fund and other post-employment benefits (OPEB) other than pensions information on pages 77 - 83 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. Although our opinions on the basic financial statements are not affected, the following material departures from the prescribed guidelines exist: management's discussion and analysis and required pension information does not include all of the items necessary for it to be presented in accordance with guidelines established by the Governmental Accounting Standards Board. 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.

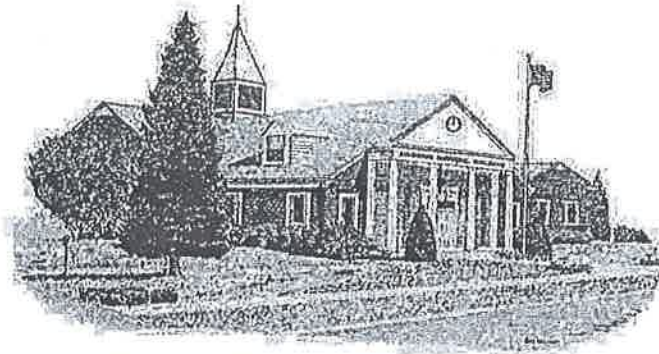
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of Kingston, Pennsylvania's basic financial statements. The combining nonmajor governmental fund schedules and combining fiduciary financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental funds schedules and combining fiduciary financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial 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, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the "Basis for Qualified Opinion" paragraph, the combining nonmajor governmental funds financial statements and combining fiduciary financial schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Snyder & Clemente".

Administrative Offices
(570) 288-4576
FAX: (570) 288-9493



Non-Emergency Police
(570) 288-3674
FAX: (570) 287-2699

MUNICIPALITY OF KINGSTON
500 WYOMING AVENUE, KINGSTON, PENNSYLVANIA 18704-3681
Incorporated as the Borough of Kingston — 1857
www.kingstonpa.org

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2023
(UNAUDITED)**

Our discussion and analysis of Kingston's financial statements audit report provides an overview of the Municipality's financial activities for the fiscal year ended December 31, 2023. Please read our analysis in conjunction with the Municipality's audited financial statements.

The Municipal Administrator is available by appointment to review this analysis or answer any questions concerning the annual financial statements.

USING THIS ANNUAL REPORT

The annual audit report is presented in a format that is compliant with applicable Governmental Accounting Standards Board (GASB) Statements 34, 68, 74, and 75.

GASB 34 provides a full disclosure of depreciable assets on the Statement of Net Position in the financial statement. Depreciable Assets pursuant to GASB 34 are reported on the Statement of Net Position in the amount of \$19,396,681.00.

GASB 74 and 75 are actuarial disclosures of post-retirement benefits other than pension benefits. Liabilities pursuant to GASB 74 and 75 are reported on the 2023 Statement of Net Position in the amount of \$5,697,404.00. On the Statement of Net Position, the GASB 74 and 75 disclosures are referenced by OPEB Obligation. OPEB is defined as Other Post Employment Benefits other than pension benefits. OPEB includes postemployment healthcare benefits and all postemployment benefits provided separately from the pension plans. OPEB was reported in the amount of \$6,643,317.00 in the 2022 Annual Audit Report pursuant to a method of reporting in accordance with GASB 45. GASB 74 and 75 have replaced GASB 45. A separate copy of the GASB 74 and 75 Report, as prepared by the Actuary, is available for public inspection in the office of the Finance Director.

GASB 68 provides full actuarial disclosure of the Municipality's long-term, net pension liabilities. The Municipality's long-term, net pension liabilities are listed as a liability on the Statement of Net Position in the amount of \$8,596,702.00. At December 31, 2022, this number was reported in the amount of \$9,067,518.00.

For the fiscal year 2023, the net dollar-weighted investment return across all pension plans was 12.45%. The 2022 net dollar-weighted investment return for all three plans was 4.94%. For the fiscal year on 2023, the net dollar-weighted investment return for all pension plans exceeded the Actuarial Assumption Rate of 7.75%.

FINANCIAL STATEMENT HIGHLIGHTS

- The Statement of Net Position and the statement of activities is prepared in accordance with the accrual basis of accounting.
- Kingston's management utilizes the cash or budgetary method of accounting for all municipal financial transactions. The financial statements titled "Budgetary Comparison Schedule / General Fund" will most accurately reflect the financial records prepared and maintained by Kingston's management.
- On the cash or budgetary basis of accounting, which is reported on page 75 of the financial statement, there is an excess of revenues and other financing sources as compared to expenditures and other financing uses in the amount of \$1,182,106.00 for the year ended December 31, 2023. This figure most accurately reflects the financial statements prepared and maintained by the Municipality. Management practices of the Municipality are designed to deposit and book revenues in a timely manner and to make whole on expenses within payment terms.
- The ending fund balance expressed on page 75 of the financial statement is \$2,773,238.00 at December 31, 2023 based on the budgetary basis of accounting. The ending fund balance based on the budgetary basis of accounting for the year ending December 31, 2022 was \$1,701,221.00.
- Management is committed to monitoring and indexing all aspects of the Municipal Budget by utilizing custom designed spreadsheets. The Municipal Administrator is available by appointment to review Management's custom spreadsheets and fiscal controls.
- Unlike revenue, management has the ability to control spending. Management will remain vigilant in making sure that all municipal spending is done in accordance with administrative policy and the Home Rule Charter. Wherever possible, Management will continue to keep discretionary spending at a minimum.

CONTACTING THE MUNICIPALITY'S FINANCIAL MANAGEMENT

- This report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Municipality's finances and to demonstrate the Municipality's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 500 Wyoming Avenue, Kingston, Pennsylvania at (570) 288-4576 extension 111.



Sondra Riviello, Municipal Administrator

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 3,193,475
Accounts Receivable	56,845
Taxes Receivable (Net of Allowance of \$19,207 in General Fund)	183,478
Grant Receivable	181,526
Due from Other Governments	8,647
Inventory	<u>5,000</u>
TOTAL CURRENT ASSETS	<u>3,628,971</u>
NONCURRENT ASSETS	
Depreciable Assets, Net	13,647,259
Construction in Progress	<u>2,120,451</u>
TOTAL NONCURRENT ASSETS	<u>15,767,710</u>
TOTAL ASSETS	<u>19,396,681</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amounts Related to Pensions	2,765,911
Deferred Amounts Related to Other Post-Employment Benefit (OPEB) Plans	<u>1,322,334</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,088,245</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 23,484,926</u>

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 283,016
Wages and Taxes Payable	71,392
Accrued Interest Expense	10,584
Unearned Grant Revenue	459,642
Current Portion of Bonds and Notes Payable	508,867
Current Portion of Finance Leases	33,681
Current Portion of Compensated Absences	<u>33,024</u>

TOTAL CURRENT LIABILITIES 1,400,206

NONCURRENT LIABILITIES

Bonds and Notes Payable, Net of Current Portion	9,573,213
Finance Leases, Net of Current Portion	20,767
Compensated Absences, Net of Current Portion	950,053
Net Pension Liability	8,596,702
Net Other Post-Employment Benefits (OPEB) Obligation	<u>5,697,404</u>

TOTAL NONCURRENT LIABILITIES 24,838,139

TOTAL LIABILITIES 26,238,345

DEFERRED INFLOWS OF RESOURCES

Deferred Amounts Related to Pensions	1,912,549
Deferred Amounts Related to Other Post-Employment Benefit (OPEB) Plans	<u>2,372,470</u>

TOTAL DEFERRED INFLOWS OF RESOURCES 4,285,019

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES 30,523,364

NET DEFICIT

Net Investment in Capital Assets	10,991,785
Unrestricted (Deficit)	(18,635,382)
Restricted for:	
Public Safety	64,167
Highways and Streets	94,062
Parks and Recreation	78,462
Sewer, Sanitation, and Landfill	251,834
Capital Projects	<u>116,634</u>

TOTAL NET (DEFICIT) \$ (7,038,438)

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government - Administration	\$ 1,260,445	\$ 431,679	\$ 735,236	\$ -	\$ (93,530)
Public Safety	6,605,120	205,328	32,001	1,972,569	(4,395,222)
Public Works - Highways and Streets	1,711,380	69,275	360,852	512,651	(768,602)
Sewer, Sanitation, and Landfill	786,623	865,486	-	-	78,863
Flood Control	6,379	-	-	-	(6,379)
Parks and Recreation	1,258,843	483,999	-	508,632	(266,212)
Library	256,961	-	-	-	(256,961)
Insurance	352,146	-	-	-	(352,146)
Miscellaneous	25,424	-	-	-	(25,424)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,263,321	\$ 2,055,767	\$ 1,128,089	\$ 2,993,852	\$ (6,085,613)

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Net (Expense) Revenue and Changes in Net Position
		Governmental Activities
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purposes, Net	\$	1,132,075
Local Services Tax		284,650
Deed Transfer Taxes		757,141
Earned Income Taxes		5,637,424
Payment in Lieu of Taxes		26,814
Mercantile and Business Privilege Taxes		144,379
Grants, Subsidies, and Contributions Not Restricted		3,444
Investment Earnings		140,815
Miscellaneous Income		581,272
TOTAL GENERAL REVENUES		<u>8,708,014</u>
Change in Net Position		2,622,401
Net Deficit - Beginning		<u>(9,660,839)</u>
Net Deficit - Ending	\$	<u>(7,038,438)</u>

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Special Projects Fund	Community Advancement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,456,475	\$ 495,106	\$ 12,965	\$ 228,929	\$ 3,193,475
Taxes Receivable, (Net of Allowance of \$17,759 in General Fund)	183,478	-	-	-	183,478
Accounts Receivable	56,845	-	-	-	56,845
Grant Receivable	-	-	181,526	-	181,526
Due from Other Governments	8,647	-	-	-	8,647
Due from Other Funds	8,250	-	-	-	8,250
Inventory	5,000	-	-	-	5,000
TOTAL ASSETS	\$ 2,718,695	\$ 495,106	\$ 194,491	\$ 228,929	\$ 3,637,221
<u>LIABILITIES</u>					
Accounts Payable	\$ 79,672	\$ -	\$ 181,526	\$ 21,818	\$ 283,016
Wages and Taxes Payable	71,392	-	-	-	71,392
Unearned Grant Revenue	-	459,642	-	-	459,642
Due to Other Funds	8,250	-	-	-	8,250
Current Portion of Compensated Absences	33,024	-	-	-	33,024
TOTAL LIABILITIES	\$ 192,338	\$ 459,642	\$ 181,526	\$ 21,818	\$ 855,324
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Revenue - Real Estate Taxes	86,811	-	-	-	86,811
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 86,811	\$ -	\$ -	\$ -	\$ 86,811
<u>FUND BALANCES</u>					
Fund Balances:					
Nonspendable (Inventory)	5,000	-	-	-	5,000
Restricted For:					
Public Safety	(6,044)	-	-	70,211	64,167
Highways and Streets	-	-	12,965	81,097	94,062
Parks and Recreation	22,659	-	-	55,803	78,462
Sewer, Sanitation, and Landfill	251,834	-	-	-	251,834
Capital Projects	81,170	35,464	-	-	116,634
Unrestricted	2,084,927	-	-	-	2,084,927
TOTAL FUND BALANCES	\$ 2,439,546	\$ 35,464	\$ 12,965	\$ 207,111	\$ 2,695,086
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,718,695	\$ 495,106	\$ 194,491	\$ 228,929	\$ 3,637,221

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

Total Fund Balances - Governmental Funds \$ 2,695,086

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$36,813,988 and the accumulated depreciation is \$21,046,278. 15,767,710

Real estate taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the fund financial statements. 86,811

Deferred Outflows of Resources Related to Defined Benefit

Pension Plans:

Police	991,247	
Fire	1,201,392	
Non-Uniformed Employees	573,272	2,765,911

Deferred Outflows of Resources Related to Other Post

Employment Benefits (OPEB):

Police	842,148	
Fire	452,156	
Non-Uniformed Employees	28,030	1,322,334

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements. Long-term liabilities at year end consist of:

Bonds and Notes Payable	(9,988,404)
Accrued Interest	(10,584)
Finance Leases Payable	(54,448)
Compensated Absences, Net of Current Portion	(950,053)
Bond Premium. The original premium was \$112,413 and the accumulated amortization is \$18,737.	(93,676)

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

Deferred Inflows of Resources Related to Defined Benefit		
Pension Plans:		
Police	482,486	
Fire	784,963	
Non-Uniformed Employees	645,100	(1,912,549)
Deferred Inflows of Resources Related to Other Post Employment Benefits (OPEB):		
Police	1,236,846	
Fire	988,204	
Non-Uniformed Employees	147,420	(2,372,470)
Net Pension Liability:		
Police	4,415,439	
Fire	2,520,298	
Non-Uniformed Employees	1,660,965	(8,596,702)
Net Other Post Employment Benefits (OPEB) Obligation:		
Police	2,451,357	
Fire	2,878,223	
Non-Uniformed Employees	367,824	(5,697,404)
TOTAL NET DEFICIT - GOVERNMENTAL ACTIVITIES		\$ (7,038,438)

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Special Projects Fund	Community Advancement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 7,938,886	\$ -	\$ -	\$ -	\$ 7,938,886
Intergovernmental	217,103	2,333,107	511,651	1,090,338	4,152,199
Charges for Services	1,059,503	-	-	483,998	1,543,501
Fines and Forfeits	91,683	-	-	-	91,683
Licenses and Permits	420,583	-	-	-	420,583
Interest, Rents, and Royalties	107,078	19,122	997	13,618	140,815
Miscellaneous Revenues and Reimbursements	577,472	-	1,400	2,400	581,272
TOTAL REVENUES	10,412,308	2,352,229	514,048	1,590,354	14,868,939
EXPENDITURES					
General Government - Administrative	781,866	-	10,441	-	792,307
Public Safety	4,242,286	-	-	40,547	4,282,833
Public Works - Highway and Streets	720,621	-	-	261,464	982,085
Sewer, Sanitation and Landfill	692,036	-	-	-	692,036
Flood Control	6,379	-	-	-	6,379
Parks and Recreation	213,458	-	-	619,474	832,932
Library	100,010	-	-	-	100,010
Employee Benefits	1,867,496	-	-	332,495	2,199,991
Insurance	352,146	-	-	-	352,146
Principal - Long-Term Debt	283,135	-	-	253,920	537,055
Interest - Long-Term Debt	108,927	-	-	180,295	289,222
Capital Outlay	652,973	2,343,683	511,651	12,380	3,520,687
Miscellaneous	25,424	-	-	-	25,424
TOTAL EXPENDITURES	10,046,757	2,343,683	522,092	1,700,575	14,613,107

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Special Projects Fund	Community Advancement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	365,551	8,546	(8,044)	(110,221)	255,832
OTHER FINANCING SOURCES (USES)					
Proceeds of Long-Term Debt	66,946	-	-	-	66,946
Operating Transfers In	27,163	3,893	-	154,950	186,006
Operating Transfers Out	(181,317)	-	-	(4,689)	(186,006)
TOTAL OTHER FINANCING SOURCES (USES)	(87,208)	3,893	-	150,261	66,946
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	278,343	12,439	(8,044)	40,040	322,778
FUND BALANCES - BEGINNING OF YEAR	2,161,203	23,025	21,009	167,071	2,372,308
FUND BALANCES - END OF YEAR	\$ 2,439,546	\$ 35,464	\$ 12,965	\$ 207,111	\$ 2,695,086

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Total Net Change in Fund Balances - Governmental Funds \$ 322,778

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	3,520,687	
Depreciation Expense		(1,570,762)

Because some real estate taxes will not be collected for several months after the Municipality's year ends, they are not considered as "available" revenues in the governmental funds but are deferred. The change in deferred revenue in the governmental funds between 2022 and 2023 is not considered as available or as a use of governmental funds.

16,783

Proceeds from issued bonds, premiums on bonds issued, notes payable and finance leases are considered income for governmental funds but are reported as liabilities on the Statement of Net Position:

Finance Lease		(66,946)
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Repayment of bonds and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Bonds Payable	200,000	
Notes Payable	<u>283,465</u>	483,465

Bond Premiums and Discounts are revenues and expenditures in the government funds, but the amortization reduces long term liabilities and assets by adjusting interest expense.

Adjustment to Interest Expense		5,621
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Repayment of finance lease principal is an expenditure in the governmental funds, but the repayment reduces finance leases payable in the Statement of Net Position.

53,590

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

2,467

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in Net Pension Liability

Police	134,474	
Fire	(172,633)	
Non-Uniformed Employees	<u>508,975</u>	470,816

Change in Deferred Outflows of Resources Related to Defined Benefit Pension Plans:

Police	(352,605)	
Fire	(24,920)	
Non-Uniformed Employees	<u>(192,304)</u>	(569,829)

Change in Deferred Inflows of Resources Related to Defined Benefit Pension Plans:

Police	(2,703)	
Fire	120,358	
Non-Uniformed Employees	<u>(304,914)</u>	(187,259)

Change in Net Other Post-Employment Benefits (OPEB) Liability:

Police	425,768	
Fire	452,813	
Non-Uniformed Employees	<u>67,332</u>	945,913

Change in Deferred Outflows of Resources Related to Other Post Employment Benefits (OPEB):

Police	(94,509)	
Fire	(71,459)	
Non-Uniformed Employees	<u>(2,409)</u>	(168,377)

Change in Deferred Inflows of Resources Related to Other Post Employment Benefits (OPEB):

Police	(215,527)	
Fire	(359,298)	
Non-Uniformed Employees	<u>(31,707)</u>	(606,532)

Net Change in Long-Term Compensated Absences

(30,014)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 2,622,401

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Employee Pension Trust Funds</u>
<u>ASSETS</u>	
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	\$ 1,881,609
INVESTMENTS AT FAIR VALUE	
Government Securities	1,284,722
Corporate Bonds and Notes	4,156,388
Managed/Pooled Equity Funds	12,724,726
Real Estate/Mortgages/R.E.I.T.S.	<u>453,689</u>
TOTAL INVESTMENTS	<u>18,619,525</u>
TOTAL ASSETS	<u>\$ 20,501,134</u>
<u>LIABILITIES</u>	
Accrued Administrative Expense	\$ 1,689
TOTAL LIABILITIES	<u>1,689</u>
<u>NET POSITION</u>	
NET POSITION RESTRICTED FOR PENSION BENEFITS AND OTHER PURPOSES	<u>\$ 20,499,445</u>

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Employee Pension Trust Funds</u>
<u>ADDITIONS</u>	
CONTRIBUTIONS	
Employer	\$ 434,488
Plan Members	332,587
Intergovernmental (State Aid)	<u>332,496</u>
TOTAL CONTRIBUTIONS	<u>1,099,571</u>
INVESTMENT INCOME	
Net Appreciation in Fair Value of Investments	1,820,450
Interest	1
Dividends	<u>481,235</u>
TOTAL INVESTMENT EARNINGS	2,301,686
Less: Investment Expense	<u>128,965</u>
NET INVESTMENT EARNINGS	<u>2,172,721</u>
TOTAL ADDITIONS	<u>3,272,292</u>
<u>DEDUCTIONS</u>	
Benefit Payments Including Refunds of Member Contributions	1,587,282
Administrative Expenses	7,125
Miscellaneous Expenses	<u>22,800</u>
TOTAL DEDUCTIONS	<u>1,617,207</u>
CHANGE IN NET POSITION	1,655,085
NET POSITION - BEGINNING OF THE YEAR	<u>18,844,360</u>
NET POSITION - END OF THE YEAR	<u>\$ 20,499,445</u>

See Notes to Financial Statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. NATURE OF ORGANIZATION, OPERATIONS, AND REPORTING ENTITY

The Municipality of Kingston (the "Municipality") is located in Northeastern Pennsylvania. The Municipality operates under the Mayor-Council form of government under a Home Rule Charter. Council is comprised of seven elected members, all of which are elected at large. Council is the chief policy making body. The Mayor is elected for a four-year term and is the head of the executive and administrative branch of Municipal government. The Municipality provides public safety (police and fire), health and welfare, sanitation, public works, culture and recreation, community development, and general administrative services to its residents.

A. Reporting Entity:

The Governmental Standards Accounting Board (GASB) established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations would be included in the Municipality's financial reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Municipality reviews the applicability of the following criteria.

The Municipality is financially accountable for:

1. Organizations that make up the legal Municipality entity.
2. Legally separate organizations if Municipality officials appoint a voting majority of the organizations' governing body and the Municipality is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
 - a. Impose its Will - If the Municipality can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden - Exists if the Municipality (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. Organizations that are fiscally dependent on the Municipality. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Municipality.

The Municipality has no includable component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

The accounting policies of the Municipality of Kingston conform to generally accepted accounting principles for local government units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

The Municipality's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Municipality. The effect of interfund activity, within the governmental activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. The Municipality does not have any business-type activities. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the financial statements for governmental funds.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the 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 not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Municipality.

Fund Financial Statements

The Municipality segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are presented for governmental and fiduciary activities. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Fiduciary funds are used to report assets held in a trustee or agency capacity for others.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Municipality has presented the General Fund and the Special Projects fund as major governmental funds.

Fiduciary funds, as noted above, are used to report assets held in a trustee or agency capacity for others. The assets of fiduciary funds cannot be used to support the government's own programs. The Municipality reports one fiduciary fund type – a pension trust fund consisting of three separate pension trusts. The pension trust funds are accounted for using the economic resources measurement focus and full accrual basis of accounting, excluding certain liabilities of defined benefit pension plans.

B. Fund Accounting:

The accounts of the Municipality are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

There are three major fund types presented in this report. A brief description is presented below:

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the Municipality are recorded. The Municipality's expendable, available financial resources are recorded in governmental fund wherein the measurement focus is on changes in financial position, rather than on net income. Following are descriptions of the Municipality's governmental fund types.

General Fund:

The General Fund accounts for all financial transactions except those required to be recorded in another fund. Operating activities recorded in the General Fund include administrative and service departments. The General Fund also includes operating activities relating to sanitation and sewer services.

Special Revenue Funds:

Special Revenue Funds account for the transactions relating to revenue received for a specified purpose (exclusive of capital projects). The revenue recorded in these funds is legally restricted and must be spent in accordance with required guidelines. Commonwealth grant revenue received under the Liquid Fuels program, as well as other restricted intergovernmental grant funds, are recorded as special revenue funds.

Special Projects Fund:

The Special Projects Fund accounts for resources and activity relating to capital projects from grant revenue.

Fiduciary Fund Types:

Fiduciary funds account for assets held by the Municipality in a trustee capacity or as an agency for individuals, private organizations and other governmental units or funds.

Trust Funds:

Trust funds include the police, firemen's and non-uniformed Defined Benefit Pension Trust Funds, which account for financial activity relating to employee pension fund contributions and distributions.

C. Measurement Focus:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in Item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Fiduciary pension trust funds utilize the “economic resources” measurement focus and full accrual basis of accounting, excluding certain liabilities of defined benefit pension plans.

D. Basis of Accounting:

Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The employee defined benefit pension trusts utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

E. Budgets and Budgetary Accounting:

After several public hearings and work sessions, the Council adopts an annual budget in December for the subsequent year beginning January 1. A budget is prepared for the General Fund. With the approval of Council, budgetary transfers may be allowed. The budget is prepared on a cash basis.

F. Encumbrances:

Encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year. As of December 31, 2023, the Municipality had no such encumbrances.

G. Concentration of Credit Risk:

The Municipality's revenues are concentrated because the majority of its revenues are derived from taxes and user fees imposed on its residents. Real estate taxes which are levied by the Municipality and not paid are liened by the Luzerne County Tax Claim Bureau. Similarly, the Municipality can have liens applied against the real estate of residents who are delinquent in paying user fees.

H. Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with maturities of three months or less.

I. Accounts Receivable:

The Municipality extends credit to customers in the form of accounts receivable which are unsecured. An allowance for doubtful accounts has not been established since management is of the opinion that all accounts receivable at year end are fully collectible. Actual bad debts incurred for the year ended December 31, 2023 totaled \$-0-.

J. Investments:

Within the fiduciary funds, the investments of the Pension Trust Funds are carried at market value. Other investments are certificates of deposit with maturities of more than three months and are carried at cost.

K. Other Post-Employment Benefits (OPEB):

The financial statements include an accrual for medical benefits payable by the Municipality for certain retired employees over their projected lifetime. The amounts were calculated by an actuary and has been classified as Net Other Post-Employment Benefits (OPEB) Obligation in the accompanying Statement of Net Position.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

L. Infrastructure Assets:

Assets of the infrastructure (i.e. roads, curbs, sidewalks, sewers) acquired prior to 2004 are not recorded because the assets are immovable and of value only to the Municipality. Capitalization of infrastructure assets acquired prior to implementation of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, is not required. Infrastructure assets acquired since the implementation of GASB 34 are capitalized.

M. Capital Assets:

The accounting treatment of capital assets depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The Municipality capitalizes all assets in excess of \$1,000. Also, the Municipality elected to report major general infrastructure assets on a prospective basis, as allowed.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated Useful Life</u>
Buildings	40 - 60 Years
Machinery, Equipment and Vehicles	5 - 10 Years
Furniture and Fixtures	5 - 10 Years
Infrastructure	15 - 30 Years
Land Improvements	10 Years

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Municipality reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2023, there have been no such losses.

N. Compensated Absences:

The financial statements include an accrual for compensated absences, (accumulated sick and vacation pay for all employees). The amounts are computed per the various contracts and according to administrative policy. The total amount due employees as of December 31, 2023 was \$983,077.

O. Long-Term Debt:

The accounting treatment of long-term debt depends on whether the liabilities are obligations of governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of notes payable, bonds payable, accrued compensated absences and capital lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest are reported as expenditures.

P. Deferred Inflows/Outflows 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 Municipality currently has multiple types of deferred outflows of resources. Accordingly, the items, deferred pension and OPEB charges, are reported in the Statement of Net Position in connection with certain actuarially determined differences between projected and actual investment earnings and for differences between expected and actual experience. These deferred pension/OPEB charges are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes pension/OPEB contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with Generally Accepted Accounting Principles (GAAP) and the respective actuarial valuations.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Municipality currently has two types of deferred inflows of resources. On the Statement of Net Position, deferred inflows of resources are related to pensions and OPEB for certain actuarially determined differences between projected and actual investment earnings and for differences between expected and actual experience. In the governmental-funds Balance Sheet, deferred inflows of resources are related to unavailable revenues from real estate taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. Equity Classifications:
Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted Net Position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Assets - All other net assets that do not meet the definition of "Restricted Net Position" or "Net Investment in Capital Assets".

Fund Statements

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the Municipality is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance - Includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Restricted Fund Balance - Includes amounts that are restricted for specific purposes stipulated by external resources providers (creditors, grantors, contributors, or laws or regulations of other governments) constitutionally, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - Includes amounts that can only be used for the specific purposes determined by a formal action of the Municipality's highest level of decision-making authority, the Municipal Council. Commitments may be changed or lifted only by the Municipality taking the same formal action that imposed the constraint originally (for example: Council approval and adoption).

Assigned Fund Balance - Includes amounts intended to be used by the Municipality for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Municipal Council or (b) a body (a budget, finance committee, or Finance Manager) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

R. Interfund Eliminations:

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

S. Use of Estimates:

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

T. Use of Restricted /Unrestricted Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Municipality's policy is to apply restricted resources first.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

U. Subsequent Events:

The Municipality has evaluated events subsequent from the balance sheet date of December 31, 2023, through October 15, 2024 which is the date these financial statements were available to be issued. Based on the definitions and requirements of the Subsequent Events Topic of the Governmental Accounting Standards Board, management of the Municipality of Kingston is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

3. DEPOSITS AND INVESTMENTS

The Municipality is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed Federal Deposit Insurance Corporation (FDIC) limits, the depositories must deposit, with their trust departments or other custodians, obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Pennsylvania Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling their institution securities (such pooled securities are not necessarily held by the financial institutions' trust departments in the name of the depositors). The Municipality's deposits consist of checking accounts and are maintained in such depositories and are, therefore, fully insured or collateralized under Act 72, as described above. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Municipality. The deposits and investments of the Employee Pension Trust Funds are administered by trustees and are held separately from those of other Municipality funds. Deposits of the Employee Pension Trust Funds are included in the line item captioned as "Cash and Cash Equivalents and Short-Term Investments". Such deposits are insured up to FDIC limits. The investments are captioned as "Investments" in the Statement of Fiduciary Net Position.

The Municipality also maintains an investment account with Merrill Lynch which consists of money market funds. The funds are included as Cash and Cash Equivalents on the Balance Sheets in the fund financial statements. There were no investment transactions during the year that were in violation of the policy of the Municipality. See Note 7 for additional information related to investments held under the Employee Pension Trust Fund.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Municipality's cash and cash equivalents and investments are subject to several types of risk, which are examined in more detail below:

A. Custodial Credit Risk - Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. The Municipality does not have a deposit policy for custodial credit risk. As of December 31, 2023, \$3,669,257 of the Municipality's bank balance of \$3,985,608 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Trust Department not in the Municipality's Name in Accordance with Pennsylvania Act 72 of 1971	<u>\$ 3,669,257</u>
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B. Fair Value Measurements:

To the extent available, the Municipality's investments are recorded at fair value at December 31, 2023. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest, and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Investments whose values are based on quoted prices (unadjusted for identical assets in active markets that a government can access at the measurement date.

Level 2 – Investments with inputs-other than quoted prices included in Level 1 – that are observable for an asset, either directly or indirectly.

Level 3 – Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The following table summarizes the Municipality's investments within the fair value hierarchy at December 31, 2023:

Police Pension Trust Fund

	Fair Value	Level 1	Level 2	Level 3
Investment at Fair Value				
Government Securities	\$ 376,743	\$ 376,743	\$ -	\$ -
Corporate Bonds and Notes	1,312,765	1,312,765	-	-
Managed/Pooled Equity Funds	4,442,462	4,442,462	-	-
Real Estate/Mortgages/R.E.I.T.S.	192,080	192,080	-	-
Total Investments	<u>\$ 6,324,050</u>	<u>\$ 6,324,050</u>	<u>\$ -</u>	<u>\$ -</u>

Firemen's Pension Trust Fund

	Fair Value	Level 1	Level 2	Level 3
Investment at Fair Value				
Government Securities	\$ 620,009	\$ 620,009	\$ -	\$ -
Corporate Bonds and Notes	1,902,995	1,902,995	-	-
Managed/Pooled Equity Funds	5,183,653	5,183,653	-	-
Real Estate/Mortgages/R.E.I.T.S.	116,590	116,590	-	-
Total Investments	<u>\$ 7,823,247</u>	<u>\$ 7,823,247</u>	<u>\$ -</u>	<u>\$ -</u>

Non-Uniformed Employees Pension Trust Fund

	Fair Value	Level 1	Level 2	Level 3
Investment at Fair Value				
Government Securities	\$ 287,970	\$ 287,970	\$ -	\$ -
Corporate Bonds and Notes	940,628	940,628	-	-
Managed/Pooled Equity Funds	3,098,611	3,098,611	-	-
Real Estate/Mortgages/R.E.I.T.S.	145,019	145,019	-	-
Total Investments	<u>\$ 4,472,228</u>	<u>\$ 4,472,228</u>	<u>\$ -</u>	<u>\$ -</u>

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. REAL ESTATE TAXES

The provisions of the Pennsylvania Revenue and Taxation Code govern assessment, collection, and apportionment of real and personal property taxes. Real property taxes are computed by applying approved property tax rates to the assessed value of properties, in the case of locally assessed property, and as determined by the State Board of Equalization. Real estate taxes are levied annually, with the exception of the supplemental real estate taxes, which are levied when supplemental assessment events, such as sales of real estate or new construction, take place. The Municipality bills and collects its own real estate taxes through the Municipality's elected tax collector.

Total tax on real estate in 2023 was 1.55 mills.

The current portion of real estate taxes are collected by the Municipality Tax Collector and submitted to the Municipality. Delinquent real estate taxes are collected by a third-party collector and are remitted to the Municipality. Luzerne County is responsible for establishing assessed values.

The schedule for real estate taxes levied each year is typically as follows:

March 1	Levy date
March 1 - April 30	2.0% discount period
May 1 - August 17	Face payment period
August 18 - December 31	10% penalty period
January 1 (Subsequent Year)	Lien date

Delinquent real estate taxes receivable at December 31, 2023 were \$86,811. The Municipality's allowance for uncollectible accounts against real estate taxes receivable at December 31, 2023 was \$17,759.

Real estate tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within the fiscal year and are distributed to the Municipality within 60 days after the fiscal year-end.

The total estimated assessed value of taxable real estate property for 2023 was \$732,673,500.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Balance</u> <u>01/01/23</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>12/31/23</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 1,086,089	\$ 1,034,362	\$ -	\$ 2,120,451
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>1,086,089</u>	<u>1,034,362</u>	<u>-</u>	<u>2,120,451</u>
Depreciable Assets:				
Buildings and Building Improvements	14,605,738	247,358	-	14,853,096
Furniture and Equipment	7,719,972	2,130,112	-	9,850,084
Land and Road Improvements	9,881,502	108,855	-	9,990,357
TOTAL DEPRECIABLE ASSETS	<u>32,207,212</u>	<u>2,486,325</u>	<u>-</u>	<u>34,693,537</u>
Less: Accumulated Depreciation:				
Buildings and Building Improvements	(7,029,284)	(412,521)	-	(7,441,805)
Furniture and Equipment	(5,670,324)	(713,403)	-	(6,383,727)
Land and Road Improvements	(6,775,908)	(444,838)	-	(7,220,746)
TOTAL ACCUMULATED DEPRECIATION	<u>(19,475,516)</u>	<u>(1,570,762) *</u>	<u>-</u>	<u>(21,046,278)</u>
DEPRECIABLE ASSETS, NET	<u>12,731,696</u>	<u>915,563</u>	<u>-</u>	<u>13,647,259</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 13,817,785</u>	<u>\$ 1,949,925</u>	<u>\$ -</u>	<u>\$ 15,767,710</u>

*Depreciation expense was charged to governmental activities as follows:

General Government - Administrative	\$ 44,183
Public Safety	485,347
Public Works - Highways and Streets	559,362
Parks and Recreation	324,919
Library	<u>156,951</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,570,762</u>

Land owned by the Municipality is included in Buildings and Building Improvements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

6. INTERFUND OPERATING TRANSFERS

Individual fund operating transfers for calendar year 2023 were as follows:

<u>Fund</u>	<u>Operating Transfers Out</u>	<u>Operating Transfers In</u>
General Fund	\$ 181,317	\$ 27,163
Other Governmental Funds:		
Recreation Fund	-	110,000
Special Projects Fund	-	3,893
Pension Activity Fund	4,689	-
Police Uniform	-	20,000
Fire Uniform	-	24,950
Total Other Governmental Funds	<u>4,689</u>	<u>158,843</u>
 TOTAL INTERFUND OPERATING TRANSFERS	 <u>\$ 186,006</u>	 <u>\$ 186,006</u>

Interfund operating transfers are subsidies from one fund to another fund to cover operating costs and to fund certain capital purchases.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. DEFINED BENEFIT PENSION PLANS

The Municipality has three defined benefit pension plans as more fully described subsequently. The plans are subject to Pennsylvania Act 205 as follows:

PENNSYLVANIA ACT 205 OF 1984

Pennsylvania Act 205 of 1984 ("Act 205"), the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

Act 205 also requires:

- a. The filing of Biennial Actuarial Valuation Reports;
- b. The funding of pension plans from state aid, members' contributions, and municipal contributions (if necessary);
- c. The actual amount of state aid allocated to a municipality cannot exceed a plan's pension costs;
- d. A prior cost estimate before the adoption of any benefit plan modification; and
- e. The municipality to provide information contained in actuarial valuation reports to plan members of benefit recipients.

The Municipality's pension plans are eligible for state aid.

For the year 2023, the Municipality received \$332,496 of intergovernmental (state aid), which was transferred to the pension trust funds as follows:

Police Pension Plan	\$ 110,832
Firemen's Pension Plan	110,832
Non-Uniformed Pension Plan	<u>110,832</u>
 TOTAL INTERGOVERNMENTAL (STATE AID)	 <u>\$ 332,496</u>

Net Pension Expense for all of the Municipality's plans are included in General Government-Administration and Public Safety of the Statement of Activities.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

DEFINED BENEFIT PENSION PLAN - POLICE

A. Plan Description

Plan Administration

The Police Pension Plan established by Municipal Ordinance in accordance with Act 600 effective January 1, 1983. The Plan is available to all full-time policemen.

The following is a summary of the plan's coverage and benefit provisions and significant actuarial assumptions:

a. Eligibility

All full-time members of the police force join the Plan upon employment.

b. Normal Retirement

A member hired after January 1, 1996, is eligible for normal retirement after attainment of age 55 and completion of 25 years of service. A member hired before January 1, 1996, is eligible for normal retirement after attainment of age 50 and completion of 20 years of service.

The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 100% (50% for members hired after January 1, 2014), of the amount payable to the member at the time of the member's death. If the member is single and hired before January 24, 2001, payments are guaranteed for the first 120 months.

The amount of monthly pension is equal to 50% of average monthly compensation for members hired after January 1, 1996, and 65% of average monthly compensation for members hired before January 1, 1996.

Average monthly compensation is based upon the final 36 months of employment.

c. Late Retirement

If a member continues working after their normal retirement date, their pension does not start until they actually retire. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

d. Postretirement Cost-of-Living Increase

An annual cost-of-living adjustment of 1.0% of the pension benefit is made to retirees with a maximum total cost-of-living increase of 10% for members retiring on or after January 1, 1990, and 30% for members who retired before January 1, 1990. The maximum pension benefit after the cost-of-living increase is 75% of average monthly compensation.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Members hired after January 1, 2014, are not eligible to receive any cost-of-living adjustment to the pension benefit.

e. Disability Retirement

For active members with a service related disability, a disability pension is payable equal to 65% of average monthly compensation. For active members hired before January 24, 2001, with a non-service related disability after ten or more years of service, the disability pension is equal to 30% of average monthly compensation. Disability benefits are reduced by 100% of any Workmen's Compensation benefits and Social Security disability benefits received by the member. The minimum service related disability pension is equal to 50% of the member's monthly salary at the time of disability, reduced by any Social Security benefits received by the member for the same injuries.

f. Death Benefits

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to their surviving spouse, or eligible child, equal to 100% (50% for members hired after January 1, 2014), of the monthly benefit the member would have been receiving had he been retired at the time of death.

g. Vesting

A member's benefits vest upon completion of 12 years of service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

h. Accrued Pension

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years of benefit service to date to the total number of years of benefit service projected at normal retirement.

i. Contributions

Members contribute 6.0% of compensation.

Member contributions are credited with 5.0% annual interest.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

B. Plan Membership at December 31, 2023

	December 31, 2023
Inactive Members or Beneficiaries Currently Receiving Benefits	19
Inactive Members Entitled to But Not Yet Receiving Benefits	1
Active Members	<u>20</u>
 Total Members	 <u>40</u>

C. Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

D. Actuarial Assumptions

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	5.00%	(Average, Including Inflation)
Investment Rate of Return	7.75%	(Including Inflation)
Postretirement Cost of Living Increase	1.00%	

Mortality rates were based on the RP2000 Table. This table does not include projected mortality improvements.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	60.00%	5.50% - 7.50%
Fixed Income	35.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

E. Deposits and Investment Risk Disclosures

Deposits

At December 31, 2023, deposits were insured up to \$500,000, which includes a \$250,000 limit for cash by the Securities Investor Protection Corporation (SIPC).

At December 31, 2023, this Plan had \$485,970 of deposits. The deposits were neither insured nor collateralized for amounts in excess of the Federal Deposit Insurance Corporation coverage of \$250,000.

Credit Risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt investment is measured by Nationally Recognized Statistical Rating Agencies (NRSRA) such as Moody's Investors Services (Moody's). the Municipality does not have a formal investment policy that addresses credit risk. The credit ratings of the Plan's fixed income investments (excluding U.S. government obligations explicitly guaranteed by the U.S. government) are indicated below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Corporate Bonds and Notes	\$ 1,312,765	Average of A
Government Securities	376,743	Average of AA
Total	<u>\$ 1,689,508</u>	

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2023, the Plan had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of total investments.

Custodial Credit Risk for investments is the risk that the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Plan has no investment policy for custodial credit risk. The fair value of plan securities held by a counterparty (and not in the Plan's name) are listed below by security type.

<u>Investment Type</u>	<u>Fair Value</u>
Corporate Bonds and Notes	\$ 1,312,765
Government Securities	376,743
Total	<u>\$ 1,689,508</u>

Interest Rate Risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of the Plan's debt investments are listed below by security:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Corporate Bonds and Notes	\$ 1,312,765	\$ -	\$ -	\$ 1,312,765	\$ -
Government Securities	376,743	-	-	376,743	-
Total	<u>\$ 1,689,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,689,508</u>	<u>\$ -</u>

F. Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at 12/31/2022	<u>\$ 11,416,047</u>	<u>\$ 6,866,134</u>	<u>\$ 4,549,913</u>
Service Cost	223,771	-	223,771
Interest Cost	875,876	-	875,876
Changes for Experience	30,101	-	30,101
Contributions - Employer	-	273,528	(273,528)
Contributions - State Aid	-	110,832	(110,832)
Contributions - Member	-	101,610	(101,610)
Net Investment Income	-	784,752	(784,752)
Benefit Payments, Including Refunds of Member Contributions	(736,583)	(736,583)	-
Administrative Expenses	-	(6,500)	6,500
Net Changes	<u>393,165</u>	<u>527,639</u>	<u>(134,474)</u>
Balance at 12/31/2023	<u>\$ 11,809,212</u>	<u>\$ 7,393,773</u>	<u>\$ 4,415,439</u>

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the Plan, calculated using the discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Plan's Net Pension Liability	\$ 5,772,819	\$ 4,415,439	\$ 3,266,924

H. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The annual pension expense recognized can be calculated two different ways. First, it is the change in the amounts reported on for the Employer's Statement of Net Position that relate to the plan and are not attributable to employee contributions. That is, it is the change in net pension liability plus the changes in deferred outflows and deferred inflows plus employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the following detail, we believe it helps to understand the level and volatility of pension expense, as outlined below.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

For the measurement year ended December 31, 2023, the Municipality recognized net pension expense of \$605,194 as follows:

		Measurement Year Ended <u>December 31, 2023</u>
Change in Net Pension Liability:		
December 31, 2023	4,415,439	
December 31, 2022	<u>4,549,913</u>	\$ (134,474)
Change in Deferred Outflows of Resources:		
December 31, 2023	(991,247)	
December 31, 2022	<u>(1,343,852)</u>	352,605
Change in Deferred Inflows of Resources:		
December 31, 2023	482,486	
December 31, 2022	<u>479,783</u>	2,703
Contributions - State Aid and Municipality		<u>384,360</u>
NET PENSION EXPENSE		<u>\$ 605,194</u>

Components of Net Pension Expense for the Year Ended December 31, 2023:

Service Cost	\$	223,771
Interest on the Total Pension Liability		875,876
Differences Between Expected and Actual Experience (1)		29,072
Member Contributions		(101,610)
Projected Earnings on Pension Plan Investments		(522,162)
Difference Between Projected and Actual Earnings on Investments (2)		93,747
Pension Plan Administrative Expenses		<u>6,500</u>
Net Pension Expense	\$	<u>605,194</u>

(1) Each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through this pension plan.

(2) Each year's gain or loss is recognized over a 5-year period.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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DEFINED BENEFIT PENSION PLAN – FIREMEN

A. Plan Description

Plan Administration

The Firemen's Pension Plan established by Municipal Ordinance in accordance with Act 205 effective January 1, 1986. The Plan is available to all full-time firemen.

The following is a summary of the plan's coverage and benefit provisions and significant actuarial assumptions:

a. Eligibility

All full-time firemen of the Municipality of Kingston join the Plan upon employment.

b. Normal Retirement

A member hired on or before January 1, 2014, is eligible for normal retirement after attainment of age 55.

A member hired after January 1, 2014, is eligible for normal retirement after attainment of age 58 and completion of 25 years of service.

The normal retirement pension is payable monthly during the member's lifetime, with payments ceasing upon death.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The amount of monthly pension is equal to 2% of final average salary multiplied by the number of years of credited service up to a maximum of 25 years of service.

Final average salary is based upon the last three years of employment.

c. Late Retirement

If a member continues working after his normal retirement date, their pension does not start until they actually retire. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

d. Early Retirement

If a member is discontinued from service involuntarily after completing 8 years of service, or voluntarily after completing 22 years of service, they're eligible for an early retirement benefit. The member may elect to receive his accumulated contributions to date with interest or their accrued normal retirement pension actuarially reduced for each year their retirement precedes his attainment of age 55.

e. Disability Retirement

For active members with a service related disability, a disability pension is payable equal to 80% of final average salary.

For active members with a non-service related disability after ten or more years of service, the monthly disability pension is equal to 50% of final average salary.

The monthly disability pension is reduced by Worker's Compensation benefits received by the member.

f. Postretirement Cost-of-Living Increase

Members who retired after December 31, 2000, are eligible for a cost-of-living increase beginning one year after retirement. The increase is equal to 2% per year for ten consecutive years, with a maximum total cost-of-living increase of 20%. At the end of the tenth year, the pension will reduce to an amount equal to 10% above the initial retirement pension and will remain at that amount.

Members hired after January 1, 2014, are not eligible to receive any cost-of-living adjustment to the pension benefit.

g. Death Benefits

If a member is eligible for retirement, a monthly death benefit is payable in accordance with the election filed by the member.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
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h. Vesting

A member's benefits vest upon completion of eight years of service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

i. Accrued Pension

The benefit accrued at any date other than the normal retirement date is equal to the normal retirement benefit formula, but based upon salary and service to date.

j. Contributions

Members contribute 6.0% of salary.

Member contributions are credited with 4.0% annual interest.

k. Purchase of Military Service Credits

Non-intervening military service credits may be purchased for each year of military service, up to a maximum of five years

B. Plan Membership at December 31, 2023

	December 31, 2023
Inactive Members or Beneficiaries Currently Receiving Benefits	15
Inactive Members Entitled to But Not Yet Receiving Benefits	1
Active Members	<u>31</u>
 Total Members	 <u>47</u>

C. Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

D. Actuarial Assumptions

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	5.00%	(Average, Including Inflation)
Investment Rate of Return	7.75%	(Including Inflation)
Postretirement Cost of Living Increase	2.00%	

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Mortality rates were based on the RP2000 Table. This table does not include projected mortality improvements.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	60.00%	5.50% - 7.50%
Fixed Income	35.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost-plus plan expenses, as well as amortization of the unfunded liability.

E. Deposits and Investment Risk Disclosures

Deposits

At December 31, 2023, deposits were insured up to \$500,000, which includes a \$250,000 limit for cash by the Securities Investor Protection Corporation (SIPC).

At December 31, 2023, this Plan had \$349,089 of deposits. The deposits were neither insured nor collateralized for amounts in excess of the Federal Deposit Insurance Corporation coverage of \$250,000.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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Credit Risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt investment is measured by Nationally Recognized Statistical Rating Agencies (NRSRA) such as Moody's Investors Services (Moody's). The Municipality does not have a formal investment policy that addresses credit risk. The credit ratings of the Plan's fixed income investments (excluding U.S. government and obligations explicitly guaranteed by the U.S. government) are indicated below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Corporate Bonds and Notes	\$ 1,902,995	Average of A
Government Securities	620,009	Average of AA
Total	<u>\$ 2,523,004</u>	

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2023, the Plan had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of total investments.

Custodial Credit Risk for investments is the risk that the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan has no investment policy for custodial credit risk. The fair value of plan securities held by a counterparty (and not in the Plan's name) are listed below by security type.

<u>Investment Type</u>	<u>Fair Value</u>
Corporate Bonds and Notes	\$ 1,902,995
Government Securities	620,009
Total	<u>\$ 2,523,004</u>

Interest Rate Risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of the Plan's debt investments are listed below:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Corporate Bonds and Notes	\$ 1,902,995	\$ -	\$ -	\$ 1,902,995	\$ -
Government Securities	620,009	-	-	620,009	-
Total	<u>\$ 2,523,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,523,004</u>	<u>\$ -</u>

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F. Changes in the Net Pension Liability

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
Balance at 12/31/2022	\$ 9,736,700	\$ 7,389,035	\$ 2,347,665
Service Cost	266,968	-	266,968
Interest Cost	781,526	-	781,526
Changes for Experience	312,954	-	312,954
Contributions - Employer	-	84,162	(84,162)
Contributions - State Aid	-	110,832	(110,832)
Contributions - Member	-	154,095	(154,095)
Net Investment Income (Loss)	-	847,326	(847,326)
Benefit Payments, Including Refunds of Member Contributions	(464,834)	(464,834)	-
Administrative Expenses	-	(7,600)	7,600
Net Changes	896,614	723,981	172,633
Balance at 12/31/2023	\$ 10,633,314	\$ 8,113,016	\$ 2,520,298

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Current		
	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Plan's Net Pension Liability (Asset)	\$ 3,706,873	\$ 2,520,298	\$ 1,506,516

H. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The annual pension expense recognized can be calculated two different ways. First, it is the change in the amounts reported on for the Employer's Statement of Net Position that relate to the plan and are not attributable to employee contributions. That is, it is the change in net pension liability plus the changes in deferred outflows and deferred inflows plus employer contributions.

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Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the following detail, we believe it helps to understand the level and volatility of pension expense, as outlined below.

For the measurement year ended December 31, 2023, the Municipality recognized net pension expense of \$272,189, as follows:

		<u>Measurement Year Ended December 31, 2023</u>
Change in Net Pension Liability:		
December 31, 2023	2,520,298	
December 31, 2022	2,347,665	\$ 172,633
Change in Deferred Outflows of Resources:		
December 31, 2023	(1,201,392)	
December 31, 2022	(1,226,312)	24,920
Change in Deferred Inflows of Resources:		
December 31, 2023	784,963	
December 31, 2022	905,321	(120,358)
Contributions - State Aid and Municipality		194,994
NET PENSION EXPENSE		\$ 272,189

Components of Net Pension Expense for the Year Ended December 31, 2023:

Service Cost	\$	266,968
Interest on the Total Pension Liability		781,526
Differences Between Expected and Actual Experience (1)		(104,954)
Member Contributions		(154,095)
Projected Earnings on Pension Plan Investments		(567,871)
Difference Between Projected and Actual		
Earnings on Investments (2)		43,015
Pension Plan Administrative Expenses		7,600
Net Pension Expense	\$	272,189

(1) Each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through this pension plan.

(2) Each year's gain or loss is recognized over a 5 year period.

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DEFINED BENEFIT PENSION PLAN - NON-UNIFORMED

A. Plan Description

Plan Administration

The Non-Uniformed Pension Plan established by Municipal Ordinance in accordance with Act 205 effective January 1, 1987. The Plan is available to all full-time non-uniformed employees.

The following is a summary of the plan's coverage and benefit provisions and significant actuarial assumptions:

a. Eligibility

All full-time non-uniformed employees of the Municipality of Kingston, except for the Solicitor, join the Plan upon employment.

b. Normal Retirement

A member hired before November 18, 2013, is eligible for normal retirement after attainment of age 55. A member hired on or after November 18, 2013, is eligible for normal retirement after attainment of age 62. The Municipal Administrator is eligible for normal retirement after attainment of age 60.

The normal retirement pension is payable monthly during the member's lifetime, with payments ceasing upon death.

The amount of monthly pension is equal to 2.0% of final average salary multiplied by the number of years of credited service up to a maximum of 25 years of service.

Final average salary is based upon the last three years of employment.

c. Late Retirement

If a member continues working after their normal retirement date, their pension does not start until they actually retire. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

d. Early Retirement

If a member is discontinued from service involuntarily after completing 8 years of service, or voluntarily after completing 22 years of service, they're eligible for an early retirement benefit. The member may elect to receive his accumulated contributions to date with interest or their accrued normal retirement pension actuarially reduced for each year their retirement precedes his attainment of age 55.

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e. Disability Retirement

For active members with a service related disability, a disability pension is payable equal to 80% of final average salary.

For active members with a non-service related disability after ten or more years of service, the monthly disability pension is equal to 50% of final average salary.

The disability benefit is reduced by Worker's Compensation benefits received by the member.

f. Death Benefits

If a member is eligible for retirement, a monthly death benefit is payable in accordance with the election filed by the member.

g. Vesting

A member's benefits vest upon completion of eight years of service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

h. Accrued Pension

The benefit accrued at any date other than the normal retirement date is equal to the normal retirement benefit formula, but based upon salary and service to date.

i. Contributions

Members contribute 6.0% of compensation.

Member contributions are credited with 4.0% annual interest.

j. Purchase of Military Service Credits

Non-intervening military service credits may be purchased for each year of military service, up to a maximum of five years.

B. Plan Membership at December 31, 2023

	December 31, 2023
Inactive Members or Beneficiaries Currently Receiving Benefits	26
Inactive Members Entitled to But Not Yet Receiving Benefits	4
Active Members	<u>22</u>
 Total Members	 <u>52</u>

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C. Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

D. Actuarial Assumptions

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	5.00% (Average, Including Inflation)
Investment Rate of Return	7.75% (Including Inflation)
Postretirement Cost of Living Increase	0.00%

Mortality rates were based on the RP2000 Table. This table does not include projected mortality improvements.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	60.00%	5.50% - 7.50%
Fixed Income	35.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

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E. Deposits and Investment Risk Disclosures

Deposits

At December 31, 2023, deposits were insured up to \$500,000, which includes a \$250,000 limit for cash by the Securities Investor Protection Corporation (SIPC).

At December 31, 2023, this Plan had \$264,512 of deposits. The deposits were neither insured nor collateralized for amounts in excess of the Federal Deposit Insurance Corporation coverage of \$250,000.

Credit Risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by Nationally Recognized Statistical Rating Agencies (NRSRA) such as Moody's Investors Services (Moody's). The Municipality does not have a formal investment policy that addresses credit risk. The credit ratings of the Plan's fixed income investments (excluding U.S. government and obligations explicitly guaranteed by the U.S. government) are indicated below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Corporate Bonds and Notes	\$ 940,628	Average of A
Government Securities	287,970	Average of AA
Total	<u>\$ 1,228,598</u>	

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2023, the Plan had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of total investments.

Custodial Credit Risk for investments is the risk that the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan has no investment policy for custodial credit risk. The fair value of plan securities held by a counterparty (and not in the Plan's name) are listed below by security type.

<u>Investment Type</u>	<u>Fair Value</u>
Corporate Bonds and Notes	\$ 940,628
Government Securities	287,970
Total	<u>\$ 1,228,598</u>

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Interest Rate Risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of the Plan's debt investments are listed below:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Corporate Bonds and Notes	\$ 940,628	\$ -	\$ -	\$ 940,628	\$ -
Government Securities	287,970	-	-	287,970	-
Total	<u>\$ 1,228,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,228,598</u>	<u>\$ -</u>

F. Changes in the Net Pension Liability

Changes in Net Pension Liability:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at 12/31/2022	<u>\$ 6,758,314</u>	<u>\$ 4,588,374</u>	<u>\$ 2,169,940</u>
Service Cost	193,017	-	193,017
Interest Cost	492,344	-	492,344
Changes for Experience	(405,569)	-	(405,569)
Contributions - Employer	-	76,798	(76,798)
Contributions - State Aid	-	110,832	(110,832)
Contributions - Member	-	76,882	(76,882)
Net Investment Income (Loss)	-	532,955	(532,955)
Benefit Payments, including refunds of member contributions	(385,865)	(385,865)	-
Administrative Expenses	-	(8,700)	8,700
Net Changes	<u>(106,073)</u>	<u>402,902</u>	<u>(508,975)</u>
Balance at 12/31/2023	<u>\$ 6,652,241</u>	<u>\$ 4,991,276</u>	<u>\$ 1,660,965</u>

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Plan's Net Pension Liability	\$ 2,315,478	\$ 1,660,965	\$ 1,097,839

H. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The annual pension expense recognized can be calculated two different ways. First, it is the change in the amounts reported on for the Employer's Statement of Net Position that relate to the plan and are not attributable to employee contributions. That is, it is the change in net pension liability plus the changes in deferred outflows and deferred inflows plus employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the following detail, we believe it helps to understand the level and volatility of pension expense, as outlined below.

For the measurement year ended December 31, 2023, the Municipality recognized net pension expense of \$175,873, as follows:

		<u>Measurement Year Ended December 31, 2023</u>
Change in Net Pension Liability:		
December 31, 2023	1,660,965	
December 31, 2022	2,169,940	\$ (508,975)
Change in Deferred Outflows of Resources:		
December 31, 2023	(573,272)	
December 31, 2022	(765,576)	192,304
Change in Deferred Inflows of Resources:		
December 31, 2023	645,100	
December 31, 2022	340,186	304,914
Contributions - State Aid and Municipality		187,630
NET PENSION EXPENSE		\$ 175,873

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Components of Net Pension Expense for the Year Ended December 31, 2023:

Service Cost	\$	193,017
Interest on the Total Pension Liability		492,344
Differences Between Expected and Actual Experience (1)		(150,251)
Member Contributions		(76,882)
Projected Earnings on Pension Plan Investments		(350,559)
Difference Between Projected and Actual Earnings on Investments (2)		59,504
Pension Plan Administrative Expenses		8,700
Net Pension Expense	\$	175,873

- (1) Each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through this pension plan.
- (2) Each year's gain or loss is recognized over a 5-year period.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

A. General Information about the Municipality's Plan

a. Plan Description

The Municipality administers a single employer defined benefit healthcare plan for each of its three unions (the Retiree Health Plan). Benefits provisions are established or may be amended by the terms of the Municipality's collective bargaining agreements with its employees.

Benefit Types Provided:

- Police - Medical and prescription drug
- Firemen - Medical, prescription drug, and life insurance
- Non-Uniformed - Medical and prescription drug

b. Employees Covered by the Plan

The following employees and retirees were covered by the plan at December 31, 2023:

	Police	Firemen	Non-Uniformed	Total
Active Participants	19	31	26	76
Vested Former Participants	0	0	0	0
Retired Participants	<u>20</u>	<u>13</u>	<u>8</u>	<u>41</u>
Total Participants	<u>39</u>	<u>44</u>	<u>34</u>	<u>117</u>

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c. Plan Provisions

As of December 31, 2023, the OPEB plan provides the following benefits:

Duration of Benefits and Dependent Coverage:

- Police - Hired prior to January 1, 2000 - Medical coverage for member and spouse for life, prescription drug coverage for member and spouse to Medicare age, life insurance on members life only; hired after January 1, 2000 and prior to January 1, 2004 - medical coverage for member for life and prescription drug coverage for member to Medicare age, life insurance on members life only; hired after January 1, 2004 - life insurance coverage for member for life only.
- Fire - Hired prior to September 1, 2000 - Medical coverage for member and spouse for life, prescription drug coverage for member and spouse to Medicare age, life insurance on members life only; hired after September 1, 2000 and prior to December 31, 2002 - medical and prescription drug coverage for member only until member Medicare age - for life if retired due to a service connected total disability, life insurance on members life only; hired after December 31, 2002 - medical and prescription drug coverage to age 55 if retired due to a service connected total disability, life insurance for member's life.
- Non-Uniformed - Retired prior to December 5, 2005 - Medical coverage for member (and spouse if married as of December 5, 2005) for life. Prescription drug coverage for member and covered spouse to Medicare age; hired prior to January 1, 1996 and retired after December 5, 2005 - medical and prescription drug coverage for member (and spouse if married as of December 5, 2005) to Medicare age; administrators and their spouses receive medical coverage for life and prescription drug coverage to age 65.

Minimum Age and Service Requirements:

- Police - Hired prior to January 1, 1996 - age 50 and 20 years of service; hired between January 1, 1996 and January 1, 2004 - age 55 and 25 years of service; hired after January 1, 2004 - age 55 and 25 years of service.
- Fire - Age 55 or retirement due to service connected total disability.
- Non-Uniformed - Hired prior to January 1, 1996 and retired after December 5, 2005 - age 55 and 25 years of service for DPW and Recreation Center employees. Administrators have separate contracts; hired after January 1, 1996 and retired after December 5, 2005 not eligible.

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Municipality Contribution:

- Police - Full premium for eligible participants.
- Fire - Hired prior to December 31, 2002 - Full premium for eligible participants; hired after December 31, 2002 - full premium for life insurance, full premium for medical and prescription drug coverage if retired due to service-connected total disability otherwise not eligible for medical and prescription drug coverage.
- Non-Uniformed - Hired prior to January 1, 1996 and retiring after December 5, 2005 or retired prior to December 5, 2005 - full premium less 10% of the COBRA Premium. Administrators - full premium less 10% of the COBRA Premium, less 50% of any additional premium for eligible spouse, as applicable.

B. OPEB Liability

a. Net OPEB Liability

The components of the Net OPEB liability of the Municipality as of December 31, 2023 were as follows:

	<u>Police</u>	<u>Firemen</u>	<u>Non-Uniformed</u>	<u>Total</u>
Deferred Outflows of Resources	\$ 842,148	\$ 452,156	\$ 28,030	\$ 1,322,334
Deferred Inflows of Resources	\$ 1,236,846	\$ 988,204	\$ 147,420	\$ 2,372,470
Total OPEB Liability	\$ 2,451,357	\$ 2,878,223	\$ 367,824	\$ 5,697,404
Plan Fiduciary Net Position	-	-	-	-
Net OPEB Liability	<u>\$ 2,451,357</u>	<u>\$ 2,878,223</u>	<u>\$ 367,824</u>	<u>\$ 5,697,404</u>
Plan Fiduciary Net Position as a % of Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Annual Payroll of Active Participants	<u>\$ 1,526,120</u>	<u>\$ 2,424,761</u>	<u>\$ 1,376,993</u>	<u>\$ 5,327,874</u>
Net OPEB Liability as a % of Covered-Employee Payroll	<u>160.63%</u>	<u>118.70%</u>	<u>26.71%</u>	<u>106.94%</u>
OPEB Expense	<u>\$ 33,306</u>	<u>\$ 95,660</u>	<u>\$ (5,239)</u>	<u>\$ 123,727</u>

Actuarial Assumptions

1. Discount Rate

4.31% based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2023.

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2. Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 5.00%.

3. Withdrawal

Rates of withdrawal at selected ages:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	5.50%	35	2.50%	50	0.00%
25	5.00%	40	1.00%	55	0.00%
30	4.00%	45	0.50%	60	0.00%

4. Mortality

PubS-2010 headcount-weighted mortality table including rates for disabled retirees and contingent survivors for Firemen, and Police.

PubG-2010 headcount-weighted mortality table including rates for disabled retirees contingent survivors for Non-Uniformed Employees.

5. Disability

SOA 1987 Group LTD Table - Males, 6-month elimination. Sample rates are shown below:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.0764%	35	0.1242%	50	0.5396%
25	0.0854%	40	0.1760%	55	0.9770%
30	0.0986%	45	0.2944%	60	1.4774%

6. Retirement

Police - Latest of age 57, age at the completion of 20 years of service, or age on valuation date, if hired prior to January 1, 1996. Latest of age 57, age at the completion of 25 years of service, or age on valuation date, if hired after January 1, 1996.

Firemen - Latest of age 57 or age on valuation date, if hired on or before January 1, 2014. Latest of age 58, age at the completion of 25 years of service, or age on valuation date, if hired after January 1, 2014.

Non-Uniformed Employees - Latest of age 57, age at the completion of 25 years of service, or age on valuation date, if hired prior to November 18, 2013. Latest of age 62, age at the completion of 25 years of service, or age on valuation date, if hired on or after November 18, 2013.

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7. Percent of Eligible Retirees Electing Coverage in Plan
 100% of Police, Firemen, and Non-Uniformed Employees are assumed to elect coverage.
8. Percent Married at Retirement
 75% of Firemen and Police employees and 25% of Non-Uniformed Employees are assumed to be married and have a spouse covered by the plan at retirement.
9. Spouse Age
 Active - Wives are assumed to be three years younger than their husbands.

 Retired - Actual age.

10. Per Capita Claims Cost
 The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows:

<u>Age</u>	Medical and Prescription Drug Combined			
	<u>Males</u>		<u>Females</u>	
45-49	\$	7,795	\$	11,258
50-54	\$	10,323	\$	12,723
55-59	\$	12,574	\$	13,313
60-64	\$	16,408	\$	15,294
65+(1)	\$	1,416	\$	1,416

(1) Post 65 claims are assumed to be equal to the premium of the Medicare Advantage plan.

11. Retiree Contributions
 Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend rate.
12. Health Care Cost Trend Rate
 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
13. Life Insurance
 It is assumed that the annual cost to provide life insurance varies by age. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table.
14. Actuarial Value of Assets
 Equal to the Market Value of Assets.

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15. Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of the Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

16. Participant Date

Based on census information as of January 1, 2022.

C. Changes in the Net OPEB Liability

The following table shows the changes in the net OPEB liability recognized at December 31, 2023:

	<u>Police</u>	<u>Firemen</u>	<u>Non-Uniformed</u>	<u>Total</u>
Changes for the Year				
Service Cost	\$ 62,080	\$ 104,316	\$ 3,129	\$ 169,525
Interest	64,400	75,717	9,526	149,643
Change of Assumptions *	(410,168)	(503,318)	(52,439)	(965,925)
Benefit Payments **	<u>(142,080)</u>	<u>(129,528)</u>	<u>(27,548)</u>	<u>(299,156)</u>
Net Changes	(425,768)	(452,813)	(67,332)	(945,913)
Balance at 12/31/2022	<u>2,877,125</u>	<u>3,331,036</u>	<u>435,156</u>	<u>6,643,317</u>
Balance at 12/31/2023	<u>\$ 2,451,357</u>	<u>\$ 2,878,223</u>	<u>\$ 367,824</u>	<u>\$ 5,697,404</u>

Changes of Assumptions

The discount rate changed from 2.25% at December 31, 2022 to 4.31% at December 31, 2023. The trend assumption was updated. The mortality assumption was updated.

* Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving benefit or may be eligible to receive a benefit in the future.

**These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

D. Deferred Inflows and Outflows of Resources

At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Outflows of Resources</u>	<u>Police</u>	<u>Firemen</u>	<u>Non-Uniformed</u>	<u>Total</u>
Difference Between Expected and Actual Experience	\$ 339,743	\$ (142,360)	\$ (66,832)	\$ 130,551
Changes in Assumptions	353,367	476,800	66,885	897,052
Benefit Payments Subsequent to the Measurement Date (1/1/2023)*	<u>149,038</u>	<u>117,716</u>	<u>27,977</u>	<u>294,731</u>
TOTAL	<u>\$ 842,148</u>	<u>\$ 452,156</u>	<u>\$ 28,030</u>	<u>\$ 1,322,334</u>

* These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made.

<u>Deferred Inflows of Resources</u>	<u>Police</u>	<u>Firemen</u>	<u>Non-Uniformed</u>	<u>Total</u>
Difference Between Expected and Actual Experience	\$ 706,932	\$ 349,668	\$ 78,046	\$ 1,134,646
Changes in Assumptions	<u>529,914</u>	<u>638,536</u>	<u>69,374</u>	<u>1,237,824</u>
TOTAL	<u>\$ 1,236,846</u>	<u>\$ 988,204</u>	<u>\$ 147,420</u>	<u>\$ 2,372,470</u>

E. Sensitivity of NET OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>Police</u>	<u>Firemen</u>	<u>Non-Uniformed</u>	<u>Total</u>
1% Increase (5.31%)	\$ 2,231,342	\$ 2,607,177	\$ 338,358	\$ 5,176,877
Current Discount Rate (4.31%)	\$ 2,451,357	\$ 2,878,223	\$ 367,824	\$ 5,697,404
1% Decrease (3.31%)	\$ 2,711,824	\$ 3,195,517	\$ 402,682	\$ 6,310,023

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

F. Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>Police</u>	<u>Firemen</u>	<u>Non-Uniformed</u>	<u>Total</u>
1% Increase	\$ 2,729,721	\$ 3,244,373	\$ 391,304	\$ 6,365,398
Current Healthcare Cost Trend Rate	\$ 2,451,357	\$ 2,878,223	\$ 367,824	\$ 5,697,404
1% Decrease	\$ 2,216,285	\$ 2,569,085	\$ 346,933	\$ 5,132,303

G. OPEB Expense

For the measurement year ended December 31, 2023, the Municipality recognized net OPEB expense of \$123,727, as follows:

		<u>Measurement Year Ended December 31, 2023</u>
Change in Net OPEB Liability:		
December 31, 2023	5,697,404	
December 31, 2022	<u>6,643,317</u>	\$ (945,913)
Change in Deferred Outflows of Resources:		
December 31, 2023	(1,322,334)	
December 31, 2022	<u>(1,490,711)</u>	168,377
Change in Deferred Inflows of Resources:		
December 31, 2023	2,372,470	
December 31, 2022	<u>1,765,938</u>	606,532
Contributions - Municipality		<u>294,731</u>
NET OPEB EXPENSE		<u>\$ 123,727</u>

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Components of Net OPEB Expense for the Year Ended December 31, 2023:

	<u>Police</u>	<u>Firemen</u>	<u>Non- Uniformed</u>	<u>Total</u>
Service Cost	\$ 62,080	\$ 104,316	\$ 3,129	\$ 169,525
Interest on Total OPEB Liability	64,400	75,717	9,526	149,643
Amortization of Deferred Outflows	101,467	59,647	2,838	163,952
Amortization of Deferred Inflows	<u>(194,641)</u>	<u>(144,020)</u>	<u>(20,732)</u>	<u>(359,393)</u>
Net OPEB Expense	<u>\$ 33,306</u>	<u>\$ 95,660</u>	<u>\$ (5,239)</u>	<u>\$ 123,727</u>

Net OPEB Expense for the Municipality's plan is included in Employee Benefits in the Statement of Activities.

- H. Future Deferred Outflows and (Inflows) to be Recognized as OPEB Expense (Income)
Amounts reported as deferred outflows of resources (+) and inflows of resources (-) related to OPEB will be recognized in OPEN expense as follows:

	<u>Police</u>	<u>Firemen</u>	<u>Non- Uniformed</u>	<u>Total</u>
2024	\$ (93,174)	\$ (84,373)	\$ (17,894)	\$ (195,441)
2025	(93,174)	(84,373)	(17,894)	(195,441)
2026	(93,174)	(84,373)	(17,894)	(195,441)
2027	(93,178)	(84,373)	(17,898)	(195,449)
2028	(81,495)	(85,451)	(25,199)	(192,145)
Thereafter	(89,541)	(230,821)	(50,588)	(370,950)

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10. LONG-TERM DEBT

On September 30, 2020, the Municipality issued General Obligation Bonds, Series 2020, in the aggregate principal amount of \$4,860,000. The proceeds were used to refund the Municipality's outstanding General Obligation Bonds, Series 2015, and fund various capital projects of the Municipality. The bonds were issued at a premium of \$112,413 which is amortized over the length of the bonds. The net carrying value of the bonds were calculated as follows:

General Obligation Revenue Bonds Series of 2020	\$ 4,860,000
Plus:	
Net Original Issue Premium	<u>112,413</u>
Net Carrying Amount - General Obligation Revenue Bonds Series of 2020	<u>\$ 4,972,413</u>

The bonds are payable over 20 years with varying payments and interest rates. Interest is charged at 3.0% through 2022, 4.0% through 2025 and 2.0% thereafter. Bonds maturing before June 15, 2026, are subject to redemption, prior to maturity, at the option of the Municipality, in whole or in part, in any order of maturities, at anytime on or after December 15, 2025, at a price equal to 100% of the principle amount of the bonds to be redeemed and accrued interest thereon to the date fixed for such optional redemption.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

The bonds stated to mature on June 15, 2032, June 15, 2036, June 15, 2038, and June 15, 2040 are subject to mandatory redemption prior to maturity on June 15 of the years (at a price equal to the principal amount of the bonds called for mandatory redemption, plus accrued interest to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot:

**The Bonds Stated to Mature
 On June 15, 2032**

<u>Year</u>	<u>Principle Amount</u>
2031	\$ 245,000
2032	250,000

**The Bonds Stated to Mature
 On June 15, 2036**

<u>Year</u>	<u>Principle Amount</u>
2033	\$ 255,000
2034	260,000
2035	265,000
2036	270,000

**The Bonds Stated to Mature
 On June 15, 2038**

<u>Year</u>	<u>Principle Amount</u>
2037	\$ 280,000
2038	285,000

**The Bonds Stated to Mature
 On June 15, 2040**

<u>Year</u>	<u>Principle Amount</u>
2039	\$ 290,000
2040	295,000

The bonds will be paid off in 2040.

On December 23, 2016, the Municipality issued its General Obligation Note, Series 2017, in the aggregate principal amount of \$6,703,681. The proceeds were used to fund a portion of the Municipality's unfunded actuarial accrued pension liability. The note was refinanced in 2020 with a new interest rate of 3.125%. The note is payable in annual installments of \$395,991 and matures December 15, 2041. The Note was originally in the form of a Revenue Anticipation Note through December 31, 2016 for the purpose of reducing the Municipality's Pension Plan Minimum Municipal Obligation for 2017.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

On June 4, 2020, the Municipality borrowed \$232,000 from Fidelity Bank and Trust under a general obligation note. The funds were used to finance two trucks in the public works department with a total cost of \$232,000. The loan is being paid back over seven years in quarterly payments of \$9,556, including interest at a rate of 3.99%. The note will be paid off in June 2027.

On December 10, 2020, the Municipality borrowed \$200,000 from Volunteer's Financing Services, Inc. under a general obligation note. The funds were used to purchase a firetruck with a total cost of \$483,650. The loan is payable over fifteen years in annual payments of \$16,936 including an interest rate of 3.15%. The note will be paid off in December 2035.

On August 28, 2020, the Municipality entered into a finance lease for a police vehicle. As of December 31, 2023, the lease has a principle balance of \$-0- and interest paid totaled \$546 in 2023. The value of the asset recorded was \$48,500 and accumulated depreciation at December 31, 2023 totaled \$32,333.

On July 15, 2021, the Municipality entered into a finance lease for a police vehicle. As of December 31, 2023, the lease has a principle balance of \$14,608 and interest paid totaled \$1,015 in 2023. The value of the asset recorded was \$52,345 and accumulated depreciation at December 31, 2023 totaled \$26,173.

On March 24, 2022, the Municipality borrowed \$94,057 from Navitas Credit Corp. under a general obligation note. The funds were used to finance a 2022 Elgin street sweeper in the public works department with a total cost of \$299,000. The loan is being paid back over five years in quarterly payments of \$5,643, including interest at a rate of 5.792%. The note will be paid off in November 2026.

On August 8, 2023 the Municipality entered into a finance lease for a police vehicle. As of December 31, 2023, the lease has a principle balance of \$39,839 and interest paid totaled \$-0- in 2023. The value of the asset recorded was \$66,946 and accumulated depreciation at December 31, 2023 totaled \$5,579.

Total interest incurred and paid during 2023 was \$289,222.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Long-term liability activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
GENERAL OBLIGATION DEBT:					
REVENUE BONDS PAYABLE:					
Net Carrying Value of					
Series of 2020	\$ 4,475,000	\$ -	\$ (200,000)	\$ 4,275,000	\$ 210,000
PREMIUMS:					
Series of 2020	99,297	-	(5,621)	93,676	5,621
TOTAL BONDS PAYABLE	<u>4,574,297</u>	<u>-</u>	<u>(205,621)</u>	<u>4,368,676</u>	<u>215,621</u>
NOTES PAYABLE:					
Note dtd 12/23/16	5,582,074	-	(221,471)	5,360,603	228,392
Note dtd 06/04/20	156,314	-	(32,449)	123,865	33,767
Note dtd 12/10/20	178,394	-	(11,316)	167,078	11,673
Note dtd 03/24/22	80,087	-	(18,229)	61,858	19,414
TOTAL NOTES PAYABLE	<u>5,996,869</u>	<u>-</u>	<u>(283,465)</u>	<u>5,713,404</u>	<u>293,246</u>
TOTAL GENERAL OBLIGATION DEBT	<u>10,571,166</u>	<u>-</u>	<u>(489,086)</u>	<u>10,082,080</u>	<u>508,867</u>
FINANCE LEASES:					
Lease dtd 08/28/20	12,375	-	(12,375)	-	-
Lease dtd 07/15/21	28,717	-	(14,109)	14,608	14,608
Lease dtd 08/08/23	-	66,946	(27,106)	39,840	19,073
TOTAL FINANCE LEASES	<u>41,092</u>	<u>66,946</u>	<u>(53,590)</u>	<u>54,448</u>	<u>33,681</u>
* COMPENSATED ABSENCES	<u>958,686</u>	<u>24,391</u>	<u>-</u>	<u>983,077</u>	<u>33,024</u>
GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 11,570,944</u>	<u>\$ 91,337</u>	<u>\$ (542,676)</u>	<u>\$ 11,119,605</u>	<u>\$ 575,572</u>

* Additions and reductions are netted together.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The estimated annual aggregate maturities of long-term debt for the years subsequent to December 31, 2023 is as follows:

Year Ended December 31	GOVERNMENTAL ACTIVITIES					
	General Obligation Bonds		General Obligation Notes		Finance Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 215,621	\$ 89,300	\$ 293,246	\$ 181,563	\$ 33,681	\$ 4,054
2025	220,621	80,800	303,273	171,600	20,767	1,844
2026	230,621	74,250	313,757	162,078	-	-
2027	230,621	70,000	281,681	149,910	-	-
2028	235,621	65,700	271,522	141,404	-	-
2029-2033	1,253,105	256,750	1,490,370	574,265	-	-
2034-2038	1,388,105	127,800	1,685,933	327,893	-	-
2039-2041	594,361	11,750	1,073,622	66,567	-	-
TOTAL	\$ 4,368,676	\$ 776,350	\$ 5,713,404	\$ 1,775,280	\$ 54,448	\$ 5,898

11. FUND BALANCE RESERVES AND DESIGNATIONS

Governmental Funds

General Fund:

The nonspendable fund balance reserve of \$5,000 on the General Fund is to fully reserve the inventory of materials and supplies.

Special Revenue Funds:

The restricted fund balance is for projects and other expenditures specific to the purpose of the respective fund.

12. FIDUCIARY FUNDS

The net position balance of the Employee Pension Trusts is reserved to pay pension plan retirement benefits to Municipal employees.

13. CONTINGENCIES

The Municipality, as a participant in the West Side Landfill, could potentially be liable for various costs relating to that landfill which has closed. At the present time it is not possible to determine the amount, if any, of cost reimbursements that would be required of the Municipality.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Municipality participates, at times, in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Municipality is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

The Municipality has entered into employment agreements with the unions representing certain non-management groups of its employee workforce and, as such, such labor groups are considered concentrated as of the date of the financial statements. The agreements provide for certain compensation, benefits, and other working conditions, all as more fully detailed in those agreements. It should be noted that these benefits include certain post-employment benefits for retirees as previously noted. Complete details concerning the nature and duration of the contracts can be obtained from Municipality management.

14. RISK MANAGEMENT

a. Property and Liability:

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The list below is a general description of insurance coverage; all policy terms, conditions, restrictions, exclusions, etc. are not included.

LIABILITY

General and Property - Per Occurrence	\$ 1,000,000
General and Property - Aggregate Per Year	2,000,000
Auto - Per Occurrence	1,000,000
Law Enforcement - Per Occurrence	1,000,000
Law Enforcement - Aggregate	1,000,000
Public Officials Errors and Omissions - Per Occurrence	2,000,000
Public Officials Errors and Omissions - Aggregate	2,000,000
Flood - Buildings (5 Prop. - Total Cov. - \$5,000 Deductible Per Property)	1,710,000
Flood - Property Contents	1,050,000
Equipment Breakdown - Aggregate	23,714,038

Municipality pays all elected officials' bonds by statute.

Settled claims have not exceeded this commercial coverage in any of the past three years.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

b. Workers' Compensation:

The Municipality purchases workers compensation insurance from carriers for employees as follows:

All employees except volunteer fire employees - an annual policy is purchased from the Amtrust North America, a reciprocal insurance company with the following coverage:

- \$100,000 per accident
- \$100,000 per disease
- \$500,000 disease aggregate

Volunteer fire employees - an annual policy is purchased from Amtrust North America, a Pennsylvania state government owned insurance company, for the Independent fire company and the Columbian Volunteer Fire Department volunteers with the same coverage as those noted above for all other employees.

15. FEDERAL FUNDING

The Coronavirus State and Local Fiscal Recovery Funds ("CSLFRF") provided direct payments to states and governments to respond to the public health emergency and negative economic impact due to COVID-19. In addition, the CSLFRF provided government services, to the extent COVID-19 caused a reduction in revenues, payments through the American Rescue Plan Act of 2021 ("ARPA"). In March 2023, the Municipality of Kingston received \$1,824,475 and elected the standard allowance for revenue loss which allows them to use the entirety of their allotted money for the provision of government services which must be spent by June 30, 2024. The ineligible uses of the ARPA funds are as follows: damages covered by insurance, payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency, expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the Federal government pursuant to the CARES Act of contributions by State-to State unemployment funds, reimbursement to donors for donated items or services, workforce bonuses other than hazard pay or overtime, severance pay, and legal settlements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

16. EFFECTS OF NEW PRONOUNCEMENTS

The following summarizes recent GASB pronouncements and their impact, if any, on the financial statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62

Effective Date: For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The Municipality has not evaluated the effect this statement will have on its financial statements.

GASB Statement No. 101, *Compensated Absences*

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The Municipality has not evaluated the effect this statement will have on its financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2024 and all reporting periods thereafter. Earlier application is encouraged.

The objective of this Statement is to establish financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement apply to the financial statements of all state and local governments.

The Municipality has not evaluated the effect this statement will have on its financial statements.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 7,156,977	\$ 7,156,977	\$ 7,938,886	\$ 781,909
Intergovernmental	6,833	6,833	217,103	210,270
Charges for Services	2,563,785	2,563,785	2,308,895	(254,890)
Fines and Forfeits	145,000	145,000	91,683	(53,317)
Licenses and Permits	447,550	447,550	417,483	(30,067)
Interest, Rent, Royalties	32,000	32,000	89,337	57,337
Miscellaneous Revenues and Reimbursements	<u>135,640</u>	<u>135,640</u>	<u>577,472</u>	<u>441,832</u>
TOTAL REVENUES	<u>10,487,785</u>	<u>10,487,785</u>	<u>11,640,859</u>	<u>1,153,074</u>
EXPENDITURES				
General Government - Administrative	879,920	879,920	773,521	106,399
Public Safety	6,030,947	6,030,947	5,636,599	394,348
Public Works - Highway and Streets	768,363	768,363	720,621	47,742
Sewer, Sanitation and Landfill	872,390	872,390	681,309	191,081
Flood Control	17,250	17,250	6,379	10,871
Parks and Recreation	88,225	88,225	124,356	(36,131)
Library	110,000	110,000	100,010	9,990
Employee Benefits	1,269,503	1,269,503	1,433,007	(163,504)
Insurance	196,837	196,837	352,146	(155,309)
Principal - Long-Term Debt	202,280	202,280	264,908	(62,628)
Interest - Long-Term Debt	97,500	97,500	104,680	(7,180)
Capital Outlay	301,713	301,713	235,793	65,920
Miscellaneous	<u>25,850</u>	<u>25,850</u>	<u>25,424</u>	<u>426</u>
TOTAL EXPENDITURES	<u>10,860,778</u>	<u>10,860,778</u>	<u>10,458,753</u>	<u>402,025</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(372,993)</u>	<u>(372,993)</u>	<u>1,182,106</u>	<u>1,555,099</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of Long-Term Debt	-	-	66,946	66,946
Operating Transfers In	530,739	530,739	-	(530,739)
Operating Transfers Out	<u>(157,746)</u>	<u>(157,746)</u>	<u>(177,035)</u>	<u>(19,289)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>372,993</u>	<u>372,993</u>	<u>(110,089)</u>	<u>(483,082)</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	-	-	1,072,017	1,072,017
FUND BALANCES - BUDGETARY BASIS - BEGINNING	-	-	1,701,221	1,748,633
FUND BALANCES - BUDGETARY BASIS - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,773,238</u>	<u>\$ 2,820,650</u>

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

1. BUDGETARY REPORTING BASIS AND CHANGE IN PRESENTATION

Fund financial statements in this report are presented on the modified accrual basis, except for the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual which is presented on the budgetary reporting basis. The budgetary reporting basis differs from the modified accrual basis in that the budget is prepared on the cash basis of accounting which recognizes revenues when received rather than when earned and expenditures when paid rather than when incurred and records installment note payments and payments on finance lease obligations as expenditures rather than debt service.

The following schedule reconciles the differences between the legally enacted basis and the GAAP basis:

	<u>General Fund</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (Budgetary Basis)	\$ 1,072,017
Adjustments:	
To Adjust for Private Purpose Trusts (GASB 84)	5,992
To Adjust for Bond Capital Account	(365,177)
To Adjust for Employee Benefits Reclassified to Other Funds	(434,489)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (Modified Accrual Basis)	\$ 278,343

A budget was not adopted for the Special Revenue - Special Projects Fund because it was not legally required.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION TRUST FUND – POLICE
 SCHEDULE OF CHANGES IN MUNICIPALITY'S NET PENSION LIABILITY
 AND RELATED RATIOS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

	2023	2022	2021	2020	2019	2018
Total Pension Liability						
Service Cost	\$ 223,771	\$ 200,151	\$ 190,620	\$ 198,291	\$ 188,849	\$ 182,188
Interest	875,876	847,483	825,419	820,742	800,919	759,745
Changes for Experience	30,101	-	(206,186)	-	309,519	-
Benefit Payments, including Refunds of Member Contributions	<u>(736,583)</u>	<u>(733,393)</u>	<u>(748,353)</u>	<u>(741,314)</u>	<u>(745,551)</u>	<u>(708,118)</u>
Net Change in Total Pension Liability	393,165	314,241	61,500	277,719	553,736	233,815
Total Pension Liability - Beginning	11,416,047	11,101,806	11,040,306	10,762,587	10,208,851	9,975,036
Total Pension Liability - Ending	<u>\$ 11,809,212</u>	<u>\$ 11,416,047</u>	<u>\$ 11,101,806</u>	<u>\$ 11,040,306</u>	<u>\$ 10,762,587</u>	<u>\$ 10,208,851</u>
Plan Fiduciary Net Position						
Contributions - Employer/State Aid	\$ 384,360	\$ 332,907	\$ 319,807	\$ 149,410	\$ 144,119	\$ 136,389
Contributions - Member	101,610	96,332	92,206	85,561	88,501	84,012
Net Investment Income (Loss)	784,752	(807,557)	849,981	554,807	925,425	(397,769)
Benefit Payments, including Refunds of Member Contributions	<u>(736,583)</u>	<u>(733,393)</u>	<u>(748,353)</u>	<u>(741,314)</u>	<u>(745,551)</u>	<u>(708,118)</u>
Administrative Expenses	<u>(6,500)</u>	<u>(3,400)</u>	<u>(8,475)</u>	<u>(11,075)</u>	<u>(5,225)</u>	<u>(9,875)</u>
Net Change in Plan Fiduciary Net Position	527,639	(1,115,111)	505,166	37,389	407,269	(895,361)
Total Net Position - Beginning	6,866,134	7,981,245	7,476,079	7,438,690	7,031,421	7,926,782
Total Net Position - Ending	<u>\$ 7,393,773</u>	<u>\$ 6,866,134</u>	<u>\$ 7,981,245</u>	<u>\$ 7,476,079</u>	<u>\$ 7,438,690</u>	<u>\$ 7,031,421</u>
Municipality's Net Pension Liability	<u>\$ 4,415,439</u>	<u>\$ 4,549,913</u>	<u>\$ 3,120,561</u>	<u>\$ 3,564,227</u>	<u>\$ 3,323,897</u>	<u>\$ 3,177,430</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>62.6%</u>	<u>60.1%</u>	<u>71.9%</u>	<u>67.7%</u>	<u>69.1%</u>	<u>68.9%</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	<u>260.7%</u>	<u>269.8%</u>	<u>204.5%</u>	<u>249.9%</u>	<u>234.2%</u>	<u>226.9%</u>

Ultimately, this schedule will present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Source: Annual valuation reports performed by the Municipality's actuary.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION TRUST FUND – POLICE
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule of Employer Contributions

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Payroll</u>
2014	\$ 214,546	\$ 214,546	\$ -	\$ 1,174,018	18.27%
2015	\$ 266,984	\$ 266,984	\$ -	\$ 1,207,647	22.11%
2016	\$ 268,573	\$ 3,451,399	\$ (3,182,826)	\$ 1,264,562	272.93%
2017	\$ 114,106	\$ 114,106	\$ -	\$ 1,317,881	8.66%
2018	\$ 136,389	\$ 136,389	\$ -	\$ 1,400,201	9.74%
2019	\$ 144,119	\$ 144,119	\$ -	\$ 1,419,284	10.15%
2020	\$ 149,410	\$ 149,410	\$ -	\$ 1,426,202	10.48%
2021	\$ 319,807	\$ 319,807	\$ -	\$ 1,526,120	20.96%
2022	\$ 332,907	\$ 332,907	\$ -	\$ 1,686,426	19.74%
2023	\$ 384,360	\$ 384,360	\$ -	\$ 1,693,531	22.70%

Source: Actuarial valuations performed by the Municipality's actuary.

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2021

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 15 Years

Asset Valuation Method: The actuarial value of assets from prior valuation report (reduced for benefits paid and increased for contributions) is projected forward at an artificial investment return of 6.75% (interest rate assumption minus 1%) with a corridor of 80% to 120% of market value.

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.75%

Retirement Age: Normal Retirement Age

Mortality: RP2000 Table. This table does not include projected mortality improvements.

Change in benefit terms: None since 1/1/2021.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION TRUST FUND – FIREMEN
 SCHEDULE OF CHANGES IN MUNICIPALITY'S NET PENSION LIABILITY
 AND RELATED RATIOS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

	2023	2022	2021	2020	2019	2018
Total Pension Liability						
Service Cost	\$ 266,968	\$ 245,925	\$ 234,214	\$ 221,616	\$ 211,063	\$ 196,976
Interest	781,526	715,763	676,030	641,074	604,646	589,465
Changes for Experience	312,954	-	(36,397)	-	(299,269)	-
Benefit Payments, including Refunds of Member Contributions	(464,834)	(429,427)	(389,127)	(386,568)	(325,865)	(284,875)
Net Change in Total Pension Liability	896,614	532,261	484,720	476,122	190,575	501,566
Total Pension Liability - Beginning	9,736,700	9,204,439	8,719,719	8,243,597	8,053,022	7,551,456
Total Pension Liability - Ending	<u>\$ 10,633,314</u>	<u>\$ 9,736,700</u>	<u>\$ 9,204,439</u>	<u>\$ 8,719,719</u>	<u>\$ 8,243,597</u>	<u>\$ 8,053,022</u>
Plan Fiduciary Net Position						
Contributions - Employer/State Aid	\$ 194,994	\$ 137,624	\$ 127,550	\$ 50,342	\$ 46,255	\$ 36,946
Contributions - Member	154,095	146,392	144,939	126,307	124,804	117,129
Net Investment Income (Loss)	847,326	(885,811)	961,760	646,285	1,041,238	(459,623)
Benefit Payments, including Refunds of Member Contributions	(464,834)	(429,427)	(389,127)	(386,568)	(325,865)	(284,875)
Administrative Expenses	(7,600)	(3,700)	(11,575)	(11,925)	(5,225)	(10,475)
Net Change in Plan Fiduciary Net Position	723,981	(1,034,922)	833,547	424,441	881,207	(600,898)
Total Net Position - Beginning	7,389,035	8,423,957	7,590,410	7,165,969	6,284,762	6,885,660
Total Net Position - Ending	<u>\$ 8,113,016</u>	<u>\$ 7,389,035</u>	<u>\$ 8,423,957</u>	<u>\$ 7,590,410</u>	<u>\$ 7,165,969</u>	<u>\$ 6,284,762</u>
Municipality's Net Pension Liability	<u>\$ 2,520,298</u>	<u>\$ 2,347,665</u>	<u>\$ 780,482</u>	<u>\$ 1,129,309</u>	<u>\$ 1,077,628</u>	<u>\$ 1,768,260</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>76.3%</u>	<u>75.9%</u>	<u>91.5%</u>	<u>87.0%</u>	<u>86.9%</u>	<u>78.0%</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	<u>98.1%</u>	<u>98.4%</u>	<u>32.2%</u>	<u>54.0%</u>	<u>54.4%</u>	<u>90.6%</u>

Ultimately, this schedule will present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Source: Annual valuation reports performed by the Municipality's actuary.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION TRUST FUND – FIREMEN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule of Employer Contributions

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Payroll</u>
2014	\$ 360,044	\$ 360,044	\$ -	\$ 1,744,316	20.64%
2015	\$ 313,909	\$ 313,909	\$ -	\$ 1,691,679	18.56%
2016	\$ 317,054	\$ 1,624,637	\$ (1,307,583)	\$ 1,767,109	91.94%
2017	\$ 77,916	\$ 77,916	\$ -	\$ 1,880,618	4.14%
2018	\$ 36,946	\$ 36,946	\$ -	\$ 1,952,167	1.89%
2019	\$ 46,255	\$ 46,255	\$ -	\$ 1,982,177	2.33%
2020	\$ 50,342	\$ 50,342	\$ -	\$ 2,090,103	2.41%
2021	\$ 127,550	\$ 127,550	\$ -	\$ 2,424,761	5.26%
2022	\$ 137,624	\$ 137,624	\$ -	\$ 2,386,381	5.77%
2023	\$ 194,994	\$ 194,994	\$ -	\$ 2,568,267	7.59%

Source: Actuarial valuations performed by the Municipality's actuary.

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2021

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 13 Years

Asset Valuation Method: The actuarial value of assets from prior valuation report (reduced for benefits paid and increased for contributions) is projected forward at an artificial investment return of 6.75% (interest rate assumption minus 1%) with a corridor of 80% to 120% of market value.

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.75%

Retirement Age: Hired on or before 1/1/2014: Attainment of age 57. Hired after 1/1/2014: Attainment of age 58 and completion of 25 years of service.

Mortality: RP2000 Table. This table does not include projected mortality improvements.

Change in benefit terms: None since 1/1/2021.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION TRUST FUND – NON-UNIFORMED EMPLOYEES
 SCHEDULE OF CHANGES IN MUNICIPALITY'S NET PENSION LIABILITY

AND RELATED RATIOS

FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

	2023	2022	2021	2020	2019	2018
Total Pension Liability						
Service Cost	\$ 193,017	\$ 175,156	\$ 166,815	\$ 172,496	\$ 164,282	\$ 176,135
Interest	492,344	499,694	486,609	485,956	468,098	469,397
Changes for Experience	(405,569)	-	(124,192)	-	(265,792)	-
Benefit Payments, including Refunds of Member Contributions	(385,865)	(378,088)	(607,775)	(432,530)	(387,800)	(381,502)
Net Change in Total Pension Liability	(106,073)	296,762	(78,543)	225,922	(21,212)	264,030
Total Pension Liability - Beginning	6,758,314	6,461,552	6,540,095	6,314,173	6,335,385	6,071,355
Total Pension Liability - Ending	<u>\$ 6,652,241</u>	<u>\$ 6,758,314</u>	<u>\$ 6,461,552</u>	<u>\$ 6,540,095</u>	<u>\$ 6,314,173</u>	<u>\$ 6,335,385</u>
Plan Fiduciary Net Position						
Contributions - Employer/State Aid	\$ 187,630	\$ 145,090	\$ 145,534	\$ 96,491	\$ 93,306	\$ 93,381
Contributions - Member	76,882	81,672	82,735	84,749	89,063	88,781
Net Investment Income (Loss)	532,955	(548,294)	582,026	367,890	626,632	(260,382)
Benefit Payments, including Refunds of Member Contributions	(385,865)	(378,088)	(607,775)	(432,530)	(387,800)	(381,502)
Administrative Expenses	(8,700)	(4,600)	(9,513)	(13,775)	(6,775)	(10,525)
Net Change in Plan Fiduciary Net Position	402,902	(704,220)	193,007	102,825	414,426	(470,247)
Total Net Position - Beginning	4,588,374	5,292,594	5,099,587	4,996,762	4,582,336	5,052,583
Total Net Position - Ending	<u>\$ 4,991,276</u>	<u>\$ 4,588,374</u>	<u>\$ 5,292,594</u>	<u>\$ 5,099,587</u>	<u>\$ 4,996,762</u>	<u>\$ 4,582,336</u>
Municipality's Net Pension Liability	<u>\$ 1,660,965</u>	<u>\$ 2,169,940</u>	<u>\$ 1,168,958</u>	<u>\$ 1,440,508</u>	<u>\$ 1,317,411</u>	<u>\$ 1,753,049</u>
Plan Fiduciary Net Position as a Percentage of the						
Total Pension Liability	<u>75.0%</u>	<u>67.9%</u>	<u>81.9%</u>	<u>78.0%</u>	<u>79.1%</u>	<u>72.3%</u>
Net Pension Liability as a Percentage of Covered						
Employee Payroll	<u>129.9%</u>	<u>170.6%</u>	<u>84.9%</u>	<u>107.2%</u>	<u>90.9%</u>	<u>119.6%</u>

Ultimately, this schedule will present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Source: Annual valuation reports performed by the Municipality's actuary.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION TRUST FUND – NON-UNIFORMED EMPLOYEES
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule of Employer Contributions

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Payroll</u>
2014	\$ 240,115	\$ 240,115	\$ -	\$ 1,248,739	-
2015	\$ 289,991	\$ 289,991	\$ -	\$ 1,261,354	22.99%
2016	\$ 287,102	\$ 2,148,228	\$ (1,861,126)	\$ 1,390,868	154.45%
2017	\$ 89,294	\$ 89,294	\$ -	\$ 1,415,631	6.31%
2018	\$ 93,381	\$ 93,381	\$ -	\$ 1,466,059	6.37%
2019	\$ 93,306	\$ 93,306	\$ -	\$ 1,449,214	6.44%
2020	\$ 96,491	\$ 96,491	\$ -	\$ 1,343,612	7.18%
2021	\$ 145,534	\$ 145,534	\$ -	\$ 1,376,993	10.57%
2022	\$ 145,090	\$ 145,090	\$ -	\$ 1,272,121	11.41%
2023	\$ 187,630	\$ 187,630	\$ -	\$ 1,278,248	14.68%

Source: actuarial valuations performed by the Municipality's actuary.

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2021

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 11 Years

Asset Valuation Method: The actuarial value of assets from prior valuation report (reduced for benefits paid and increased for contributions) is projected forward at an artificial investment return of 6.75% (interest rate assumption minus 1%) with a corridor of 80% to 120% of market value.

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.75%

Retirement Age: Hired before 11/18/2013: Attainment of age 57, except the Municipal Administrator, who is assumed to retire after attainment of age 60. Hired on or after 11/18/13: Attainment of age 62.

Mortality: RP2000 Table. This table does not include projected mortality improvements.

Change in benefit terms: None since 1/1/2021.

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) OTHER THAN PENSIONS
 SCHEDULE OF CHANGES IN MUNICIPALITY'S NET OPEB LIABILITY
 AND RELATED RATIOS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Fiscal Year Ending	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 169,525	\$ 165,451	\$ 116,193	\$ 160,118	\$ 171,572	\$ 162,018
Interest	149,643	130,311	192,591	264,586	241,086	280,446
Changes of Benefit Terms	-	-	-	-	-	33,187
Difference Between Expected and Actual Experience	-	163,189	-	(1,620,811)	-	(405,393)
Changes of Assumptions	(965,925)	(225,299)	857,436	246,489	(376,503)	372,395
Benefit Payments	(299,156)	(385,557)	(354,569)	(382,977)	(387,837)	(375,250)
Net Change in Total OPEB Liability	(945,913)	(151,905)	811,651	(1,332,595)	(351,682)	67,403
Total OPEB Liability - Beginning	6,643,317	6,795,222	5,983,571	7,316,166	7,667,848	7,600,445
Total OPEB Liability - Ending	<u>\$ 5,697,404</u>	<u>\$ 6,643,317</u>	<u>\$ 6,795,222</u>	<u>\$ 5,983,571</u>	<u>\$ 7,316,166</u>	<u>\$ 7,667,848</u>
Plan Fiduciary Net Position						
Plan Net Position - Beginning	-	-	-	-	-	-
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipality's Net OPEB Liability	<u>\$ 5,697,404</u>	<u>\$ 6,643,317</u>	<u>\$ 6,795,222</u>	<u>\$ 5,983,571</u>	<u>\$ 7,316,166</u>	<u>\$ 7,667,848</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-Employee Payroll	<u>\$ 5,327,874</u>	<u>\$ 5,327,874</u>	<u>\$ 4,850,675</u>	<u>\$ 4,850,675</u>	<u>\$ 4,614,130</u>	<u>\$ 4,614,130</u>
Total OPEB Liability as a % of Covered-Employee Payroll	<u>106.94%</u>	<u>124.69%</u>	<u>140.09%</u>	<u>123.36%</u>	<u>158.56%</u>	<u>166.18%</u>

Ultimately, this schedule will present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Source: Actuarial Valuations Performed by the Municipality's Actuary

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2023

	Special Revenue										Total		
	Liquid Fuels Fund	Recreation Fund	Pool Fund	Fire Uniform Fund	Police SID Fund	Police Uniform Fund	Police DEA Fund	K-9 Fund	Special Revenue Funds	Pension Activity Fund	Nonmajor Governmental Funds	Total	Total
Cash and Cash Equivalents	\$ 97,206	\$ 9,983	\$ 51,529	\$ 16,046	\$ 13,405	\$ 12,229	\$ 24,671	\$ 3,172	\$ 228,241	\$ 688	\$ 228,929		\$ 228,929
TOTAL ASSETS	\$ 97,206	\$ 9,983	\$ 51,529	\$ 16,046	\$ 13,405	\$ 12,229	\$ 24,671	\$ 3,172	\$ 228,241	\$ 688	\$ 228,929		\$ 228,929
LIABILITIES													
Accounts Payable	\$ 16,109	\$ 5,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,818	\$ -	\$ 21,818		\$ 21,818
TOTAL LIABILITIES	16,109	5,709	-	-	-	-	-	-	21,818	-	21,818		21,818
FUND BALANCE													
Fund Balances:													
Restricted	81,097	4,274	51,529	16,046	13,405	12,229	24,671	3,172	206,423	688	207,111		207,111
TOTAL FUND BALANCE	81,097	4,274	51,529	16,046	13,405	12,229	24,671	3,172	206,423	688	207,111		207,111
TOTAL LIABILITIES AND FUND BALANCE	\$ 97,206	\$ 9,983	\$ 51,529	\$ 16,046	\$ 13,405	\$ 12,229	\$ 24,671	\$ 3,172	\$ 228,241	\$ 688	\$ 228,929		\$ 228,929

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2023

	Special Revenue										Total Nonmajor Governmental Funds
	Liquid Fuels Fund	Recreation Fund	Pool Fund	Fire Uniform Fund	Police SID Fund	Police Uniform Fund	Police DEA Fund	K-9 Fund	Total Special Revenue Funds	Pension Activity Fund	
REVENUES											
Intergovernmental	\$ 360,852	-	\$ -	-	\$ 1,000	\$ -	-	\$ -	\$ 361,852	\$ 728,486	\$ 1,090,338
Charges for Services	-	211,216	272,782	-	-	-	-	-	483,998	-	483,998
Interest Income	5,662	692	2,427	7	-	-	96	8,884	4,734	4,734	13,618
Miscellaneous Income	-	-	-	2,400	-	-	-	2,400	-	-	2,400
TOTAL REVENUES	366,514	211,908	275,209	2,407	1,000	-	96	857,134	733,220	1,590,354	
EXPENDITURES											
Public Safety	-	-	-	22,266	966	17,315	-	40,547	-	-	40,547
Public Works - Highway and Streets	261,464	-	-	-	-	-	-	261,464	-	-	261,464
Parks and Recreation	-	323,794	295,680	-	-	-	-	619,474	-	-	619,474
Employee Benefits	-	-	-	-	-	-	-	-	332,495	-	332,495
Principal - Long-Term Debt	32,449	-	-	-	-	-	-	32,449	221,471	-	253,920
Interest - Long-Term Debt	5,775	-	-	-	-	-	-	5,775	174,520	-	180,295
Capital Outlay	-	-	3,102	6,000	-	-	-	3,278	12,380	-	12,380
TOTAL EXPENDITURES	299,688	323,794	298,782	28,266	966	17,315	3,278	972,089	728,486	1,700,575	
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,826	(111,886)	(23,573)	(25,859)	34	(17,315)	(3,278)	96	(114,955)	4,734	(110,221)
OTHER FINANCING SOURCES (USES)											
Operating Transfers In	-	110,000	-	24,950	-	20,000	-	154,950	-	-	154,950
Operating Transfers Out	-	-	-	-	-	-	-	-	(4,689)	-	(4,689)
TOTAL OTHER FINANCING SOURCES (USES)	-	110,000	-	24,950	-	20,000	-	154,950	(4,689)	-	150,261
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	66,826	(1,886)	(23,573)	(909)	34	2,685	(3,278)	96	39,995	45	40,040
FUND BALANCE - BEGINNING	14,271	6,160	75,102	16,955	13,371	9,544	27,949	166,428	643	167,071	
FUND BALANCE - ENDING	\$ 81,097	\$ 4,274	\$ 51,529	\$ 16,046	\$ 13,405	\$ 12,229	\$ 24,671	\$ 3,172	\$ 206,423	\$ 688	\$ 207,111

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 DEFINED BENEFIT PENSION TRUST FUNDS
 DECEMBER 31, 2023

	<u>Police Pension Trust Fund</u>	<u>Firemen's Pension Trust Fund</u>	<u>Non-Uniformed Employees' Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents and Short-Term Investments	\$ 1,070,286	\$ 290,895	\$ 520,428	\$ 1,881,609
INVESTMENTS AT FAIR VALUE				
Government Securities	376,743	620,009	287,970	1,284,722
Corporate Bonds and Notes	1,312,765	1,902,995	940,628	4,156,388
Managed/Pooled Equity Funds	4,442,462	5,183,653	3,098,611	12,724,726
Real Estate/Mortgages/R.E.I.T.S.	<u>192,080</u>	<u>116,590</u>	<u>145,019</u>	<u>453,689</u>
TOTAL INVESTMENTS	<u>6,324,050</u>	<u>7,823,247</u>	<u>4,472,228</u>	<u>18,619,525</u>
TOTAL ASSETS	<u>\$ 7,394,336</u>	<u>\$ 8,114,142</u>	<u>\$ 4,992,656</u>	<u>\$ 20,501,134</u>
<u>LIABILITIES</u>				
Accrued Administrative Expense	\$ 563	\$ 563	\$ 563	\$ 1,689
TOTAL LIABILITIES	<u>563</u>	<u>563</u>	<u>563</u>	<u>1,689</u>
<u>NET POSITION</u>				
Net Position Restricted for Pension Benefits and Other Purposes	<u>\$ 7,393,773</u>	<u>\$ 8,113,579</u>	<u>\$ 4,992,093</u>	<u>\$ 20,499,445</u>

MUNICIPALITY OF KINGSTON, PENNSYLVANIA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 DEFINED BENEFIT PENSION TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Police Pension Trust Fund</u>	<u>Firemen's Pension Trust Fund</u>	<u>Non-Uniformed Employees' Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
<u>ADDITIONS</u>				
CONTRIBUTIONS				
Employer	\$ 273,528	\$ 84,162	\$ 76,798	\$ 434,488
Plan Members	101,610	154,095	76,882	332,587
Intergovernmental (State Aid)	110,832	110,832	110,832	332,496
TOTAL CONTRIBUTIONS	<u>485,970</u>	<u>349,089</u>	<u>264,512</u>	<u>1,099,571</u>
INVESTMENT EARNINGS				
Net Appreciation in Fair Value of Investments	689,623	673,719	457,108	1,820,450
Interest	-	1	-	1
Dividends	141,326	230,022	109,887	481,235
TOTAL INVESTMENT EARNINGS	830,949	903,742	566,995	2,301,686
Less: Investment Expense	<u>43,822</u>	<u>53,478</u>	<u>31,665</u>	<u>128,965</u>
NET INVESTMENT EARNINGS	<u>787,127</u>	<u>850,264</u>	<u>535,330</u>	<u>2,172,721</u>
TOTAL ADDITIONS	<u>1,273,097</u>	<u>1,199,353</u>	<u>799,842</u>	<u>3,272,292</u>
<u>DEDUCTIONS</u>				
Benefit Payments Including Refunds of Member Contributions	736,583	464,834	385,865	1,587,282
Administrative Expenses	2,375	2,375	2,375	7,125
Miscellaneous Expenses	6,500	7,600	8,700	22,800
TOTAL DEDUCTIONS	<u>745,458</u>	<u>474,809</u>	<u>396,940</u>	<u>1,617,207</u>
CHANGE IN NET POSITION	527,639	724,544	402,902	1,655,085
NET POSITION - BEGINNING OF YEAR	<u>6,866,134</u>	<u>7,389,035</u>	<u>4,589,191</u>	<u>18,844,360</u>
NET POSITION - END OF YEAR	<u>\$ 7,393,773</u>	<u>\$ 8,113,579</u>	<u>\$ 4,992,093</u>	<u>\$ 20,499,445</u>