

**KINGSTON COMMUNITY SCHOOLS**  
Kingston, Michigan

REPORT ON FINANCIAL STATEMENTS  
*(with required supplementary and  
additional supplementary information)*

YEAR ENDED JUNE 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Kingston Community Schools

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Kingston Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Kingston Community Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Kingston Community Schools, as of June 30, 2025, and the respective 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 Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Kingston Community Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As discussed in Note 13 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kingston Community Schools' 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 Kingston Community Schools' 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 and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kingston Community Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2025, on our consideration of Kingston Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kingston Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kingston Community Schools' internal control over financial reporting and compliance.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
CARO, MICHIGAN

October 23, 2025

## **Kingston Community Schools Management's Discussion and Analysis**

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Kingston Community School District, a K-12 school district located in Tuscola County, Michigan, has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Kingston Community School District administration's discussion and analysis of the financial results for the fiscal years ended June 30, 2025 and June 30, 2024.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

### **Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures.

The obligations for future years' debt service are not recorded in the fund financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements are required by GASB 34. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. All of the District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

# Kingston Community Schools

## Management's Discussion and Analysis

### Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30, 2025 and 2024:

<b>Assets</b>	<b>6/30/2025</b>	<b>6/30/2024*</b>
Current assets	\$ 3,064,799	\$ 3,212,947
Net other postemployment benefit asset	1,520,863	195,488
Capital assets (net of depreciation)	<u>9,206,070</u>	<u>9,661,096</u>
Total assets	<u>13,791,732</u>	<u>13,069,531</u>
<b>Deferred Outflows of Resources</b>		
Related to other postemployment benefits	472,850	822,639
Related to pensions	<u>2,996,780</u>	<u>3,237,891</u>
Total deferred outflows of resources	<u>3,469,630</u>	<u>4,060,530</u>
<b>Liabilities</b>		
Current liabilities	776,602	705,082
Net pension liability	8,508,061	10,842,111
Long-term liabilities	<u>5,125,934</u>	<u>5,557,116</u>
Total liabilities	<u>14,410,597</u>	<u>17,104,309</u>
<b>Deferred Inflows of Resources</b>		
Related to pensions	2,387,752	1,162,665
Related to other postemployment benefits	2,018,443	1,647,288
Related to state aid funding for pension	487,157	689,604
Deferred gain on bond refunding	<u>13,688</u>	<u>18,664</u>
Total deferred inflows of resources	<u>4,907,040</u>	<u>3,518,221</u>
<b>Net Position</b>		
Net investment in capital assets	4,211,784	4,141,989
Restricted for:		
Debt service	207,637	231,821
Food service	73,112	47,924
Net OPEB asset	1,520,863	195,488
Unrestricted	<u>(8,069,671)</u>	<u>(8,109,691)</u>
Total net position	<u>\$ (2,056,275)</u>	<u>\$ (3,492,469)</u>

\*The 2024 numbers have not been updated for the adoption of GASB 101.

### Analysis of Financial Position

During the fiscal year ended June 30, 2025, the District's net position increased by \$1,497,122. A few of the more significant factors affecting net position during the year are discussed below.

#### 1. Net Pension Liability & Net OPEB Liability

Beginning June 30, 2015, GASB 68 requires school districts to estimate and record its portion of the employee's net pension liability. The District's net pension liability decreased from \$10,842,111 at June 30, 2024 to the net pension liability of \$8,508,061 as of June 30, 2025. Beginning in June 30, 2018, GASB 75 required school districts to estimate and record its portion of net OPEB liability/asset. The District's net OPEB asset increased from \$195,488 at June 30, 2024 to \$1,520,863 as of June 30, 2025. This impacts the government-wide statements only, not individual funds.

# Kingston Community Schools Management's Discussion and Analysis

## 2. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation/amortization expense and the accumulation of depreciation/amortization expense over time. The net increase in accumulated depreciation/amortization expense is a reduction in net position.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal years ended June 30, 2025 and June 30, 2024, \$595,679 and \$590,432 were recorded for depreciation/amortization expense.

## 3. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2025, \$140,653 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above. The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$455,026 for the fiscal year ended June 30, 2025.

## Results of Operations

For the fiscal year ended June 30, 2025 and 2024, the results of operations, on a District-wide basis, were:

	Year Ended June 30, 2025		Year Ended June 30, 2024*	
	Amount	% of Total	Amount	% of Total
<b>General Revenues</b>				
Property Taxes	\$ 1,139,982	11.00%	\$ 1,189,485	11.57%
Investment earnings	48,664	0.47%	32,290	0.31%
State sources - unrestricted	5,029,726	48.53%	5,158,562	50.16%
Other	199,580	1.93%	196,498	1.91%
Total general revenues	6,417,952	61.93%	6,576,835	63.95%
<b>Program Revenues</b>				
Charges for services	241,183	2.33%	234,151	2.28%
Operating grants and contributions	3,704,264	35.74%	3,473,468	33.77%
Total revenues	10,363,399	100.00%	10,284,454	100.00%
<b>Expenses</b>				
Instruction	4,148,716	46.79%	4,233,630	46.79%
Support services	2,983,056	33.64%	3,044,266	33.65%
Community services	180,149	2.03%	213,084	2.36%
Food services	502,144	5.66%	544,473	6.02%
Interest on long-term debt	176,959	2.00%	191,495	2.12%
Capital outlay	52,246	0.59%	10,304	0.11%
Unallocated depreciation/amortization	595,679	6.72%	590,432	6.53%
Other	227,328	2.56%	220,269	2.43%
Total expenses	8,866,277	100.00%	9,047,953	100.00%
Change in net position	\$ 1,497,122		\$ 1,236,501	

\*The 2024 numbers have not been updated for the adoption of GASB 101.

# Kingston Community Schools Management's Discussion and Analysis

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## Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

### 1. Property Taxes

The District levied 18.0000 mills of property taxes for operations on non-homestead properties. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2024-2025 fiscal year, the district levied \$642,728 non-homestead property taxes. This represented an increase of \$48,149 from the prior year.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-homestead Tax Levy	Increase (Decrease) from prior year
2024 - 2025	\$642,728	\$48,149
2023 - 2024	594,579	39,050
2022 - 2023	555,529	38,708
2021 - 2022	516,821	41,412
2020 - 2021	475,409	38,413

### 2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. For the 2024-2025 fiscal year, the District's foundation allowance was \$9,608 per student FTE, which was a \$0 increase from the amount received in the 2023-2024 fiscal year.

### 3. Student Enrollment

The following schedule lists the actual blended student FTE for the past five fiscal years:

2024 -- 2025	579
2023 -- 2024	593
2022 -- 2023	581
2021 -- 2022	614
2020 -- 2021	598

### 4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2025, federal, state and other operating grants accounted for \$3,704,264. This represents an increase of \$230,796 over the total grant sources received for the 2023-2024 fiscal year.

# Kingston Community Schools Management's Discussion and Analysis

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## 5. Interest Earnings

The District received interest on its investments in the amount of \$48,664 for the fiscal year ended June 30, 2025. This represents an increase over the prior fiscal year of \$16,374.

## General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1<sup>st</sup>. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30<sup>th</sup>.

For the 2024-2025 fiscal year, the district amended the general fund budget two times with the Board adopting the final changes in June 2025. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	Original Budget	Final Budget	Actual	Variance with Final Budget	% Variance
Total revenues	<u>\$ 8,389,657</u>	<u>\$ 8,763,422</u>	<u>\$ 8,790,752</u>	<u>\$ 27,330</u>	<u>0.31%</u>
Expenditures					
Instruction	\$ 4,539,493	\$ 5,065,505	\$ 5,058,225	\$ 7,280	0.14%
Supporting services	3,334,248	3,460,336	3,471,849	(11,513)	-0.33%
Other	<u>382,813</u>	<u>383,309</u>	<u>384,287</u>	<u>(978)</u>	<u>-0.26%</u>
Total expenditures	<u>\$ 8,256,554</u>	<u>\$ 8,909,150</u>	<u>\$ 8,914,361</u>	<u>\$ (5,211)</u>	<u>-0.06%</u>
Total other financing sources (uses)	<u>\$ (113,956)</u>	<u>\$ (74,404)</u>	<u>\$ (74,765)</u>	<u>\$ (361)</u>	<u>0.49%</u>

## Capital Asset and Debt Administration

### Capital Assets

By the end of the 2024-2025 fiscal year, the district had invested \$20,367,559 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents an increase of \$131,184. Depreciation/amortization expense for the year amounted to \$595,679, bringing the total accumulated depreciation/amortization to \$11,161,489 as of June 30, 2025.

### Long-term Debt

At June 30, 2025, the District had \$5,125,934 in long-term debt outstanding. This represents a decrease of \$492,110 over the amount outstanding at the close of the prior fiscal year. See note 5 for additional details.

## **Kingston Community Schools Management's Discussion and Analysis**

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### **Factors Bearing on the District's Future**

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future.

- Student counts are vital to the funding of the District.
- As with other employers, the District continues to face increases in rates paid for employee benefits, particularly for health insurance and retirement.
- Federal and state funding is volatile and could impact the District's budget moving forward.

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

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact:

Shona Vennevy, Superintendent  
Kingston Community Schools  
5790 State St.  
Kingston, MI 48741  
(989) 683-2294

## BASIC FINANCIAL STATEMENTS

**KINGSTON COMMUNITY SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,658,246
Accounts receivable	9,364
Intergovernmental receivables	1,397,189
Net other postemployment benefits asset	1,520,863
Capital assets not being depreciated/amortized	28,200
Capital assets, net of accumulated depreciation/amortization	9,177,870
<b>TOTAL ASSETS</b>	<b>13,791,732</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	472,850
Related to pensions	2,996,780
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,469,630</b>
<b>LIABILITIES</b>	
Accounts payable	132,147
Accrued salaries and related items	407,953
Accrued retirement	188,909
Unearned revenue	16,974
Accrued interest payable	30,619
Noncurrent liabilities:	
Due within one year	369,297
Due in more than one year	4,756,637
Net pension liability	8,508,061
<b>TOTAL LIABILITIES</b>	<b>14,410,597</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	2,387,752
Related to other postemployment benefits	2,018,443
Related to state aid funding for pension	487,157
Deferred gain on bond refunding, net of amortization	13,688
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,907,040</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,211,784
Restricted for debt service	207,637
Restricted for special revenue (food service)	73,112
Restricted for net other postemployment benefits	1,520,863
Unrestricted	(8,069,671)
<b>TOTAL NET POSITION</b>	<b>\$ (2,056,275)</b>

See notes to financial statements.

**KINGSTON COMMUNITY SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:				
Instruction	\$ 4,148,716	\$ 133,948	\$ 2,026,665	\$ (1,988,103)
Support services	2,983,056	92,012	868,571	(2,022,473)
Community services	180,149	-		(180,149)
Food service	502,144	15,223	592,054	105,133
Public library	12,353		-	(12,353)
Student/school activities	214,225		216,974	2,749
Interest on long-term debt	176,959			(176,959)
Capital outlay	52,246			(52,246)
Other	750			(750)
Unallocated depreciation/amortization	595,679			(595,679)
Total governmental activities	<u>\$ 8,866,277</u>	<u>\$ 241,183</u>	<u>\$ 3,704,264</u>	<u>(4,920,830)</u>
General revenues:				
Property taxes, levied for general purposes				646,213
Property taxes, levied for debt service				493,769
State sources - unrestricted				5,029,726
Investment earnings				48,664
Penal fines				22,091
Other				177,489
Total general revenues				<u>6,417,952</u>
Change in net position				<u>1,497,122</u>
Net position, beginning of year, as previously reported				(3,492,469)
Adjustment to beginning net position				<u>(60,928)</u>
Net position, beginning of year, as restated				<u>(3,553,397)</u>
Net position, end of year				<u>\$ (2,056,275)</u>

**KINGSTON COMMUNITY SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	<b>GENERAL FUND</b>	<b>OTHER NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 888,147	\$ 770,099	\$ 1,658,246
Accounts receivable	4,534	4,830	9,364
Due from other funds	47,115	-	47,115
Intergovernmental receivables	1,360,125	37,064	1,397,189
<b>TOTAL ASSETS</b>	<b>\$ 2,299,921</b>	<b>\$ 811,993</b>	<b>\$ 3,111,914</b>
 <b><u>LIABILITIES &amp; FUND BALANCES</u></b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 129,262	\$ 2,885	\$ 132,147
Accrued salaries and related items	407,953	-	407,953
Accrued retirement	188,909	-	188,909
Unearned revenue	16,974	-	16,974
Due to other funds	-	47,115	47,115
<b>TOTAL LIABILITIES</b>	743,098	50,000	793,098
 <b>FUND BALANCES:</b>			
<b>Restricted for:</b>			
Debt service		238,256	238,256
Food service		157,221	157,221
Public library		10,964	10,964
<b>Committed for:</b>			
Capital projects		210,017	210,017
Student/school activities		145,535	145,535
<b>Assigned for:</b>			
Compensated absences	145,336		145,336
Unassigned	1,411,487		1,411,487
<b>TOTAL FUND BALANCES</b>	1,556,823	761,993	2,318,816
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 2,299,921</b>	<b>\$ 811,993</b>	<b>\$ 3,111,914</b>

See notes to financial statements.

**KINGSTON COMMUNITY SCHOOLS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

**Total Governmental Fund Balances** \$ 2,318,816

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

Deferred outflows of resources - related to pensions	2,996,780
Deferred outflows of resources - related to other postemployment benefits	472,850
Deferred inflows of resources - related to pensions	(2,387,752)
Deferred inflows of resources - related to other postemployment benefits	(2,018,443)
Deferred inflows of resources - related to state aid funding for pension	(487,157)
Deferred inflows of resources - gain on refunding, net of amortization	(13,688)

Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Noncurrent assets at year-end consist of:

Net other postemployment benefits asset	1,520,863
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Capital assets used in governmental activities are not financial resources and are not reported in the funds:

The cost of the capital assets is:	20,367,559
Accumulated depreciation/amortization is:	(11,161,489)

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

Long-term debt obligations	(4,954,253)
Notes from direct borrowings and direct placements	(26,345)
Compensated absences	(145,336)
Accrued interest is not reported as a liability in governmental funds; it is recorded when paid	(30,619)
Net pension liability	<u>(8,508,061)</u>

**Net Position of Governmental Activities** \$ (2,056,275)

See notes to financial statements.

**KINGSTON COMMUNITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	<b>GENERAL FUND</b>	<b>OTHER NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES:</b>			
Local sources			
Property taxes	\$ 646,213	\$ 493,769	\$ 1,139,982
Charges for services	225,960	15,223	241,183
Investment earnings	29,689	18,975	48,664
Student/school activities income	-	216,974	216,974
Other	174,297	25,283	199,580
State sources	7,121,434	140,844	7,262,278
Federal sources	593,159	459,131	1,052,290
<b>TOTAL REVENUES</b>	<b>8,790,752</b>	<b>1,370,199</b>	<b>10,160,951</b>
<b>EXPENDITURES:</b>			
Instruction	5,058,225		5,058,225
Supporting services	3,471,849		3,471,849
Community services	209,595		209,595
Food service		561,036	561,036
Public library		27,075	27,075
Student/school activities		214,225	214,225
Capital outlay		136,084	136,084
Debt service:			
Principal payments	169,424	335,000	504,424
Interest	5,268	193,763	199,031
Fees		750	750
<b>TOTAL EXPENDITURES</b>	<b>8,914,361</b>	<b>1,467,933</b>	<b>10,382,294</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(123,609)</b>	<b>(97,734)</b>	<b>(221,343)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(114,503)	(39,738)	(154,241)
Transfers in	39,738	114,503	154,241
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(74,765)</b>	<b>74,765</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(198,374)</b>	<b>(22,969)</b>	<b>(221,343)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>1,755,197</b>	<b>784,962</b>	<b>2,540,159</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 1,556,823</b>	<b>\$ 761,993</b>	<b>\$ 2,318,816</b>

See notes to financial statements.

**KINGSTON COMMUNITY SCHOOLS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

**Net change in fund balances of total governmental funds** \$ (221,343)

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 these assets are allocated over their useful lives as depreciation/amortization:

Depreciation/amortization expense	(595,679)
Capital outlay	140,653

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Payments on debt	504,424
Amortization of bond premium	18,850
Amortization of bond discount	(3,429)
Amortization of deferred gain	4,976

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources.

Accrued interest payable at the beginning of the year	32,294
Accrued interest payable at the end of the year	(30,619)

Accrued compensated absences are recorded in the statement of activities when incurred, but it is not recorded in the governmental funds until it is paid.

Accrued compensated absences at the beginning of the year, as restated	117,601
Accrued compensated absences at the end of the year	(145,336)

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

Other postemployment benefits related items	604,431
Pension related items	867,852

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.

Change in state aid funding for pension	202,447
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<b>Change in net position of governmental activities</b>	<b>\$ 1,497,122</b>
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See notes to financial statements.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF 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 activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

**REPORTING ENTITY:**

Kingston Community Schools (the "District") is governed by the Kingston Community Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

**BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

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

**BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS:**

The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

**OTHER NON-MAJOR FUNDS:**

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, library, and student/school activities in the special revenue funds.

The *non-bond capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:**

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

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on the pupil membership counts.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exception (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The State revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30th is reported as an intergovernmental receivable.

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measureable and available only when cash is received by the District.

**BUDGETARY INFORMATION:**

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Capital projects funds are appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. The budget was amended during the year with supplemental appropriations, the last one approved prior to the year ended June 30<sup>th</sup>. Although the District does consider the amendment to be significant, it was deemed necessary due to circumstances that were not reasonably expected at the time the original budget was adopted.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE:**

1. Cash and cash equivalents

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

2. Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

4. Capital assets

Capital assets, which include property, equipment, right to use – leased equipment, right to use – subscription-based IT arrangements, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and additions	20 - 50 years
Furniture and other equipment	5 - 20 years
Right to use – leased equipment	2 – 5 years
Right to use – subscription-based IT	2 – 6 years

5. Defined benefit plans

For purposes of measuring the net pension liability and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Deferred outflows/inflows of resources

Deferred outflows

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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District has two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

Deferred inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualifies for reporting in this category. One is the deferred gain on bond refunding reported in the government-wide statement of net position. A deferred gain on bond refunding results from the unamortized difference between the carrying amount of redeemed or defeased debt and its reacquisition price. Another is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and other postemployment benefit asset and the actual results. The amounts are amortized over a period determined by the actuary. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

7. Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of the resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of education may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

10. Leases and Subscription-based IT Arrangements (SBITA)

Lessee/Subscriber: The District is a lessee for a non-cancelable lease/subscription of equipment and IT arrangements. The District recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

At the commencement of a lease/subscription, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to lease/SBITA include how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the non-cancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of its lease/SBITA and will re-measure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

**REVENUES AND EXPENDITURES/EXPENSES:**

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements for a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of assessed valuation:

<u>FUND</u>	<u>MILLS</u>
General Fund:	
Non-Principle Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt Service Fund:	
PRE, Non-PRE, Commercial Personal Property	3.80

3. Compensated absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

At June 30, 2025, the District had no investments as defined by generally accepted accounting principles. The District had deposits subject to the following risks:

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, none of the District's bank balance of \$1,716,225 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$1,658,246.

**Custodial credit risk - investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

**Fair value measurement.** The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District does not have any investments subject to the fair value measurement.

The cash and cash equivalents referred to above have been reported in the cash and cash equivalents caption on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2025:

		Primary Government
Cash and cash equivalents	\$	1,658,246
Total		\$ 1,658,246

**NOTE 3 – INTERGOVERNMENTAL RECEIVABLES:**

Intergovernmental receivables at June 30, 2025 consist of the following:

State sources		\$ 1,242,663
Federal sources		78,337
Other		76,189
Total		\$ 1,397,189

Amounts due from other governmental units include amounts due from federal and state sources for various projects and programs. No allowance for doubtful accounts is considered necessary based on previous experience.

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**NOTE 4 –CAPITAL ASSETS:**

A summary of changes in the District’s capital assets follows:

	<u>BALANCE</u> <u>July 1, 2024</u>	<u>ADDITIONS/</u> <u>RECLASS</u>	<u>DELETIONS/</u> <u>RECLASS</u>	<u>BALANCE</u> <u>June 30, 2025</u>
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 28,200	\$ -	\$ -	\$ 28,200
Total capital assets, not being depreciated/amortized	<u>28,200</u>	<u>-</u>	<u>-</u>	<u>28,200</u>
Capital assets being depreciated/amortized:				
Building and Improvements	17,172,899	83,838	-	17,256,737
Furniture and equipment	2,382,308	36,425	-	2,418,733
Right to use - leased equipment	553,974	-	-	553,974
Right to use - subscription-based IT	98,994	20,390	(9,469)	109,915
Subtotal	<u>20,208,175</u>	<u>140,653</u>	<u>(9,469)</u>	<u>20,339,359</u>
Accumulated depreciation/amortization:				
Building and Improvements	(8,425,230)	(317,214)	-	(8,742,444)
Furniture and equipment	(1,877,241)	(83,953)	-	(1,961,194)
Right to use - leased equipment	(226,036)	(169,064)	-	(395,100)
Right to use - subscription-based IT	(46,772)	(25,448)	9,469	(62,751)
Subtotal	<u>(10,575,279)</u>	<u>(595,679)</u>	<u>9,469</u>	<u>(11,161,489)</u>
Capital assets being depreciated/amortized	<u>9,632,896</u>	<u>(455,026)</u>	<u>-</u>	<u>9,177,870</u>
Total governmental capital assets	<u>\$ 9,661,096</u>	<u>\$ (455,026)</u>	<u>\$ -</u>	<u>\$ 9,206,070</u>

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$595,679 and is reported as unallocated depreciation/amortization on the statement of activities. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

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**NOTE 5 - LONG TERM OBLIGATIONS:**

The District issued general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the changes in liabilities reported in the long-term obligations for the District for the year ended June 30, 2025:

	General obligation bonds	Notes from direct borrowings and direct placements	Compensated absences*	Total
Balance July 1, 2024, as restated	\$ 5,304,674	\$ 195,769	\$ 117,601	\$ 5,618,044
Additions	-	-	27,735	27,735
Deletions	(350,421)	(169,424)	-	(519,845)
Balance June 30, 2025	4,954,253	26,345	145,336	5,125,934
Due within one year	(345,000)	(24,297)	-	(369,297)
Due in more than one year	<u>\$ 4,609,253</u>	<u>\$ 2,048</u>	<u>\$ 145,336</u>	<u>\$ 4,756,637</u>

\* The change in the compensated absences liability is presented as a net change.

Long-term obligations at June 30, 2025 is comprised of the following issues:

**General obligation bonds:**

2012 general obligation refunding bonds due in annual installments of \$195,000 to \$250,000 through May 1, 2028 with interest at 2.00% to 3.125%. \$ 735,000

2018 school building and site bonds due in annual installments of \$60,000 to \$485,000 through May 1, 2037 with interest at 2.00% to 4.00%. 4,060,000

Plus: premium on bond issuance, net 180,057

Less: discount on bond issuances, net (20,804)

Total general obligation bonds 4,954,253

**Notes from direct borrowings and direct placements:**

Copier lease due in monthly installments of \$1,913 through July 2026, with an implied interest rate of 2.1%. 24,569

Postage machine lease due in monthly installments of \$138 through July 2026, with an implied interest rate of 2.1%. 1,776

Total notes from direct borrowings and direct placements 26,345

Total general obligation bonds and notes from direct borrowings and direct placements 4,980,598

Compensated absences 145,336

Total general long-term debt \$ 5,125,934

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The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$26,345 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

At June 30, 2025, \$238,256 is available in the debt service funds to service the general obligation debt.

Interest expense (all funds) for the year ended June 30, 2025 was approximately \$199,031.

The annual requirements to amortize the long-term obligations as of June 30, 2025 are as follows:

Year ending June 30,	General obligation bonds		Notes from direct borrowings and direct placements		Compensated absences	Total
	Principal	Interest	Principal	Interest		
2026	\$ 345,000	\$ 183,713	\$ 24,297	\$ 321	\$ -	\$ 553,331
2027	355,000	173,362	2,048	3		530,413
2028	370,000	161,614				531,614
2029	350,000	149,000				499,000
2030	365,000	135,000				500,000
2031-2035	2,060,000	578,800				2,638,800
2036-2037	950,000	57,400				1,007,400
	<u>4,795,000</u>	<u>1,438,889</u>	<u>26,345</u>	<u>324</u>	<u>-</u>	<u>6,260,558</u>
Premium on bonds	180,057					180,057
Discount on bonds	(20,804)					(20,804)
Compensated absences					145,336	145,336
Total long-term debt	<u>\$ 4,954,253</u>	<u>\$ 1,438,889</u>	<u>\$ 26,345</u>	<u>\$ 324</u>	<u>\$ 145,336</u>	<u>\$ 6,565,147</u>

In prior years from time to time, the District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2025, no bonds outstanding are considered defeased.

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**NOTE 6 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS:**

**Plan Description**

The Michigan Public School Employees' Retirement System (MPERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employee's Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

**Benefits Provided - Overall**

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPERS is as follows:

<u>Plan name</u>	<u>Plan Type</u>	<u>Plan status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

**Benefits Provided - Pension**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

**Pension Reform 2010**

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

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**Pension Reform 2012**

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

**Option 1** – Members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

**Option 2** – Members voluntarily elected to increase their contribution to the pension fund as stated in option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

**Option 3** – Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

**Option 4** – Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

**Final Average Compensation (FAC)** - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

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**Pension Reform of 2017**

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and creates a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant to the DC plan; if no election is made they will default to the DC plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

**Pension Reform of 2023**

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus 2 plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

**Benefits Provided – Other postemployment benefit (OPEB)**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

**Retiree Healthcare Reform of 2012**

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

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**Regular Retirement (no reduction factor for age)**

Eligibility – A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount – The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member’s pension is determined by their pension election under PA 300 of 2012.

**Member Contributions**

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the defined contribution plan are not required to make additional contributions.

**Employer Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2024 were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021 are amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

School districts’ contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District’s pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$1,755,000. Of the total pension contributions approximately \$1,684,000 was contributed to fund the Defined Benefit Plan and approximately \$71,000 was contributed to fund the Defined Contribution Plan.

The District’s OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$69,000. Of the total OPEB contributions approximately \$22,000 was contributed to fund the Defined Benefit Plan and approximately \$47,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<b><u>MPSERS (Plan) Non-university employers:</u></b>	<b><u>September 30, 2024</u></b>	<b><u>September 30, 2023</u></b>
Total Pension Liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan Fiduciary Net Position	\$ 71,283,482,728	\$ 62,581,762,238
Net Pension Liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate Share	0.03475%	0.03350%
Net Pension Liability for the District	\$ 8,508,061	\$ 10,842,111

For the year ended June 30, 2025, the District recognized pension expense of \$787,509.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Changes of assumptions	\$ 887,016	\$ (623,372)
Net difference between projected and actual plan investment earnings	-	(1,623,699)
Differences between expected and actual experience	230,830	(92,441)
Changes in proportion and differences between employer contributions and proportionate share of contributions	319,127	(48,240)
District's contributions subsequent to the measurement date	1,559,807	-
	<u>\$ 2,996,780</u>	<u>\$ (2,387,752)</u>

\$1,559,807, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2025	\$ (184,274)
2026	133,542
2027	(516,054)
2028	(383,993)

**KINGSTON COMMUNITY SCHOOLS**  
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**OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<b><u>MPSERS (Plan) Non-university employers:</u></b>	<b><u>September 30, 2024</u></b>	<b><u>September 30, 2023</u></b>
Total other postemployment benefit liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ (14,295,943,589)	\$ (11,789,347,341)
Net other postemployment benefit liability (asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.03533%	0.03456%
Net other postemployment benefit liability (asset) for the District	\$ (1,520,863)	\$ (195,488)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$560,119.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred (Inflows) of Resources</u></b>
Changes of assumptions	\$ 332,178	\$ (38,181)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(287,917)
Difference between expected and actual experience	-	(1,611,650)
Net difference between projected and actual earnings on OPEB plan investments	127,524	(80,695)
Reporting Unit contributions subsequent to the measurement date	13,148	-
	<u>\$ 472,850</u>	<u>\$ (2,018,443)</u>

\$13,148, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	Amount
2025	\$ (520,010)
2026	(296,854)
2027	(307,516)
2028	(265,726)
2029	(141,041)
2030	(27,594)

**Actuarial Assumptions**

**Investment rate of return for pension** – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 groups.

**Investment rate of return for OPEB** – 6.00% a year, compounded annually net of investment and administrative expenses.

**Salary increases** - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

**Inflation** – 3.0%.

**Mortality assumptions –**

*Retirees:* PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

*Active:* PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-2021 adjusted for mortality improvements using projection scale from 2010.

*Disabled Retirees:* PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

**Experience study** - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023 valuation.

**The long-term expected rate of return on pension and other postemployment benefit plan investments** - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Cost of Living Pension Adjustments** – 3.0% annual non-compounded for MIP members.

**Healthcare cost trend rate for other postemployment benefit** – Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

**KINGSTON COMMUNITY SCHOOLS**  
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**Additional assumptions for other postemployment benefit only** – Applies to individuals hired before September 4, 2012:

Opt Out Assumption – 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage – 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree’s death.

Coverage Election at Retirement – 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2024 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term expected real rate of return*
Domestic equity pools	25.0%	5.3%
International equity pools	15.0%	6.5%
Private equity pools	16.0%	9.0%
Real estate and infrastructure pools	10.0%	7.1%
Fixed income pools	13.0%	2.2%
Absolute return pools	9.0%	5.2%
Real return/opportunistic pools	10.0%	6.9%
Short term investment pools	2.0%	1.4%
	100.0%	

\*Long term rate of return is net of administrative expenses and 2.3% inflation.

**Rate of return** – For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Discount rate** – A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OPEB Discount rate** – A single rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan’s fiduciary net position was project to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

**Sensitivity of the net pension liability to changes in the discount rate** -The following presents the District's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the 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:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 12,472,910	\$ 8,508,061	\$ 5,206,563

**Sensitivity of the net OPEB liability (asset) to changes in the discount rate** -The following presents the District's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability (asset) 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:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (1,175,335)	\$ (1,520,863)	\$ (1,819,608)

**Sensitivity to the net OPEB liability (asset) to changes in the healthcare cost trend rates** – The following presents the District's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the District's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Current	1% Increase
		Trend Rates	
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (1,819,611)	\$ (1,520,863)	\$ (1,200,457)

**Pension and OPEB Plan Fiduciary Net Position** - Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2024 Annual Comprehensive Financial Report.

**Payable to the Pension and OPEB Plan** - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

**NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES:**

The following interfund balances were outstanding at June 30, 2025:

<b>Receivable Fund</b>	<b>Payable Fund</b>	
	Nonmajor Funds	Total
General Fund	\$ 47,115	\$ 47,115
Total	\$ 47,115	\$ 47,115

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

**NOTE 8 - RISK MANAGEMENT:**

The District is exposed to risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the difference. The association maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. The program is recorded in the general fund. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

Settlements have not exceeded coverage for each of the past three fiscal years. Changes in the balances of claims liabilities during the past three years have been immaterial.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District believes such amounts, if any, would be immaterial.

**NOTE 10 – TRANSFERS:**

The transfers between funds for the fiscal year ended June 30, 2025 were as follows:

	<b>TRANSFERS IN</b>	<b>TRANSFERS OUT</b>
General Fund	\$ 39,738	\$ 114,503
Nonmajor Governmental Funds	114,503	39,738
	\$ 154,241	\$ 154,241

The \$114,503 transfer to the Non-bond Capital Projects Fund from the General Fund was for future capital needs of the District. The \$39,738 transfer to the General Fund from the Food Service Fund was to reimburse for indirect costs.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

**NOTE 11 - TAX ABATEMENTS:**

The District is required to disclose significant tax abatements as a required by GASB Statement 77, *Tax Abatements*.

The District could receive reduced property tax revenues as a result of Industrial Facilities Tax Exemptions granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The District did not have any property taxes abated under any of these programs.

There are no significant abatements made by the District.

**NOTE 12 – UPCOMING ACCOUNTING PRONOUNCEMENTS:**

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

**KINGSTON COMMUNITY SCHOOLS**  
Notes to Financial Statements  
Year Ended June 30, 2025

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

**NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE:**

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary: This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements.

**NOTE 14 – ADJUSTMENTS TO BEGINNING NET POSITION:**

During fiscal year 2025, changes to beginning net position, are as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances
	Governmental Activities
Net position, as previously reported	\$ (3,492,469)
Change in accounting principle (GASB 101)	(60,928)
Net position, as restated	\$ (3,553,397)

## REQUIRED SUPPLEMENTARY INFORMATION

**KINGSTON COMMUNITY SCHOOLS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2025**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUES:</b>				
Local sources				
Property taxes	\$ 645,324	\$ 645,324	\$ 646,213	\$ 889
Charges for services	215,651	215,651	225,960	10,309
Investment earnings	29,644	29,644	29,689	45
Other	19,292	177,056	174,297	(2,759)
State sources	6,759,434	6,803,807	7,121,434	317,627
Federal sources	720,312	891,940	593,159	(298,781)
<b>TOTAL REVENUES</b>	<u>8,389,657</u>	<u>8,763,422</u>	<u>8,790,752</u>	<u>27,330</u>
<b>EXPENDITURES:</b>				
Instruction				
Basic programs	3,762,152	4,004,436	3,995,658	8,778
Added needs	777,341	1,061,069	1,062,567	(1,498)
Total instruction	<u>4,539,493</u>	<u>5,065,505</u>	<u>5,058,225</u>	<u>7,280</u>
Supporting services				
Pupil services	616,638	581,094	577,024	4,070
Staff services	79,168	83,343	83,343	-
General administration	352,251	394,462	394,462	-
School administration	504,138	499,100	500,241	(1,141)
Business services	151,962	164,598	164,822	(224)
Operations and maintenance	975,780	965,475	974,462	(8,987)
Pupil transportation	317,967	364,266	368,048	(3,782)
Central services	135,753	186,799	186,813	(14)
Athletic activities	200,591	221,199	222,634	(1,435)
Total supporting services	<u>3,334,248</u>	<u>3,460,336</u>	<u>3,471,849</u>	<u>(11,513)</u>
Community services				
Cardinal center	202,388	202,388	203,913	(1,525)
Drivers education	4,186	4,682	4,682	-
Other community activities	1,000	1,000	1,000	-
Total community services	<u>207,574</u>	<u>208,070</u>	<u>209,595</u>	<u>(1,525)</u>
Debt service				
Principal repayment	175,239	175,239	169,424	5,815
Interest expense	-	-	5,268	(5,268)
Total debt service	<u>175,239</u>	<u>175,239</u>	<u>174,692</u>	<u>547</u>
<b>TOTAL EXPENDITURES</b>	<u>8,256,554</u>	<u>8,909,150</u>	<u>8,914,361</u>	<u>(5,211)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>133,103</u>	<u>(145,728)</u>	<u>(123,609)</u>	<u>22,119</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	40,099	39,738	(361)
Transfers out	<u>(113,956)</u>	<u>(114,503)</u>	<u>(114,503)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(113,956)</u>	<u>(74,404)</u>	<u>(74,765)</u>	<u>(361)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 19,147</u>	<u>\$ (220,132)</u>	<u>(198,374)</u>	<u>\$ 21,758</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>1,755,197</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,556,823</u>	

**KINGSTON COMMUNITY SCHOOLS**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED AS OF  
YEAR ENDED SEPTEMBER 30)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Reporting unit's proportion of net pension liability (%)	0.03475%	0.03350%	0.03341%	0.03368%	0.03333%	0.03391%	0.03482%	0.03598%	0.03533%	0.03370%
Reporting unit's proportionate share of net pension liability	\$ 8,508,061	\$ 10,842,111	\$ 12,566,886	\$ 7,975,018	\$ 11,448,610	\$ 11,229,587	\$ 10,466,240	\$ 9,323,098	\$ 8,815,130	\$ 8,230,540
Reporting unit's covered-employee payroll	\$ 3,825,238	\$ 3,493,645	\$ 3,158,126	\$ 3,142,290	\$ 2,928,822	\$ 2,882,426	\$ 2,890,139	\$ 3,008,660	\$ 3,044,610	\$ 2,892,890
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	222.42%	310.34%	397.92%	253.80%	390.89%	389.59%	362.14%	309.88%	289.53%	284.51%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

**KINGSTON COMMUNITY SCHOOLS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST 10 FISCAL YEARS (DETERMINED AS OF**  
**YEAR ENDED JUNE 30)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 1,683,631	\$ 1,444,865	\$ 1,546,262	\$ 1,147,332	\$ 1,002,674	\$ 919,527	\$ 895,666	\$ 944,354	\$ 833,209	\$ 719,670
Contributions in relation to statutorily required contributions	<u>1,683,631</u>	<u>1,444,865</u>	<u>1,546,262</u>	<u>1,147,332</u>	<u>1,002,674</u>	<u>919,527</u>	<u>895,666</u>	<u>944,354</u>	<u>833,209</u>	<u>719,670</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting unit's covered- employee payroll	\$ 4,200,471	\$ 3,798,138	\$ 3,505,379	\$ 3,185,161	\$ 3,068,523	\$ 2,957,847	\$ 2,843,199	\$ 2,910,769	\$ 3,010,295	\$ 2,983,514
Contributions as a percentage of covered-employee payroll	40.08%	38.04%	44.11%	36.02%	32.68%	31.09%	31.50%	32.44%	27.68%	24.12%

**KINGSTON COMMUNITY SCHOOLS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE**  
**SHARE OF THE NET OPEB LIABILITY (ASSET)**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST 10 FISCAL YEARS (DETERMINED AS OF**  
**YEAR ENDED SEPTEMBER 30)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting unit's proportion of net OPEB liability (asset) (%)	0.03533%	0.03456%	0.03250%	0.03457%	0.03306%	0.03409%	0.03396%	0.03594%
Reporting unit's proportionate share of net OPEB liability (asset)	\$ (1,520,863)	\$ (195,488)	\$ 688,330	\$ 527,648	\$1,770,992	\$2,446,723	\$2,699,155	\$3,182,950
Reporting unit's covered-employee payroll	\$ 3,825,238	\$3,493,645	\$3,158,126	\$3,142,290	\$2,928,822	\$2,882,426	\$2,890,139	\$3,008,660
Reporting unit's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	39.76%	5.60%	21.80%	16.79%	60.47%	84.88%	93.39%	105.79%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

**KINGSTON COMMUNITY SCHOOLS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST 10 FISCAL YEARS (DETERMINED AS OF**  
**YEAR ENDED JUNE 30)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 22,124	\$ 281,677	\$ 265,709	\$ 247,755	\$ 244,885	\$ 231,307	\$ 227,184	\$ 228,323
Contributions in relation to statutorily required contributions	<u>22,124</u>	<u>281,677</u>	<u>265,709</u>	<u>247,755</u>	<u>244,885</u>	<u>231,307</u>	<u>227,184</u>	<u>228,323</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting unit's covered-employee payroll	\$ 4,200,471	\$ 3,798,138	\$ 3,505,379	\$ 3,185,161	\$ 3,068,523	\$ 2,957,847	\$ 2,843,199	\$ 2,910,769
Contributions as a percentage of covered-employee payroll	0.53%	7.42%	7.58%	7.78%	7.98%	7.82%	7.99%	7.84%

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

**KINGSTON COMMUNITY SCHOOLS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2025**

Note 1 - Pension information

**Benefit changes** - there were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in assumptions**

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- > 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- > 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- > 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- > 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- > 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

Note 2 - OPEB information

**Benefit changes** - there were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in assumptions**

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- > 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- > 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- > 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- > 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- > 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- > 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- > 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

**KINGSTON COMMUNITY SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2025**

	<b>SPECIAL REVENUE FUNDS</b>	<b>DEBT SERVICE FUNDS</b>	<b>NON-BOND CAPITAL PROJECTS</b>	<b>TOTAL NONMAJOR FUNDS</b>
<b><u>ASSETS</u></b>				
Cash and equivalents	\$ 295,995	\$ 264,087	\$ 210,017	\$ 770,099
Accounts receivable	4,830	-		4,830
Due from other governmental units	37,064			37,064
<b>TOTAL ASSETS</b>	<b>\$ 337,889</b>	<b>\$ 264,087</b>	<b>\$ 210,017</b>	<b>\$ 811,993</b>
 <b><u>LIABILITIES &amp; FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 2,885	\$ -	\$ -	\$ 2,885
Due to other funds	21,284	25,831	-	47,115
<b>TOTAL LIABILITIES</b>	24,169	25,831	-	50,000
 <b>FUND BALANCES</b>				
Restricted for:				
Debt service		238,256		238,256
Food service	157,221			157,221
Public library	10,964			10,964
Committed for:				
Capital projects			210,017	210,017
Student/school activities	145,535			145,535
<b>TOTAL FUND BALANCES</b>	313,720	238,256	210,017	761,993
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 337,889</b>	<b>\$ 264,087</b>	<b>\$ 210,017</b>	<b>\$ 811,993</b>

**KINGSTON COMMUNITY SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2025**

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>NON-BOND CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR FUNDS</u>
REVENUES:				
Local sources				
Property taxes	\$ -	\$ 493,769	\$ -	\$ 493,769
Charges for services	15,223			15,223
Investment earnings	1,208	9,885	7,882	18,975
Student/school activities income	216,974			216,974
Other	25,283			25,283
State sources	140,844			140,844
Federal sources	459,131			459,131
	<u>858,663</u>	<u>503,654</u>	<u>7,882</u>	<u>1,370,199</u>
TOTAL REVENUES				
EXPENDITURES:				
Salaries and wages	184,844			184,844
Employee benefits	100,033			100,033
Purchased services	9,903			9,903
Food service	284,428			284,428
Supplies	5,361			5,361
Capital outlay	1,254		134,830	136,084
Miscellaneous	3,542			3,542
Student/school activities	214,225			214,225
Debt service:				
Principal payments		335,000		335,000
Interest		193,763		193,763
Fees		750		750
	<u>803,590</u>	<u>529,513</u>	<u>134,830</u>	<u>1,467,933</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>55,073</u>	<u>(25,859)</u>	<u>(126,948)</u>	<u>(97,734)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(39,738)	-		(39,738)
Transfers in	-	-	114,503	114,503
	<u>(39,738)</u>	<u>-</u>	<u>114,503</u>	<u>74,765</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	15,335	(25,859)	(12,445)	(22,969)
FUND BALANCES - BEGINNING OF YEAR	<u>298,385</u>	<u>264,115</u>	<u>222,462</u>	<u>784,962</u>
FUND BALANCES - END OF YEAR	<u>\$ 313,720</u>	<u>\$ 238,256</u>	<u>\$ 210,017</u>	<u>\$ 761,993</u>

**KINGSTON COMMUNITY SCHOOLS**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2025**

	<b>FOOD SERVICE</b>	<b>PUBLIC LIBRARY FUND</b>	<b>STUDENT/ SCHOOL ACTIVITIES</b>	<b>TOTAL SPECIAL REVENUE FUNDS</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 121,862	\$ 28,598	\$ 145,535	\$ 295,995
Accounts receivable	1,180	3,650		4,830
Due from other governmental units	37,064	-	-	37,064
<b>TOTAL ASSETS</b>	<b>\$ 160,106</b>	<b>\$ 32,248</b>	<b>\$ 145,535</b>	<b>\$ 337,889</b>
 <b><u>LIABILITIES &amp; FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,885	\$ -	\$ -	\$ 2,885
Due to other funds	-	21,284	-	21,284
<b>TOTAL LIABILITIES</b>	<b>2,885</b>	<b>21,284</b>	<b>-</b>	<b>24,169</b>
<b>FUND BALANCES:</b>				
Restricted for:				
Food service	157,221			157,221
Public library		10,964		10,964
Committed for:				
Student/school activities			145,535	145,535
<b>TOTAL FUND BALANCES</b>	<b>157,221</b>	<b>10,964</b>	<b>145,535</b>	<b>313,720</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 160,106</b>	<b>\$ 32,248</b>	<b>\$ 145,535</b>	<b>\$ 337,889</b>

**KINGSTON COMMUNITY SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	<u>FOOD SERVICE</u>	<u>PUBLIC LIBRARY FUND</u>	<u>STUDENT/ SCHOOL ACTIVITIES</u>	<u>TOTAL SPECIAL REVENUE FUNDS</u>
<b>REVENUES:</b>				
Local sources				
Charges for services	\$ 15,223	\$ -	\$ -	\$ 15,223
Investment earnings			1,208	1,208
Student/school activities income			216,974	216,974
Other	3,192	22,091		25,283
State sources	132,923	7,921		140,844
Federal sources	459,131	-		459,131
<b>TOTAL REVENUES</b>	<u>610,469</u>	<u>30,012</u>	<u>218,182</u>	<u>858,663</u>
<b>EXPENDITURES:</b>				
Salaries and wages	170,915	13,929		184,844
Employee benefits	93,027	7,006		100,033
Purchased services	9,128	775		9,903
Food service	284,428			284,428
Supplies		5,361		5,361
Capital outlay	1,254	-		1,254
Miscellaneous	3,538	4		3,542
Student/school activities			214,225	214,225
<b>TOTAL EXPENDITURES</b>	<u>562,290</u>	<u>27,075</u>	<u>214,225</u>	<u>803,590</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>48,179</u>	<u>2,937</u>	<u>3,957</u>	<u>55,073</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to other funds	<u>(39,738)</u>	<u>-</u>	<u>-</u>	<u>(39,738)</u>
<b>NET CHANGE IN FUND BALANCES</b>	8,441	2,937	3,957	15,335
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>148,780</u>	<u>8,027</u>	<u>141,578</u>	<u>298,385</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 157,221</u>	<u>\$ 10,964</u>	<u>\$ 145,535</u>	<u>\$ 313,720</u>

**KINGSTON COMMUNITY SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2025**

	<u>2018 DEBT</u>	<u>2012 REFUNDING DEBT</u>	<u>TOTAL DEBT SERVICE</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 234,739	\$ 29,348	\$ 264,087
<b>TOTAL ASSETS</b>	<b><u>\$ 234,739</u></b>	<b><u>\$ 29,348</u></b>	<b><u>\$ 264,087</u></b>
<b><u>LIABILITIES &amp; FUND BALANCES</u></b>			
LIABILITIES:			
Due to other funds	\$ 15,499	\$ 10,332	\$ 25,831
<b>TOTAL LIABILITIES</b>	<u>15,499</u>	<u>10,332</u>	<u>25,831</u>
FUND BALANCES:			
Restricted for debt service	<u>219,240</u>	<u>19,016</u>	<u>238,256</u>
<b>TOTAL FUND BALANCES</b>	<u>219,240</u>	<u>19,016</u>	<u>238,256</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u>\$ 234,739</u></b>	<b><u>\$ 29,348</u></b>	<b><u>\$ 264,087</u></b>

**KINGSTON COMMUNITY SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	<u>2018 DEBT</u>	<u>2012 REFUNDING DEBT</u>	<u>TOTAL DEBT SERVICE</u>
REVENUES:			
Local sources			
Property taxes	\$ 296,261	\$ 197,508	\$ 493,769
Investment earnings	6,680	3,205	9,885
	<u>302,941</u>	<u>200,713</u>	<u>503,654</u>
TOTAL REVENUES			
EXPENDITURES:			
Principal payments	100,000	235,000	335,000
Interest	164,350	29,413	193,763
Fees	750	-	750
	<u>265,100</u>	<u>264,413</u>	<u>529,513</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCES	37,841	(63,700)	(25,859)
FUND BALANCES - BEGINNING OF YEAR	<u>181,399</u>	<u>82,716</u>	<u>264,115</u>
FUND BALANCES - END OF YEAR	<u>\$ 219,240</u>	<u>\$ 19,016</u>	<u>\$ 238,256</u>

**KINGSTON COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT - 2012 REFUNDING BONDS**  
**JUNE 30, 2025**

<u>PRINCIPAL DUE MAY 1</u>	<u>RATE</u>	<u>INTEREST DUE</u>		<u>DEBT SERVICE REQUIREMENT FOR FISCAL YEAR JUNE 30</u>		<u>AMOUNT</u>
		<u>MAY 1</u>	<u>NOVEMBER 1</u>			
\$ 240,000	3.000%	\$ 11,181	\$ 11,181	2026		\$ 262,362
245,000	3.000%	7,581	7,581	2027		260,162
<u>250,000</u>	3.125%	<u>3,907</u>	<u>3,907</u>	2028		<u>257,814</u>
<u>\$ 735,000</u>		<u>\$ 22,669</u>	<u>\$ 22,669</u>			<u>\$ 780,338</u>

Bonds in the amount of \$3,485,000 were issued for the purpose of refinancing the 2002 and 2002E bonds.

**KINGSTON COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT - 2018 BONDS**  
**JUNE 30, 2025**

<u>PRINCIPAL DUE MAY 1</u>	<u>RATE</u>	<u>INTEREST DUE</u>		<u>DEBT SERVICE REQUIREMENT FOR FISCAL YEAR</u>	
		<u>MAY 1</u>	<u>NOVEMBER 1</u>	<u>JUNE 30</u>	<u>AMOUNT</u>
\$ 105,000	3.000%	\$ 80,675	\$ 80,675	2026	\$ 266,350
110,000	4.000%	79,100	79,100	2027	268,200
120,000	4.000%	76,900	76,900	2028	273,800
350,000	4.000%	74,500	74,500	2029	499,000
365,000	4.000%	67,500	67,500	2030	500,000
380,000	4.000%	60,200	60,200	2031	500,400
395,000	4.000%	52,600	52,600	2032	500,200
410,000	4.000%	44,700	44,700	2033	499,400
430,000	4.000%	36,500	36,500	2034	503,000
445,000	4.000%	27,900	27,900	2035	500,800
465,000	4.000%	19,000	19,000	2036	503,000
485,000	4.000%	9,700	9,700	2037	504,400
<u>\$ 4,060,000</u>		<u>\$ 629,275</u>	<u>\$ 629,275</u>		<u>\$ 5,318,550</u>

2018 School Building and Site Bonds were issued in the amount of \$4,685,000 for the purpose of remodeling, equipping and re-equipping, and furnishing and refurbishing school facilities; acquiring, installing and equipping school facilities for instructional technology; demolishing the north wing of Kingston Elementary School; and remodeling, developing, equipping and improving playgrounds, athletic structures, athletic facilities and sites of the School District.



Valerie J. Hartel, CPA  
Jamie L. Peasley, CPA  
Angela M. Burnette, CPA  
.....

.....  
Thomas B. Doran, CPA  
Chelsie M. Peruski, CPA  
Kendra K. Bednarski, CPA

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

To the Board of Education  
Kingston Community Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Kingston Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 23, 2025.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered Kingston Community Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kingston Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Kingston Community Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency.

**REPORT ON COMPLIANCE AND OTHER MATTERS**

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

**KINGSTON COMMUNITY SCHOOLS' RESPONSE TO FINDINGS**

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

**PURPOSE OF THIS REPORT**

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

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
CARO, MICHIGAN**

October 23, 2025

**KINGSTON COMMUNITY SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2025**

**Financial Statement Finding**

**Finding 2025-001 – Considered a significant deficiency in internal control over financial reporting**

**Criteria:**

Professional standards requires auditors to evaluate entries posted subsequent to year-end and assess whether the entries are period-end closing, cut-off entries, or entries that should have been recorded throughout the year.

**Condition:**

Adjustments were made to the general ledger subsequent to year-end, which resulted in several changes to the final trial balances. Timely review and reconciliation of accounts was not consistently performed during the year.

**Context:**

Adjustments that were identified during the audit, either by management or as a result of audit procedures, impacted expenditures, revenues, assets, and liabilities within the governmental funds. These adjustments were corrected by management and are reflected in the financial statements.

**Cause:**

The majority of adjustments and corrections proposed resulted from lack of timely review of account reconciliations.

**Effect:**

Audit adjustments were required to reconcile certain accounts.

**Recommendation:**

General ledger accounts should be reconciled on a regular basis in order to present accurate financial statements to management and the Board of Education.

**Client Response:**

We will review our year-end entry procedures and work to make sure accounts are reconciled throughout the year.



# KINGSTON COMMUNITY SCHOOLS

5790 State Street

Kingston, MI 48741

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*“We believe in developing creative minds, building leaders, fostering a love for community and striving for excellence.”*

**KINGSTON COMMUNITY SCHOOLS  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2025**

Kingston Community Schools respectfully submits the following corrective action plan for the year ended June 30, 2025.

**Auditor:** Anderson, Tuckey, Bernhardt & Doran, PC  
715 E Frank St  
Caro, MI 48723

**Audit Period:** Year ended June 30, 2025

**District responsible individual to implement this plan:** Josephine Spaulding, Business Office Specialist

The findings from the June 30, 2025 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

**Finding – Financial Statement Finding**

**Finding 2025-001 – Considered a significant deficiency in internal control over financial reporting**

**Recommendation:** The District should reconcile general ledger accounts on a regular basis in order to present accurate financial statements.

**Action to be taken:** The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

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**Superintendent Shona Vennevy:** 989.683.2294

**High School Principal Cynthia Coleman:** 989.683.2550

**Elementary Principal Josh Campbell:** 989.683.2284 **High School Fax:** 989.683.2081

**District Website:** [www.kingstonk12.org](http://www.kingstonk12.org)



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

To the Members of the Board  
**Kingston Community Schools**

Valerie J. Hartel, CPA	.....
Jamie L. Peasley, CPA	Thomas B. Doran, CPA
Angela M. Burnette, CPA	Chelsie M. Peruski, CPA
.....	Kendra K. Bednarski, CPA

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of **Kingston Community Schools** for the year ended **June 30, 2025**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Kingston Community Schools** are described in Note 1 to the financial statements. As described in Note 13 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* during the year ended June 30, 2025. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by **Kingston Community Schools** during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management’s estimate of the net pension liability and the net other postemployment benefit asset and related deferred outflows and inflows of resources is based on an actuarial study with utilized certain actuarial assumptions. We evaluated the methods, assumptions, and data used to develop the balance of the net pension liability and net other postemployment benefit asset and related deferred outflows and inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

Management’s estimate in calculating the liability of the payout of employee compensated absences upon their retirement is based on current hourly rates and policies regarding payment of sick and vacation banks. We evaluated the methods, assumptions, and data used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of depreciation expense is based on the estimated useful lives of the capital assets. We evaluated the methods, assumptions, and data used by management to develop the estimated life span of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the interest rate used to calculate the lease liability and right-to-use asset is based on the District’s incremental borrowing rate. We evaluated the methods, assumptions, and data used by management to develop the estimated lease liability and right-to-use asset in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Members of the Board

Page two

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We have proposed adjustments that we consider to be significant and have communicated this to management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 23, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as **Kingston Community Schools'** auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistent with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the additional supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing this information to determine that the information complies with accounting principles general accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the additional supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Members of the Board and management of **Kingston Community Schools** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Anderson, Tuckey, Bernhardt & Doran, P.C.

Certified Public Accountants

Caro, Michigan

October 23, 2025



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Valerie J. Hartel, CPA  
Jamie L. Peasley, CPA  
Angela M. Burnette, CPA  
.....

.....  
Thomas B. Doran, CPA  
Chelsie M. Peruski, CPA  
Kendra K. Bednarski, CPA

To the Board of Education  
Kingston Community Schools

In planning and performing our audit of the financial statements of Kingston Community Schools as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Kingston Community Schools' internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 23, 2025 on the financial statements of Kingston Community Schools. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments and recommendations are summarized as follows:

**Budget Compliance**

We noted the general fund total expenditures were over budget by \$5,211. We recommend the District amend your budget before June 30<sup>th</sup> each year for any necessary changes to avoid having your expenses greater than you budgeted.

This report is intended solely for the information and use of management and others within Kingston Community Schools, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

Anderson, Tuckey, Bernhardt & Doran, P.C.  
Certified Public Accountants  
Caro, Michigan

October 23, 2025