

# **Annual Comprehensive Financial Report**

**Kalamazoo Public Schools**

**For the  
Fiscal Year Ended  
June 30, 2025**

Kalamazoo Public Schools  
Kalamazoo, MI 49008

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

of

Kalamazoo Public Schools

1220 Howard Street

Kalamazoo, MI 49008

**For the Fiscal Year Ended  
June 30, 2025**

Dr. Darrin Slade  
Superintendent

**BOARD OF EDUCATION**

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*Prepared by:*

Laura Kayser, Chief Financial Officer

# Kalamazoo Public Schools

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# Kalamazoo Public Schools

October 28, 2025

Dear Citizens and Board Members:

The Annual Comprehensive Financial Report of Kalamazoo Public Schools (the “school district”) for the fiscal year ended June 30, 2025, is hereby submitted. This report was prepared by the Finance Office and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with the school district. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the school district as measured by the school government-wide financial activity and the activity of its various funds, with all disclosures necessary to enable the reader to gain an understanding of the school district’s financial activities.

## **Reporting Entity and Services**

Kalamazoo Public Schools is an independent reporting entity fully meeting the criteria established by the Governmental Accounting Standards Board. All funds of the school district are included in this report. The school district does not have component units.

The financial section reports separately the government-wide activities, the governmental fund types, and the fiduciary fund type administered by the board.

## **Report Organization**

This Annual Comprehensive Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

### **Introductory Section**

This section introduces the reader to Kalamazoo Public Schools and to this report. Included are facts about the school district, this transmittal letter, and the school district’s organization chart. This letter of transmittal is designed to complement the management’s discussion and analysis and should be read in conjunction with it. The management’s discussion and analysis can be found in the financial section of this document.

## **Financial Section**

The independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements, and notes to the financial statements are included in this section. These are the school district's basic financial statements and provide an overview for readers who require less detailed information than is contained in the balance of the report. In addition to the basic financial statements, this section includes required and other supplemental information.

Management is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information on the effects of certain events and transactions.

The basic financial statements and supplemental information in the financial section of this report present fairly and with full disclosure the financial position and results of the financial operation of the funds in conformity with accounting principles generally accepted in the United States of America and demonstrate compliance with finance-related legal and contractual provisions.

The basis of accounting for each fund is consistent with the activities and objectives of the funds as a fiscal and accounting entity.

The required and other supplemental information contains a more detailed analysis of revenue and expenditures that are compared to the 2024-2025 budgets for the General, Food Service, and Student Activity funds. In addition, there are combining schedules shown by fund type with totals that agree with those reflected in the basic financial statements as well as the schedule of bonded indebtedness detailing interest rates and annual maturities.

## **Statistical Section**

Although this section contains substantial financial information, these tables differ from financial statements in that they present some non-accounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the school district.

### **About Kalamazoo Public Schools**

#### **The Community**

The school district is located in Kalamazoo County, in the southwest corner of Michigan's Lower Peninsula, and includes the majority of the City of Kalamazoo, and portions of Kalamazoo, Oshtemo and Texas Townships, for a total of approximately 55 square miles. The City of Kalamazoo is the county seat of Kalamazoo County and the principal industrial and cultural center for the area. Kalamazoo County's 2025 population was 264,780.

Situated halfway between Detroit and Chicago, the location of the school district and the availability of highly skilled labor and other resources have made the area one of the most diversified industrial and business centers in the state. Kalamazoo is home to Western Michigan University, Kalamazoo College, and Kalamazoo Valley Community College, with the University of Michigan and Michigan State University each within an hour and a half drive. World-class museums, festivals and restaurants combine with numerous lakes and outdoor recreation opportunities for residents and visitors to enjoy.

## **The Kalamazoo Promise**

In the fall of 2005, a group of anonymous donors, interested in the economic strength and quality of life in the City of Kalamazoo, made an amazing gift: every Kalamazoo Public School graduate would be provided the opportunity to attend post-secondary education with up to a 100% tuition scholarship. All students who graduate from Kalamazoo Public Schools, reside in the district, and have been a student for four years or more in a row up to and through high school graduation would be given funding for college tuition and mandatory fees at any public university or community college in the State of Michigan. The funding amount depends on years of school district residency and number of grades attended in Kalamazoo Public Schools. It can range from 65 percent to 100 percent of tuition and mandatory fees. The Kalamazoo Promise has received national media attention with front-page stories in The New York Times and the Wall Street Journal, and headlines on CNN news and ABC World News.

In addition, announced in June 2014, the Kalamazoo Promise was expanded to include 15 private liberal arts colleges in Michigan as well as the 43 public colleges and universities already included. The Kalamazoo Promise celebrated its 10 year anniversary in 2015, with the donors issuing its first ever public statement, stating that “As donors, we are humbled and proud to commit that we will be with you for generations to come”.

Since its inception, the Kalamazoo Promise has awarded over \$230,000,000 in scholarships.

## **The Educational Program**

Kalamazoo Public Schools is a district consisting of 12,228 K-12 students, 252 pre-K students and 472 adult education students. It is the largest school district in southwest Michigan and the second largest on the west side of the state. The school district currently operates seventeen elementary schools, four middle schools, four high schools, a virtual 6-12 program, the Community Education Center (housing the Adult Education program, Kalamazoo Innovative Learning Program and the Kalamazoo Area Mathematics and Science Center), an administration building, and other ancillary facilities. The school district employs 1,402 regular staff and a number of part-time staff that work as tutors, activity helpers, and seasonal staff.

The school district offers a curriculum to provide challenge, rigor, richness, and to promote high academic achievement. The curriculum is based on performance standards aligned to the Michigan Department of Education grade-level and subject expectations, as well as best teaching practices.

The academic curriculum includes language arts, world languages, mathematics, science, social studies, music, visual arts, physical education, technology, career and technical education, and life skills. Specific programs for gifted and talented students are provided from third grade through high school. Students have access to literacy, bilingual education, multilingual education, and special education programs. Special education services are provided district wide for students from infancy up to age 26.

Two of our high schools offer a variety of Advanced Placement and honors classes in all core areas. Students who attend the school district’s high schools are able to participate in county-wide academic programs, including Education for the Arts (EFA), Career and Technical Education (CTE), the Kalamazoo Area Math and Science Center, and dual enrollment opportunities at Western Michigan University, Kalamazoo College, and Kalamazoo Valley Community College. Students can also participate in the Early Middle College program, which includes 35 programs. This program allows students to earn an associate’s degree or certificate along with their high school diploma. The middle and high schools offer a broad range of extra and co-curricular experiences, including athletic and club-based programs.

The school district is a leader in early childhood education and extended-day kindergarten is offered in all of our elementary buildings.

Other programs offered include early intervention preschool programs, an intensive summer school program, on-line learning, elementary Saturday school, and adult education.

The school district has a strong partnership with the non-profit organization Communities in Schools (CIS) of Kalamazoo, which provides services in 20 of the district's schools and free after-school programs in 15 of the district's schools in conjunction with federal grants for which the school district is a co-applicant. CIS also brings together the support of hundreds of volunteers and local organizations to meet student needs before, during, and after school. In addition, the YMCA of Greater Kalamazoo provides before and after school childcare through the Prime Time program in six of the school district's elementary buildings. These are two of more than 200 community partnerships that the school district has created over the years in support of children.

### **Mission Statement, Goals and Accomplishments**

The board has adopted the following mission statement, "Nurture the dreams of all students and empower all students to contribute to a better world," along with long term goals in the following areas: academic excellence, family and community engagement and collaboration, safe and supportive environment, fiscal responsibility, operational effectiveness and quality workforce.

KPS has a strong partnership with the Kalamazoo Public Library, which has resulted in an increase in the number of children participating in the summer reading program and has reduced barriers to reading.

In November 2019, a 1.0 mill county wide career and technical education millage was approved for twenty years, beginning with the 2020-21 school year, by a majority of voters in the county. This program provides high school students with job training and technical knowledge for careers in skilled trades after graduation and will be administered by the Kalamazoo Regional Education Services Agency (K/RESA).

In May 2023, the 1.5 mill county wide enhancement millage was renewed for six more years, beginning with the 2023-24 school year, by a majority of voters in the county. This successful millage was originally approved by the voters in 2005 and represented the first enhancement millage approved in the State of Michigan for operational purposes since Proposal A was enacted. This millage generates approximately \$5.8 million for Kalamazoo Public Schools.

In May 2021, a majority of voters in the county renewed the 1.5 county wide special education millage for six more years, beginning with the 2021-22 school year. The millage generates approximately \$5.8 million of additional revenue for Kalamazoo Public Schools and mitigates the use of general fund dollars for special education students

### **Charter Schools**

Michigan Public School Academies (charter schools) are state-supported public schools under the state constitution, operating under a charter contract issued by a public authorizing body. Kalamazoo Public Schools does not operate any charter schools. There are three charter schools located within the school district boundaries, which serve approximately 580 students.

## **Economic Outlook**

Proposal A substantially shifted funding responsibility from the local level to the state level and from property tax to state taxes as the major revenue sources. Now the school district is dependent upon the state legislature not only for the majority of its funds, but also its funding level.

The revenues of the State of Michigan continued to be stable for the 2024-25 school year. The base foundation allowance for each district's state aid was maintained at \$9,608 per student. The district spent the remaining federal ARP and CARES act monies during 2024-2025 school year.

General fund balance is approximately 20.22% of expenditures as of June 30, 2025. Historically, the school district has maintained a fund balance within the 8% to 19% range since 2006-2007.

Only with financial stability can the school district be able to continue its current programs, provide adequate increases in staff compensation, and implement new programs to improve student achievement. While the school district is financially stable at the present time, careful monitoring and budget strategies will be needed to ensure that it is able to maintain a balanced budget into the future.

## **Financial Information**

### **Internal Accounting Controls**

Management is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the school district are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. During the fiscal year, reports are available to administrators through access to the financial reporting system, and each administrator has the capability to run their own reports as needed. The reports detail the daily transactions and summarize the remaining balances to be spent from the appropriations for goods and services among the programs managed.

The report of the school district's independent certified public accountants, Maner Costerisan, appears on pages 1-3 of this report. The audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards and, accordingly, gaining an understanding of the board's system of budgetary and accounting controls.

### **Budgetary Controls**

The school district maintains budgetary controls to ensure that budgets comply with legal provisions of the State of Michigan Uniform Budgeting and Accounting Act and with the annual appropriation budget adopted by the Board of Education. The Board adopts a functional budget (legal level of budgetary control) that is prepared according to the guidelines and requirements set forth in State law and the Michigan Public School Accounting Manual.

Formal budgetary integration is employed as a management control device throughout the year for the General fund, Food Service fund, and Student Activity fund. A detailed line-item budget is provided to the appropriate administrator who is responsible for monitoring and controlling his or her respective budget allocations. The budget is amended at least once a year to address variances that occur in enrollment, revenue, and expenditures.

Management believes that the existing system of budgetary and accounting control provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. As demonstrated by the statements and schedules included in the financial section of this report, the school district continues to meet its responsibility for sound financial management.

### **Cash Management**

Board policy establishes district cash management guidelines. It is the intent of Kalamazoo Public Schools' cash management guidelines to maximize investment revenues while minimizing credit and interest rate risk. Investments are restricted to low risk and non-speculative investments. Funds not immediately needed for its operations or other obligations are invested or held in interest-bearing accounts. Interest-bearing cash management accounts were utilized for investment of available funds. The school district has not realized any losses from such balances in the past and believes that these balances are with financial institutions that do not subject the school district to any significant losses during the next fiscal year. Further details on the cash management of the school district can be found in Note 2 to the financial statements.

### **Financial Condition at June 30, 2025**

Please refer to the management's discussion and analysis section for a summary of the financial condition of the school district at June 30, 2025.

### **Capital Projects Funding**

Capital Projects funds are used to account for the financial resources to be used for the acquisition, construction, or major renovation of facilities. These funds are financed by bond issues, approved by voters in 2018 and 2022.

### **Federal Funding**

As a recipient of federal, state, and local financial assistance, the school district is responsible for ensuring that an adequate internal and administrative control structure is in place to document compliance with applicable laws and regulations related to those programs. Tests are done by the school district's auditors to determine the adequacy of the internal and administrative control structure.

### **Independent Audit**

The State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Maner Costerisan, was appointed to perform this service for the 2024-25 fiscal year. In addition, Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (the Uniform Guidance"), requires governmental recipients of federal assistance to have organization-wide financial and compliance audits on an annual basis. Both of these requirements have been met, and the auditor's report on the financial statements is included herein.

## **Other Information**

### **Enrollment**

Since the Promise began in 2005, KPS has gained nearly 2,000 K-12 students. During this period, KPS has grown from the 24th largest school district in the state to the 12th largest.

In addition to the critical and extraordinary advent of the Kalamazoo Promise, enrollment has grown due to the significant improvements in the school district as outlined throughout this letter.

Five-year projections of enrollment are done annually using data from the county and the school district. Live births and cohort survival ratios are used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for our planning purposes. Overall, K-12 enrollment has been decreasing statewide. However, for the 2024-25 school year, enrollment remained stable (with an increase of 4 students). Enrollment for the 2025-26 school year is budgeted to decrease by 149 students, primarily due to the continuing trend of decreasing statewide enrollment and lower birth rates. Enrollment monitoring in the fall of 2025 indicates that enrollment will be above budgeted levels. Other factors influencing future enrollment projections include district marketing efforts and any employment changes in the Kalamazoo area.

### **Facilities**

In May 2018, the voters approved a 1.25 debt millage rate increase to support the issuance of \$96,700,000 of School Building and Site bonds to provide for various capital projects, including the replacement of Edison Academy, additions to Phoenix High School, construction of a central kitchen for our Food Service program, and the purchase of buses.

In May 2022, the voters approved a renewal of our debt millage rate to support the issuance of \$197,135,000 of School Building and Site bonds to provide for various capital projects, including the replacement of El Sol Elementary, additions to several elementary schools, technology, turf athletic fields and the purchase of buses. The first series of these bonds was issued in July, 2023.

As a result of voters passing bond proposals in 2006, 2010, 2013 and 2018, several new schools have been built over the past 16 years; Prairie Ridge Elementary School (2008) – first LEED Gold certified K-12 building in the State of Michigan, Linden Grove Middle School (2009) – also LEED Gold certified, Washington Writers Academy (2015), a new transportation facility (2020) and Edison Academy (2023). Chime Elementary was demolished in 2024 to make way for the district's central kitchen for its food service program (expected opening in December 2025).

With the 2022 bond authorization, several buildings have been or are in process of either being renovated extensively or additions made (Lincoln, Winchell, Woodward, Maple Street and South Westnedge School). Technology systems have been improved at all sites. Planning is underway for the replacement of El Sol Elementary. Other significant remodeling continues at several of the district's buildings, including the district's two comprehensive high schools (Kalamazoo Central and Loy Norrix).

In addition to having auditoriums at the district's two high schools, the district is also home to Cheney Auditorium, originally dedicated in 1924. Cheney hosts a variety of programs, including the Gilmore Piano Festival and the Kalamazoo Symphony Orchestra.

A listing of our facilities and their respective ages is as follows (with related renovation dates):

<b>Facility Name</b>	<b>Year of Construction</b>	<b>Age of Facility (Years)</b>	<b>Last Remodeling (Year)</b>
<i>Elementary:</i>			
Arcadia	1964	61	2020
Edison Academy	2023	2	-
El Sol	1924	101	2019
Greenwood	1954	71	2020
Indian Prairie	1959	66	2015
King Westwood	1952	73	2020
Lincoln	1922	103	2025
Milwood	1949/2016	76	2022
Northeastern	1953	72	2020
Northglade	1959	66	2022
Parkwood-Upjohn	1922	103	2022
Prairie Ridge	2008	17	2019
Spring Valley	1956	69	2019
Washington	2015	10	-
Winchell	1959	66	2025
Woods Lake	1952	73	2024
Woodward	1921	104	2025
<i>Middle School:</i>			
Hillside	1958	67	2023
Linden Grove	2009	16	-
Milwood	1959	66	2023
Maple Street	1951	74	2025
<i>High School:</i>			
Kalamazoo Central	1972	53	2025
Loy Norrix	1960	65	2025
Phoenix Alternative	1965	60	2020
Oakwood*	1963	62	2020
Community Education Center	1913	112	2019
Administration Building	1960	65	2021
South Westnedge**	1954	71	2025
Stockroom Building	1997	28	2003
Transportation Building	2020	5	-
Lakewood Building ***	1939	86	2005
Lake Street Barns	1985	40	-
West Main Prof. Dev. Ctr.	1926	99	2025

\* The building is used as the district's social-emotional learning center and a portion is leased to the Youth Advancement Academy.

\*\* Building purchased in 2012 from a parochial school and is used as a swing school for buildings under construction.

\*\*\* Leased to Kalamazoo Regional Education Services Agency for the Valley Center Program.

## **Certificate of Excellence**

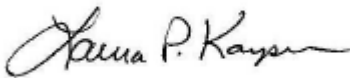
This report has been prepared following the guidelines recommended by the Association of School Business Officials (ASBO). The ASBO awarded a Certificate of Excellence in Financial Reporting to Kalamazoo Public Schools for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This is the eleventh year that the school district has achieved this prestigious award. In order to be awarded a Certificate of Excellence, the school district must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Excellence is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

## **Acknowledgments**

The preparation of this report on a timely basis could not have been accomplished without the effort and dedicated services of the entire staff of the Finance Office. We would like to express our appreciation to other department staff who assisted in the preparation of this report.

Sincerely,

A handwritten signature in cursive script that reads "Laura P. Kayser".

Laura P. Kayser, CPA  
Chief Financial Officer

**Kalamazoo Public Schools  
Elected Officials and Administrative Staff  
As of the Report Issuance Date (10/24/2025)**

**2024-2025 Board of Education**

President	Ms. TiAnna Harrison
Vice President	Ms. Carolyn McGlenn
Treasurer	Ms. Karla Murphy
Secretary	Ms. Jennie Hill
Trustee	Ms. Patti Sholler-Barber
Trustee	Ms. Takisha Johnson
Trustee	Ms. Juanita Yvonne Payton

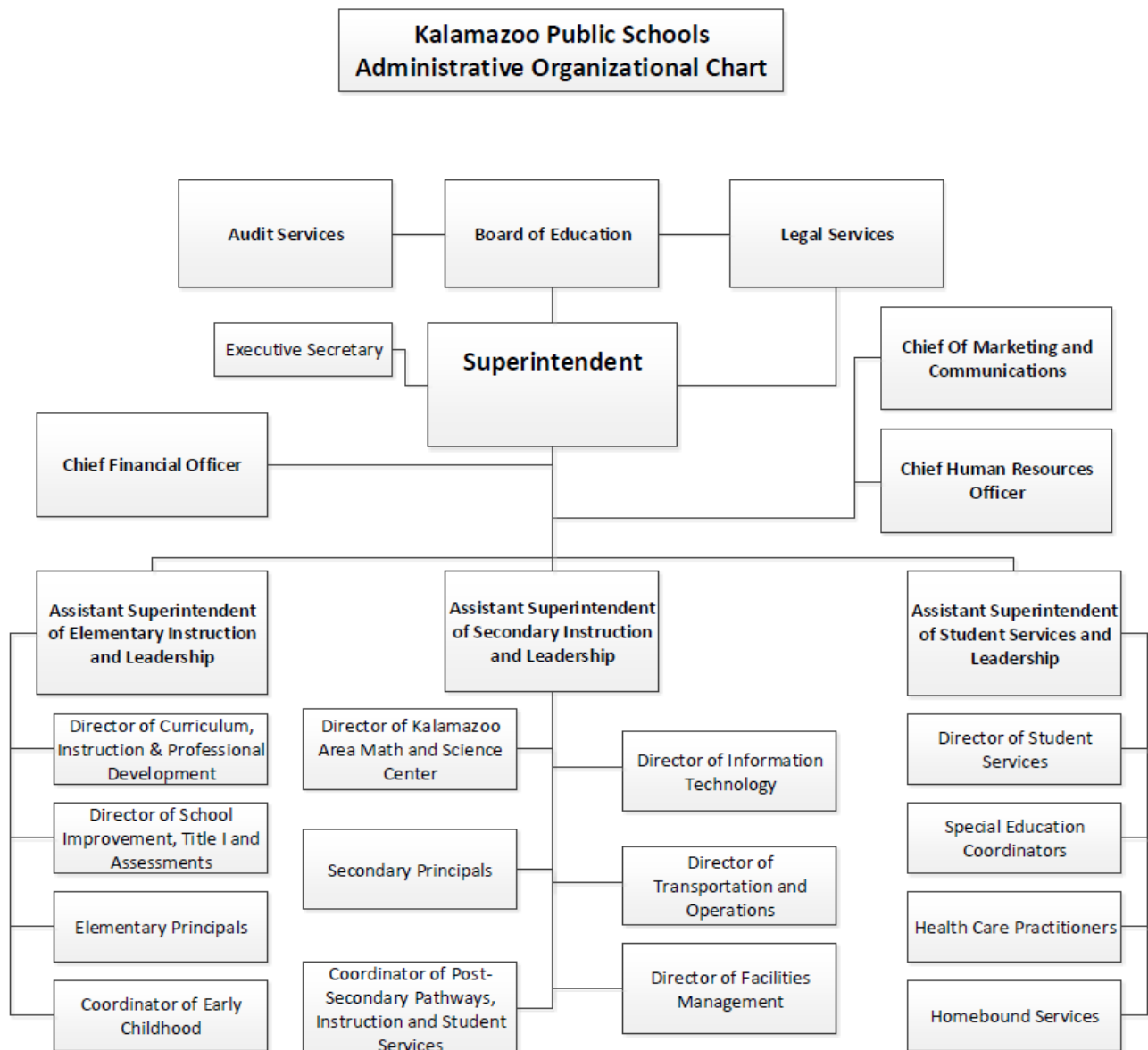
**2024-2025 Administrative Staff**

Superintendent	Dr. Darrin Slade
Assistant Superintendent of Elementary Instruction and Leadership	Dr. Micole Dyson
Assistant Superintendent of Secondary Instruction and Leadership	Mr. Craig McCane
Assistant Superintendent of Student Services and Leadership	Ms. Reuquiyah Saunders
Chief Financial Officer	Ms. Laura Kayser
Chief of Marketing and Communications	Ms. Susan Coney

# Kalamazoo Public Schools

*Kalamazoo Public Schools*

## Administrative Organizational Chart





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

## **Kalamazoo Public Schools**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2024.**

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

**Ryan S. Stechschulte**  
President

A handwritten signature in black ink, reading 'James M. Rowan'.

**James M. Rowan, CAE, SFO**  
CEO/Executive Director



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Kalamazoo Public Schools

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kalamazoo Public Schools (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Kalamazoo Public 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, each major fund, and the aggregate remaining fund information of Kalamazoo Public Schools, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 Kalamazoo Public 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 11 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 Kalamazoo Public 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 Kalamazoo Public 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 Kalamazoo Public 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 Kalamazoo Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and are 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025, on our consideration of Kalamazoo Public 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 Kalamazoo Public 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 Kalamazoo Public Schools' internal control over financial reporting and compliance.

*Manes Costeiran PC*

October 28, 2025

## **KALAMAZOO PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Kalamazoo Public Schools (the District), we offer this narrative overview and analysis of the financial activities of Kalamazoo Public Schools for the year ended June 30, 2025. Generally accepted accounting principles (GAAP) require the reporting of two types of financial statements: the Government-Wide Financial Statements and the Fund Financial Statements.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Kalamazoo Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds – the General Fund, Debt Service Fund, 2018 Capital Projects Series B Fund, and 2022 Capital Projects Series A Fund – with all other funds presented in one column as nonmajor funds.

### **Government-Wide Financial Statements**

The Government-Wide Financial Statements are prepared using full accrual accounting and more closely represent those presented by business and industry. All of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation/amortization, as well as the bonded debt and other long-term liabilities of the District.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position can serve as a barometer of financial health and whether the District's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the year. This statement focuses on both the gross and net cost of the various activities which are supported by the District's property taxes, state aid and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various services.

### **Fund Financial Statements**

The governmental fund financial 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 that 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 instruction and instructional support activities are reported in the General Fund. Additional activities are reported in Special Revenue Funds, Debt Service Fund, 2018 Capital Projects Series B Fund, and 2022 Capital Projects Series A Fund.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no assets 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 obligations are not recorded in the fund financial statements.

**KALAMAZOO PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Government-wide Financial Analysis**

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

	<u>2025</u>	<u>2024*</u>
	(in millions)	
<b>ASSETS</b>		
Current assets	\$ 150.6	\$ 169.8
Net other postemployment benefit asset	37.9	4.8
Capital assets, net book value	<u>236.8</u>	<u>234.2</u>
<b>TOTAL ASSETS</b>	<u>425.3</u>	<u>404.0</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>75.1</u>	<u>91.0</u>
<b>LIABILITIES</b>		
Current liabilities	47.6	52.3
Long-term liabilities	223.5	232.5
Net pension liability	<u>210.0</u>	<u>275.7</u>
<b>TOTAL LIABILITIES</b>	<u>481.1</u>	<u>560.5</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>123.7</u>	<u>89.4</u>
<b>NET POSITION</b>		
Net investment in capital assets	73.1	66.3
Restricted for debt service	9.7	8.6
Restricted for net other postemployment benefits	37.9	4.8
Unrestricted	<u>(225.2)</u>	<u>(229.8)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (104.5)</u>	<u>\$ (150.1)</u>

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

***Capital Assets***

By the end of the 2024-2025 fiscal year, the District had invested \$515.1 million in a broad range of capital assets, including school buildings and facilities, site improvements, school buses and other vehicles, and various types of equipment and right to use assets. Depreciation/amortization expense for the year amounted to approximately \$19.8 million, bringing accumulated depreciation/amortization to approximately \$278.2 million as of June 30, 2025.

**KALAMAZOO PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following schedule summarizes capital assets at June 30, 2025 and 2024:

	2025	2024
	(in millions)	
Land	\$ 7.3	\$ 7.3
Construction in progress	18.3	23.8
Buildings and improvements	378.1	355.2
Furniture and equipment	92.9	89.5
Buses and other vehicles	16.0	17.4
Right to use - equipment	0.1	0.1
Right to use - subscription-based IT	2.4	2.4
<b>Total</b>	<b>515.1</b>	<b>495.7</b>
Less accumulated depreciation/amortization	<u>(278.2)</u>	<u>(261.5)</u>
<b>Net capital assets</b>	<b><u>\$ 236.8</u></b>	<b><u>\$ 234.2</u></b>

This year's additions of \$45.3 million (inclusive of \$22.6 million of construction in progress placed into service) included various projects, such as technology, equipment, and building improvements at multiple buildings. Bond proceeds from the 2022 and 2018 bond issues, as well as general fund monies, were used for these additions. Many major capital projects are planned for the 2025-2026 fiscal year that will continue to be funded with the proceeds of both bonds. We present more detailed information about our capital assets in Note 5 to the financial statements, Capital Assets.

***Long-term Obligations***

At June 30, 2025, the District had approximately \$222.0 million in long-term obligations outstanding, which included approximately \$197.9 million in outstanding bond issues. This represents a decrease of approximately \$20.8 million in bonds payable at the close of the fiscal year due to retirement of principal on existing bonds. At the end of this year, the School District had \$197.9 million in bonds outstanding versus \$218.7 million in the previous year.

The School District's general obligation bond rating is AA-(S&P). The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt, including unamortized premiums, of \$208.0 million is significantly below this \$686.0 million statutorily imposed limit.

Other obligations include debt premium, self-insurance for workers' compensation, and compensated absences. We present more detailed information about our long term liabilities in Note 6 to the financial statements, Long Term Obligations.

**KALAMAZOO PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Results of Operations***

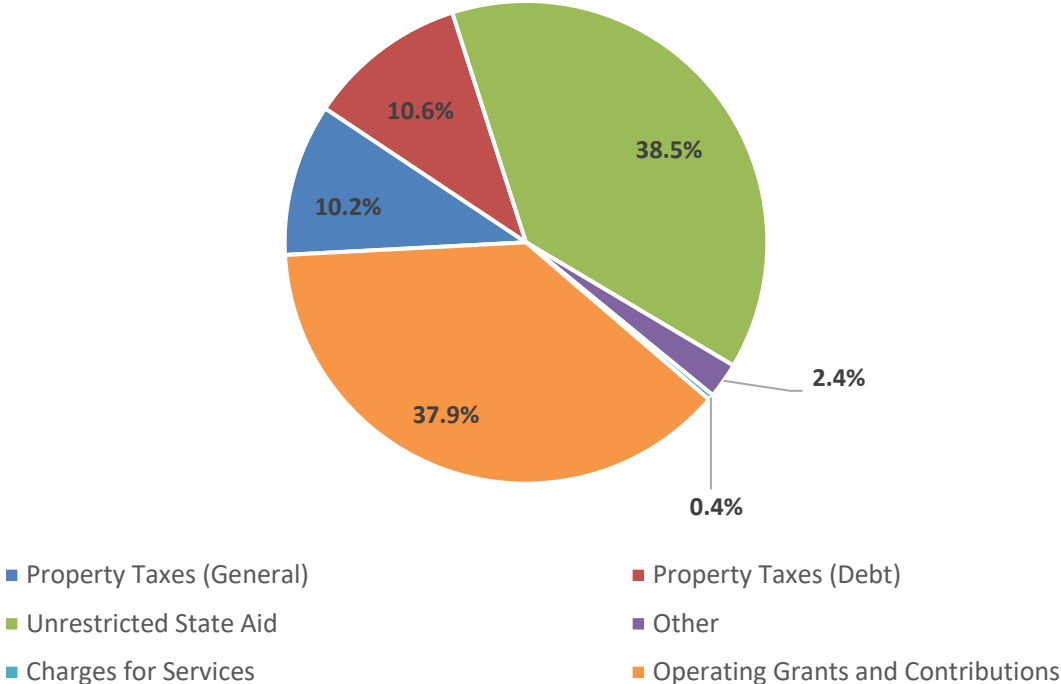
For the fiscal years ended June 30, 2025 and 2024 the results of operations on a government-wide basis were:

	2025	2024*
	(in millions)	
<b>GENERAL REVENUES</b>		
Property taxes levied for general purposes	\$ 26.8	\$ 25.7
Property taxes levied for debt service	28.1	26.2
State of Michigan aid, unrestricted	101.1	100.3
Federal grants, unrestricted	0.1	-
Investment earnings	4.6	5.2
Penalties, interest, and other taxes	0.1	0.2
Miscellaneous	1.5	1.0
	<u>162.3</u>	<u>158.6</u>
<b>PROGRAM REVENUES</b>		
Charges for services	1.1	1.0
Operating grants and contributions	99.3	111.4
	<u>100.4</u>	<u>112.4</u>
<b>TOTAL REVENUES</b>	<u>262.7</u>	<u>271.0</u>
<b>EXPENSES</b>		
Instruction	84.9	113.1
Support services	96.0	89.1
Community services	2.0	1.8
Food service	9.2	10.9
Athletics	1.8	1.8
Student/school activities	1.0	0.9
Unallocated depreciation	2.5	2.5
Interest on long-term debt	8.0	8.1
	<u>205.4</u>	<u>228.2</u>
<b>CHANGE IN NET POSITION</b>	<u>57.3</u>	<u>42.8</u>
<b>NET POSITION, beginning of year</b>	<u>(161.8)</u>	<u>(192.9)</u>
<b>NET POSITION, end of year</b>	<u>\$ (104.5)</u>	<u>\$ (150.1)</u>

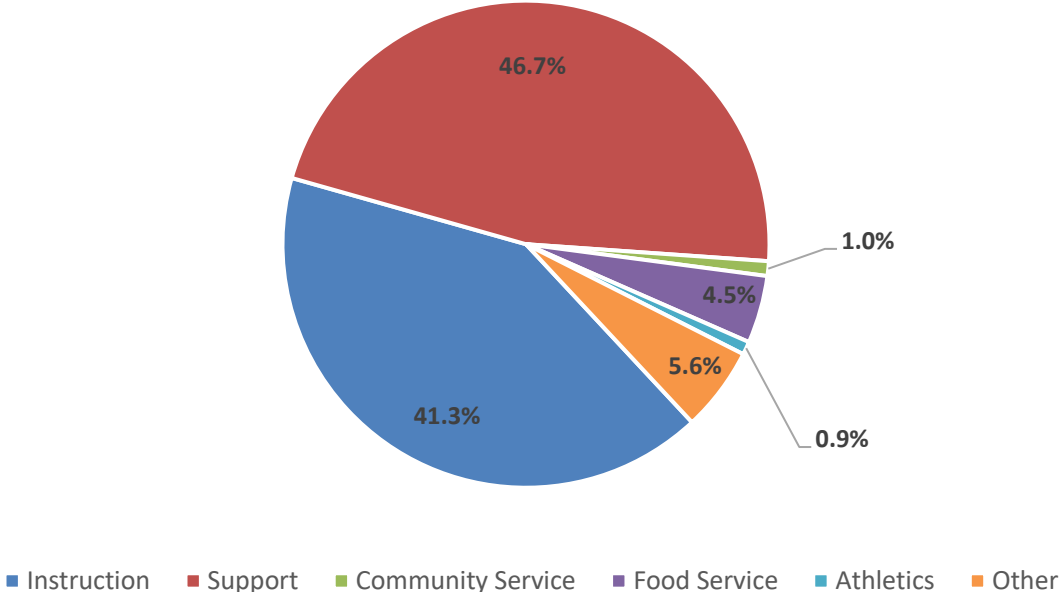
\* The 2024 numbers have not been updated for the adoption of GASB 101

**KALAMAZOO PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Government-wide Revenues**



**Government-wide Expenses**



**KALAMAZOO PUBLIC SCHOOLS  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**Analysis of Significant Revenues and Expenditures**

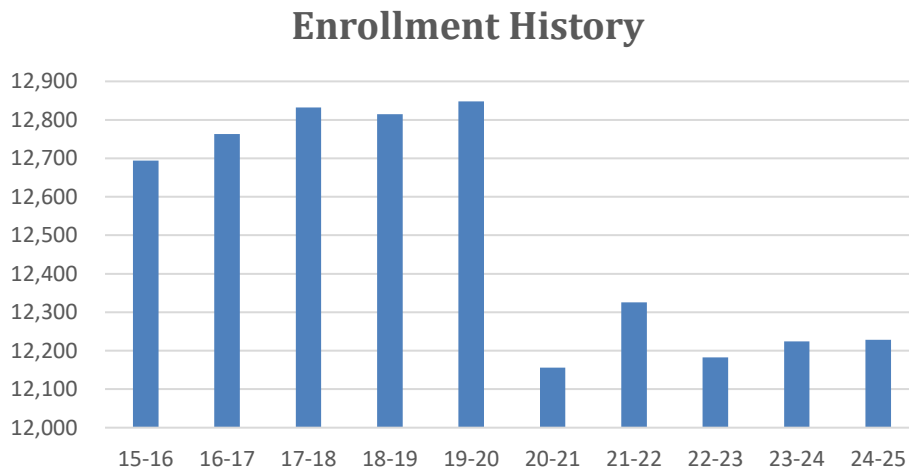
Significant revenues and expenditures are discussed in the segments below.

***State Sources***

The District is funded primarily by state aid, which remained the same as the prior fiscal year for a final per-pupil allocation of \$9,608 for 2024-2025. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year’s fall count and 10% of the prior fiscal year’s spring count. Blended state aid membership was 12,218 and 12,219 in 2024-2025 and 2023-2024, respectively.

***Student Enrollment***

The District’s enrollment for the 2024-2025 fall count was 12,228 students. This is an increase of 4 students over the prior year. Kalamazoo Public Schools is centrally located in Kalamazoo County. This area has previously experienced growth, however projections indicate a slight decrease in enrollment due to overall lower future state enrollment. Enrollment over the last ten years is illustrated as follows:



***Property Taxes***

The District can levy up to 18.0 mills of property taxes for operations on non-pre properties; however, due to the mandatory reductions required by the Headlee Amendment the District levied 17.6757 mills. According to Michigan law, the tax 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 Price Index increase or 5%, whichever is less. At the time a property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is 50% of the property’s market value.

For the 2024-2025 fiscal year, the District’s non-pre current year property tax collections were approximately \$26.8 million. This is an increase of 4.1% from the prior year primarily due to an increase in property values.

The District levied 8.2 mills of property taxes on all classes of property located within the District for bonded debt service. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total current tax year amount collected for debt service in 2024-2025 was approximately \$28.1 million. This is an increase of 7.2% from the prior year primarily due to an increase in property values.

**KALAMAZOO PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

***General Fund Budgetary Highlights***

Each year, the board approves a close estimate budget that contains amendments to recognize new information that was not available at the time the preliminary budget was adopted. Key factors, such as enrollment, employee compensation increases, the number of salaried positions, and projected grant expenditures, are often based on estimates in the preliminary budget. The close estimate budget incorporates updated costs and projections based on the most current information.

The 2024-2025 close estimate budget was adopted in June 2025. The following schedule shows a comparison of the original budget, the final amended budget and actual totals from operations.

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Percent Variance
Total Revenues and Other					
Financing Sources	<u>\$206,525,568</u>	<u>\$216,660,029</u>	<u>\$213,366,433</u>	<u>\$ (3,293,596)</u>	<u>(1.5%)</u>
Expenditures					
Instruction	\$109,840,774	\$114,913,709	\$112,427,707	\$ 2,486,002	2.2%
Support services	91,342,933	94,876,962	92,558,412	2,318,550	2.4%
Community services	1,532,813	1,555,295	1,475,050	80,245	5.2%
Debt service/Capital outlay	<u>3,779,479</u>	<u>3,612,817</u>	<u>4,706,480</u>	<u>(1,093,663)</u>	<u>(30.3%)</u>
Total Expenditures	<u>\$206,495,999</u>	<u>\$214,958,783</u>	<u>\$211,167,649</u>	<u>\$ 3,791,134</u>	<u>1.8%</u>

The actual revenues and other financing sources for the fund were \$213.4 million. This is more than the original budget estimate of \$206.5 million and less than the final amended budget amount of \$216.7 million. Significant revenue changes between the preliminary and close estimate budgets for 2024-2025 include higher investment income and indirect cost revenue. State revenues included higher state revenue for the reimbursement of captured tax revenues, as well as increases in categorical revenues for at risk students, literacy and curriculum support, mental health and safety, professional development, multilingual and special education, and retirement pension and healthcare contributions. Federal revenue budgets were increased to reflect final spending of American Rescue Plan grant monies that expired September 30, 2024. The increase in interdistrict revenues reflect updated projected special education and enhancement revenues received from the Kalamazoo RESA for the 2024-2025 school year. The unfavorable revenue budget variance of \$3,273,596 in total revenue is primarily due to less spending than anticipated in state and federal grants (see corresponding favorable expenditure variance noted below), offset by higher local investment income and local grant revenue.

The actual expenditures were \$211.2 million. This is more than the original budget estimate of \$206.5 million and less than the final amended budget amount of \$215.0 million. The overall increase in budgeted expenditures from preliminary to the close estimate budget was the result of adjustments for estimated salaries and benefit costs, staffing, and maintaining of facilities. The favorable budget variance of \$3,791,134 in total expenditures is primarily due to a favorable variances realized in basic and added needs instructional costs, pupil support services, transportation and other central service functions, primarily due to less spending than projected of several state grants (At Risk, Great Start Readiness Program, and Sec 31aa Mental Health and Safety), and federal grants (Title I and 21st Century grants). These positive variances are offset by higher instructional staff support, operations and maintenance and capital outlay expenditures.

## **KALAMAZOO PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS**

### ***The School District's Funds***

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$104.0 million, which is a decrease of \$14.4 million from last year. The primary reasons for the decrease are as follows:

- In the General Fund, our principal operating fund, the fund balance increased by \$2,198,784 to \$42,699,823, approximating the budgeted amount.
- The Special Revenue - Food Service fund balance increased from the prior year by \$437,349, versus a budgeted increase of \$113,128. The favorable variance was the result of higher state and federal revenue reimbursement than expected.
- The Special Revenue - Student/School Activities fund balance increased by \$89,279, versus a budgeted increase of \$200,000, primarily due to higher expenditures than expected.
- The Debt Service Fund fund balance increased by \$942,194 to a fund balance of \$10,948,884. Millage rates are adjusted annually, if needed, to ensure that the School District accumulates sufficient resources to pay annual bond issue related debt service. Debt Service Fund fund balances are reserved since they can only be used to pay debt service obligations.
- The fund balance of our capital projects funds decreased by \$18,054,992. This decrease is due to the spending of both the 2018 Series B and 2022 Series A bond proceeds on intended projects, ending the year with fund balances of \$7,474,212 and \$37,080,759, respectively. Proceeds from bond funds are used for constructing buildings; acquiring and installing technology; construction; furnishing and equipping additions to existing school buildings; partially remodeling, furnishing, refurbishing, equipping, and reequipping existing school district buildings; and improving and developing sites, including playgrounds, athletic fields, facilities, and structures in the School District.

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

Our elected officials and administration consider many factors when setting the School District's 2024-2025 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The foundation allowance for the 2024-2025 school year remains at \$9,608 per student FTE (however additional revenue to reduce retirement costs was approved instead). The blended count is calculated based on 90 percent of the fall count and 10 percent of the supplemental count. Overall, enrollment has grown over the past 19 years since the introduction of the Kalamazoo Promise. Enrollment for the 2024-2025 school year increased by 4 students. The 2025-2026 preliminary budget was adopted in June 2025, based on an estimate of students that will be enrolled in September 2025 (the School District projects a decrease in enrollment of 149 students). Based on early enrollment data at the start of the 2025-2026 school year, we anticipate the fall count will be higher than budget. Any changes in the final student count will be considered when we amend the budget through adoption of the 2025-2026 close estimate budget.

**KALAMAZOO PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

On average, approximately 55 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations, except on a county wide basis. As a result, school district funding is heavily dependent on the State's ability to fund local school operations. Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, parents, 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, we welcome you to contact the finance office.

## **BASIC FINANCIAL STATEMENTS**

**KALAMAZOO PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 63,348,893
Receivables	
Taxes	65,222
Accounts receivable	750,810
Intergovernmental	29,344,586
Inventories	230,709
Prepays	2,040,775
Restricted cash and investments	54,749,369
Net other postemployment benefits asset	37,920,666
Capital assets, not being depreciated/amortized	25,604,510
Capital assets, net of accumulated depreciation/amortization	211,236,789
<b>TOTAL ASSETS</b>	425,292,329
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	96,646
Related to other postemployment benefits	10,084,447
Related to pension	64,906,391
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	75,087,484
<b>LIABILITIES</b>	
Accounts payable	9,149,924
Accrued interest	1,234,357
Accrued payroll	13,373,280
Accrued retirement	8,214,019
Unearned revenue	15,643,958
Noncurrent liabilities	
Due within one year	22,665,437
Due in more than one year	199,333,564
Arbitrage liability	1,460,713
Net pension liability	210,030,936
<b>TOTAL LIABILITIES</b>	481,106,188
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred benefit on refunding	387,088
Related to other postemployment benefits	50,440,540
Related to pension	60,987,047
Related to state aid funding for pension	11,932,171
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	123,746,846
<b>NET POSITION</b>	
Net investment in capital assets	73,073,477
Restricted for debt service	9,714,527
Restricted for net other postemployment benefits	37,920,666
Unrestricted	(225,181,891)
<b>TOTAL NET POSITION</b>	\$ (104,473,221)

The notes to the basic financial statements are an integral part of this statement.

**KALAMAZOO PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Governmental activities</b>				
Instruction	\$ 84,886,607	\$ 106,215	\$ 51,561,781	\$ (33,218,611)
Support services	96,002,944	-	33,905,116	(62,097,828)
Community services	2,009,097	654,150	1,040,849	(314,098)
Food service	9,234,944	150,246	11,424,115	2,339,417
Athletics	1,792,441	266,384	-	(1,526,057)
Student/school activities	1,031,606	-	1,018,861	(12,745)
Interest on long-term debt	7,937,901	-	364,230	(7,573,671)
Unallocated depreciation/ amortization	2,531,468	-	-	(2,531,468)
<b>Total governmental activities</b>	<b>\$ 205,427,008</b>	<b>\$1,176,995</b>	<b>\$ 99,314,952</b>	<b>(104,935,061)</b>
<b>General revenues</b>				
Property taxes levied for general purposes				26,819,628
Property taxes levied for debt service				28,057,011
State aid, unrestricted				101,062,919
Federal grants and contributions, unrestricted				65,957
Investment earnings				4,585,098
Penalties, interest, and other taxes				166,692
Miscellaneous				1,517,409
<b>Total general revenues</b>				<b>162,274,714</b>
<b>CHANGE IN NET POSITION</b>				<b>57,339,653</b>
<b>NET POSITION, beginning of year as previously reported</b>				<b>(150,083,478)</b>
<b>Adjustment to beginning net position</b>				<b>(11,729,396)</b>
<b>Net Position, beginning of year</b>				<b>(161,812,874)</b>
<b>Net Position, end of year</b>				<b>\$ (104,473,221)</b>

The notes to the basic financial statements are an integral part of this statement.

**KALAMAZOO PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	General Fund	Debt Service Fund	2018 Capital Projects Series B Fund	2022 Capital Projects Series A Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 48,394,262	\$ 6,206,925	\$ -	\$ -	\$ 8,747,706	\$ 63,348,893
Receivables						
Taxes	65,222	-	-	-	-	65,222
Accounts receivable	750,810	-	-	-	-	750,810
Intergovernmental	29,004,870	-	-	-	339,716	29,344,586
Due from other funds	2,234,051	-	-	990,497	-	3,224,548
Inventories	135,235	-	-	-	95,474	230,709
Prepays	2,040,775	-	-	-	-	2,040,775
Restricted cash and investments	-	4,759,056	8,928,692	41,061,621	-	54,749,369
<b>TOTAL ASSETS</b>	<b>\$ 82,625,225</b>	<b>\$ 10,965,981</b>	<b>\$ 8,928,692</b>	<b>\$ 42,052,118</b>	<b>\$ 9,182,896</b>	<b>\$ 153,754,912</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 2,709,882	\$ 1,255	\$ 1,271,384	\$ 4,971,359	\$ 196,044	\$ 9,149,924
Accrued payroll	13,294,025	-	-	-	79,255	13,373,280
Accrued retirement	8,183,639	-	-	-	30,380	8,214,019
Due to other funds	-	15,842	183,096	-	3,025,610	3,224,548
Unearned revenue	15,598,853	-	-	-	45,105	15,643,958
<b>TOTAL LIABILITIES</b>	<b>39,786,399</b>	<b>17,097</b>	<b>1,454,480</b>	<b>4,971,359</b>	<b>3,376,394</b>	<b>49,605,729</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	139,003	-	-	-	-	139,003
<b>FUND BALANCES</b>						
Nonspendable - inventories	135,235	-	-	-	95,474	230,709
Nonspendable - prepaids	2,040,775	-	-	-	-	2,040,775
Restricted for capital projects	-	-	7,474,212	37,080,759	-	44,554,971
Restricted for debt service	-	10,948,884	-	-	-	10,948,884
Restricted for food service	-	-	-	-	3,601,052	3,601,052
Committed for student/ school activities	-	-	-	-	2,109,976	2,109,976
Unassigned	40,523,813	-	-	-	-	40,523,813
<b>TOTAL FUND BALANCES</b>	<b>42,699,823</b>	<b>10,948,884</b>	<b>7,474,212</b>	<b>37,080,759</b>	<b>5,806,502</b>	<b>104,010,180</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 82,625,225</b>	<b>\$ 10,965,981</b>	<b>\$ 8,928,692</b>	<b>\$ 42,052,118</b>	<b>\$ 9,182,896</b>	<b>\$ 153,754,912</b>

The notes to the basic financial statements are an integral part of this statement.

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

**Total governmental fund balances** \$ 104,010,180

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

Deferred outflows of resources - deferred charge on refunding	96,646
Deferred outflows of resources - related to other postemployment benefits	10,084,447
Deferred outflows of resources - related to pension	64,906,391
Deferred inflows of resources - deferred benefits on refunding	(387,088)
Deferred inflows of resources - related to other postemployment benefits	(50,440,540)
Deferred inflows of resources - related to pension	(60,987,047)
Deferred inflows of resources - related to state funding for pension	(11,932,171)

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	37,920,666
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

The cost of the capital assets is	\$ 515,075,589	
Accumulated depreciation/amortization is	<u>(278,234,290)</u>	236,841,299

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Unavailable revenue	139,003
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Long-term liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. Balances are as follows:

General obligation bonds	(197,940,000)
Deferred issuance premium	(10,092,351)
Accrued interest on bonds	(1,234,357)
Compensated absences	(13,642,916)
Workers' compensation claims	(323,734)
Arbitrage liability	(1,460,713)
Net pension liability	<u>(210,030,936)</u>

**Net position of governmental activities** \$ (104,473,221)

The notes to the basic financial statements are an integral part of this statement.

**KALAMAZOO PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	General Fund	Debt Service Fund	2018 Capital Projects Series B Fund	2022 Capital Projects Series A Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Local sources	\$ 34,432,480	\$ 28,668,697	\$ 276,813	\$ 3,298,192	\$ 1,317,827	\$ 67,994,009
State sources	143,856,260	781,733	-	-	1,049,357	145,687,350
Federal sources	16,154,015	364,230	-	-	10,324,758	26,843,003
Intermediate sources	18,398,678	-	-	-	50,000	18,448,678
<b>TOTAL REVENUES</b>	<b>212,841,433</b>	<b>29,814,660</b>	<b>276,813</b>	<b>3,298,192</b>	<b>12,741,942</b>	<b>258,973,040</b>
<b>EXPENDITURES</b>						
Current:						
Instruction	112,427,707	-	-	-	-	112,427,707
Support services	90,602,109	-	-	-	-	90,602,109
Community services	1,475,050	-	-	-	-	1,475,050
Food services	-	-	-	-	10,658,708	10,658,708
Athletics	1,956,303	-	-	-	-	1,956,303
Student/school activities	-	-	-	-	1,031,606	1,031,606
Debt service:						
Principal	100,388	20,780,001	-	-	-	20,880,389
Interest	3,844	8,100,965	-	-	-	8,104,809
Other	-	9,500	-	-	-	9,500
Capital outlay	4,602,248	-	4,849,198	16,780,799	-	26,232,245
<b>TOTAL EXPENDITURES</b>	<b>211,167,649</b>	<b>28,890,466</b>	<b>4,849,198</b>	<b>16,780,799</b>	<b>11,690,314</b>	<b>273,378,426</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,673,784</b>	<b>924,194</b>	<b>(4,572,385)</b>	<b>(13,482,607)</b>	<b>1,051,628</b>	<b>(14,405,386)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	525,000	-	-	-	-	525,000
Transfers out	-	-	-	-	(525,000)	(525,000)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>525,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(525,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,198,784</b>	<b>924,194</b>	<b>(4,572,385)</b>	<b>(13,482,607)</b>	<b>526,628</b>	<b>(14,405,386)</b>
<b>FUND BALANCES</b>						
Beginning of year	40,501,039	10,024,690	12,046,597	50,563,366	5,279,874	118,415,566
End of year	<u>\$ 42,699,823</u>	<u>\$ 10,948,884</u>	<u>\$ 7,474,212</u>	<u>\$ 37,080,759</u>	<u>\$ 5,806,502</u>	<u>\$104,010,180</u>

The notes to the basic financial statements are an integral part of this statement.

**KALAMAZOO PUBLIC 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 total governmental funds** \$ (14,405,386)

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

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:

Capital outlay	22,790,267
Depreciation/amortization expense	(19,782,250)
Loss on disposal of asset	(331,510)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of the year	1,401,265
Accrued interest payable, end of the year	(1,234,357)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses the current financial resources of governmental funds. Neither transaction, however, has an 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 principal	20,880,389
Amortization of bond premium	1,307,827
Amortization of deferred charge on refunding	(96,645)
Amortization of deferred benefit on refunding	56,300
Arbitrage liability	(656,710)

Revenues is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred inflows of resources - unavailable revenue, beginning of the year	(466,705)
Deferred inflows of resources - unavailable revenue, end of the year	139,003

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

Compensated absences	(833,082)
Workers' compensation claims	28,286
Other postemployment benefits related items	16,542,210
Pension related items	27,284,854

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

Pension related items, beginning of year	16,648,068
Pension related items, end of year	(11,932,171)

**Change in net position of governmental activities** \$ 57,339,653

The notes to the basic financial statements are an integral part of this statement.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

Reporting Entity

The Kalamazoo Public Schools “District”) is governed by the Kalamazoo Public 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 sources and must comply with all of 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.

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 nonfiduciary activities of the District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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 the 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. 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 Funds*:

*General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. It is considered a major fund.

The *2018 Capital Projects Series B Fund* and *2022 Capital Projects Series A Fund* include capital project activities funded with bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The funds are not yet considered substantially complete, and subsequent year audits are expected.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation - Fund Financial Statements (concluded)

*Major Governmental Funds (concluded):*

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2018 Capital Projects Series B Fund and 2022 Capital Projects Series A Fund activity:

	2018 Capital Projects Series B Fund	2022 Capital Projects Series A Fund
Revenues and other financing sources	\$ 48,121,734	\$ 60,806,853
Expenditures and other financing uses	\$ 40,647,522	\$ 23,726,094

The above revenues and other financing sources figures include the bond proceeds and premium of \$46,644,393 and \$55,223,196 for the 2018 Capital Projects Series B Fund and the 2022 Capital Projects Series A Fund, respectively.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following *Other Nonmajor Funds*:

The *Special Revenue Funds* accounts 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 and student/school activities in the special revenue funds.

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. 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.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus and Basis of Accounting (concluded)

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 generally 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 leases 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 pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (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 30 is reported as due from other governmental units.

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 measurable and available only when cash is received by the District.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. 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:

- a. 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.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. 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, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. 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.
- e. The budget was amended once during the year. The final budget was approved prior to the June 30, 2025 year-end with more than originally expected revenues and appropriations due to previous uncertainty in state and federal funding when the original budget was adopted. Although the district does consider these amendments to be significant, they were deemed necessary to recognize new information that was not available during the adoption of the preliminary budget. The amended budget incorporates updated costs and projections based on the most current information available.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

*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.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*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 highest classifications established by not less than two 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.

*Inventories and Prepaid Items*

Inventories are stated at cost. Inventories consist primarily of food, cafeteria supplies, maintenance supplies and are valued using FIFO. Inventories are reported as assets when purchased and charged to operations when used.

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.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Capital Assets*

Capital assets, which include land, construction in progress, building and additions, land improvements, computer and office equipment, outdoor equipment, and transportation equipment 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 \$5,000 and an estimated useful life in excess of one 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.

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:

Capital Asset Classes	Lives (in years)
Buildings and improvements	20 - 50
Furniture and equipment	5 - 10
Buses and other vehicles	5 - 10
Right to use - equipment	2 - 5
Right to use - subscription-based IT	2 - 5

*Defined Benefit Plans*

For purposes of measuring the net pension liability and net 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

*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 three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefit related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*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 five items that qualify for reporting in this category. The first is a deferred benefit on refunding which results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit 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 and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fifth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year-end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

*Net Investment in Capital Assets*

The computation of net investment in capital assets as of June 30, 2025, was as follows:

	Governmental Activities
Capital assets	
Capital assets not being depreciated/amortized	\$ 25,604,510
Capital assets, net of accumulated depreciation/amortization	211,236,789
Total capital assets	236,841,299
Related debt	
General obligation bonds	(208,032,351)
Unspent bond proceeds - 2018 Capital Projects Series B Fund	7,474,212
Unspent bond proceeds - 2022 Capital Projects Series A Fund	37,080,759
Deferred charge on refunding, net of amortization	96,646
Deferred benefit on refunding, net of amortization	(387,088)
Total related debt	(163,767,822)
Net investment in capital assets	\$ 73,073,477

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*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.

*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.

*Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of 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 balance 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.

*Leases and Subscription-based IT Arrangements (SBITA)*

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

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (concluded)

*Leases and Subscription-based IT Arrangements (SBITA) (concluded)*

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 leases included 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 noncancelable 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 remeasurement of its lease/SBITA and will remeasure 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

*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 of 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.

*Property Taxes*

School District property taxes are assessed as of December 31, and the related property taxes become a lien and are billed on December 1 of the following year. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the County tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of assessed valuation. The general fund levied 17.6757 mills and 5.6757 mills for applicable property. The debt service fund levied 8.2 mills.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

Revenues and Expenditures/Expenses (concluded)

*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.

*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 in 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.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2025 the District had deposits and investments 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, \$22,633,633 of the District's bank balance of \$22,883,633 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 \$18,582,358.

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.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury Notes	\$ 23,918,338	1.2250
Federal Agency Bond Notes	4,278,362	1.9810
Money Market	595,861	N/A
MILAF External Investment Pool - CMC	29,765,636	N/A
MILAF External Investment Pool - Max	<u>40,957,707</u>	N/A
 Total fair value	 <u>\$ 99,515,904</u>	
 Portfolio Weighted Average Maturity		 <u>1.3397</u>

One day maturity equals 0.0027, one year equals 1.00.

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
U.S. Treasury Notes	\$ 23,918,338	AAAm	Standard & Poor's
Federal Agency Bond Notes	4,278,362	AA+	Standard & Poor's
Money Market	595,861	P-1	Standard & Poor's
MILAF External Investment Pool - CMC	29,765,636	AAAm	Standard & Poor's
MILAF External Investment Pool - Max	<u>40,957,707</u>	AAAm	Standard & Poor's
 Total	 <u>\$ 99,515,904</u>		

Foreign Currency Risk

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

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

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.

<u>Investments by Fair Value Level</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance at June 30, 2025</u>
U.S. Treasury Notes	\$ 23,918,338	\$ -	\$ -	\$ 23,918,338
Federal Agency Bond Notes	-	4,278,362	-	4,278,362
	<u>\$ 23,918,338</u>	<u>\$ 4,278,362</u>	<u>\$ -</u>	<u>\$ 28,196,700</u>

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 voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	<u>Amortized Cost</u>
MILAF External Investment Pool - CMC	\$ 29,765,636
MILAF External Investment Pool - Max	<u>40,957,707</u>
	<u>\$ 70,723,343</u>

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (concluded)**

The following summarizes the categorization of deposits and investments as of June 30, 2025:

	Primary Government
Deposits	\$ 18,582,358
Investments	99,515,904
	\$ 118,098,262

The cash and cash equivalents referred to above have been reported in either the cash and investments or restricted cash and investments captions on the financial statements, based upon criteria disclosed in Note 1.

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

	Primary Government
Cash and investments	\$ 63,348,893
Restricted cash and investments	54,749,369
	\$ 118,098,262

**NOTE 3 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables consist of the following:

Fund	Local	State	Federal	Total
General	\$ 118,743	\$ 25,071,812	\$ 3,814,315	\$ 29,004,870
Nonmajor governmental fund	-	105,115	234,601	339,716
Total	\$ 118,743	\$ 25,176,927	\$ 4,048,916	\$ 29,344,586

All balances are expected to be collected within one year.

**NOTE 4 - INTERFUND ACTIVITY**

Transfers between funds were as follows during the year ended June 30, 2025:

Fund	Transfers In	Transfers Out
General Fund	\$ 525,000	\$ -
Nonmajor Governmental Fund	-	525,000
	\$ 525,000	\$ 525,000

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INTERFUND ACTIVITY (concluded)**

Interfund receivables and payables between funds were as follows at June 30, 2025:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 2,234,051	\$ -
Debt Service Fund	-	15,842
2018 Capital Projects Series B Fund	-	183,096
2022 Capital Projects Series A Fund	990,497	-
Nonmajor Governmental Funds	-	3,025,610
	<u>\$ 3,224,548</u>	<u>\$ 3,224,548</u>

**NOTE 5 - CAPITAL ASSETS**

The following summarizes capital asset activity for the year ended June 30, 2025.

	Balance, June 30, 2024	Additions/ Reclassification	Deletions/ Reclassification	Balance, June 30, 2025
Governmental activities				
Capital assets not depreciated				
Land	\$ 7,337,565	\$ -	\$ -	\$ 7,337,565
Construction in progress	23,762,029	17,061,795	(22,556,879)	18,266,945
Total capital assets not depreciated/amortized	<u>31,099,594</u>	<u>17,061,795</u>	<u>(22,556,879)</u>	<u>25,604,510</u>
Capital assets being depreciated/amortized				
Buildings and improvements	355,200,564	24,729,240	(1,875,679)	378,054,125
Furniture and equipment	89,537,717	3,407,574	-	92,945,291
Buses and other vehicles	17,400,902	148,537	(1,535,929)	16,013,510
Right to use - equipment	85,877	-	-	85,877
Right to use - subscription-based IT	2,372,276	-	-	2,372,276
Total capital assets being depreciated/amortized	<u>464,597,336</u>	<u>28,285,351</u>	<u>(3,411,608)</u>	<u>489,471,079</u>
Totals at historical cost	<u>495,696,930</u>	<u>45,347,146</u>	<u>(25,968,487)</u>	<u>515,075,589</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	174,995,181	12,925,655	(1,544,169)	186,376,667
Furniture and equipment	74,009,432	4,940,954	-	78,950,386
Buses and other vehicles	10,530,786	1,454,227	(1,535,929)	10,449,084
Right to use - equipment	64,406	21,471	-	85,877
Right to use - subscription-based IT	1,932,333	439,943	-	2,372,276
Total accumulated depreciation/amortization	<u>261,532,138</u>	<u>19,782,250</u>	<u>(3,080,098)</u>	<u>278,234,290</u>
Net governmental capital assets	<u>\$ 234,164,792</u>	<u>\$ 25,564,896</u>	<u>\$ (22,888,389)</u>	<u>\$ 236,841,299</u>

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS (concluded)**

Depreciation/amortization expense for the year ended June 30, 2025 was \$19,782,250. For assets that serve multiple functions, the District determined that it was impractical to depreciate to the various governmental activities. The depreciation/amortization expense for these assets remains unallocated. The allocation of depreciation/amortization expense based on function is as follows:

	Depreciation/ Amortization Expense
Instruction	\$ 9,581,053
Support	6,916,546
Community	753,183
Unallocated	2,531,468
	\$ 19,782,250

The cost to complete construction in progress are approximately \$18,772,000.

**NOTE 6 - LONG TERM OBLIGATIONS**

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

	Restated Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
General obligation bonds	\$ 218,720,000	\$ -	\$ (20,780,000)	\$ 197,940,000	\$ 22,125,000
Deferred issuance premium	11,400,178	-	(1,307,827)	10,092,351	-
Leases	22,104	-	(22,104)	-	-
SBITAs	78,285	-	(78,285)	-	-
Compensated absences*	12,809,834	833,082	-	13,642,916	317,598
Workers' compensation claims	352,020	192,367	(220,653)	323,734	222,839
	\$ 243,382,421	\$ 1,025,449	\$ (22,408,869)	\$ 221,999,001	\$ 22,665,437

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

The District defeased certain general obligations bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$32,275,000 of bonds outstanding are considered defeased.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG TERM OBLIGATIONS (continued)**

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2025, are as follows:

Year Ending June 30,	General Obligation Bonds		Other Long-term Obligations	Total
	Principal	Interest		
2026	\$ 22,125,000	\$ 7,208,180	\$ -	\$ 7,208,180
2027	20,465,000	6,246,926	-	26,711,926
2028	13,560,000	5,385,242	-	18,945,242
2029	13,960,000	4,949,332	-	18,909,332
2030	13,220,000	4,499,208	-	17,719,208
2031 - 2035	63,555,000	15,594,938	-	79,149,938
2036 - 2040	36,385,000	6,098,450	-	42,483,450
2041 - 2045	10,345,000	2,204,900	-	12,549,900
2046 - 2048	4,325,000	433,750	-	4,758,750
	197,940,000	52,620,926	-	228,435,926
Deferred issuance premium	10,092,351	-	-	10,092,351
Compensated absences	-	-	13,642,916	13,642,916
Workers' compensation claims	-	-	323,734	323,734
	<u>\$ 208,032,351</u>	<u>\$ 52,620,926</u>	<u>\$ 13,966,650</u>	<u>\$ 252,494,927</u>

Interest expense for the year ended June 30, 2025 was approximately \$8,105,000.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG TERM OBLIGATIONS (continued)**

General obligation bonds at June 30, 2025 are comprised of the following individual issues:

General Obligation Bonds

2010 QSCB Bonds, \$7,100,000, due in an installment of \$7,100,000 on May 1, 2027, interest at 6.2%, net of interest subsidy from federal Treasury up to 5.37%.	\$ 7,100,000
2014 Building and Site Bonds, \$29,350,000 due in annual installments of \$1,475,000 to \$2,475,000 through May 1, 2029, interest at 3.00%.	8,600,000
2015 Refunding Bonds, \$42,515,000 due in an installments of \$5,335,000 on May 1, 2026, interest at 5.00%.	5,335,000
2016 Building, Site Bonds - Series A, \$9,995,000, due in annual installments of \$325,000 to \$950,000 through May 1, 2035, interest at 2.00% to 3.00%.	7,775,000
2016 Building, Site Bonds - Series B, \$27,535,000, due in annual installments of \$500,000 to \$2,725,000 through May 1, 2036, interest at 3.00%.	23,990,000
2018 Building and Site Bonds, \$47,990,000 due in annual installments of \$1,065,000 to \$3,865,000 through May 1, 2038, interest at 4.00%.	35,990,000
2019 Refunding Bonds, \$10,830,000 due in annual installments of \$1,150,000 to \$1,180,000 through May 1, 2029, interest at 4.00%.	4,685,000
2020 Refunding Bonds, \$16,915,000 due in annual installments of \$1,305,000 to \$1,365,000 through May 1, 2030, interest at 4.00%.	6,695,000
2021 Building and Site Bonds, \$45,620,000 due in annual installments of \$1,375,000 to \$3,370,000 through May 1, 2041, interest at 2.00%.	38,395,000
2021 Refunding Bonds, \$17,120,000 due in annual installments of \$1,060,000 to \$1,370,000 through May 1, 2033, interest at 1.42% to 2.38%.	9,770,000
2023 Building and Site Bonds, \$51,535,000 due in annual installments of \$1,000,000 to \$9,600,000 through May 1, 2048, interest at 5.00%.	37,175,000
2024 Refunding Bonds, \$12,430,000 due in annual installments of \$2,205,000 to \$2,765,000 through May 1, 2034, interest at 5.00%.	12,430,000
	<hr/>
Total outstanding bond issues	197,940,000
Plus premiums on bonds	<hr/> 10,092,351
Total general obligation bonds	208,032,351
Compensated absences	13,642,916
Worker's compensation claims	<hr/> 323,734
Total general long-term obligations	<hr/> <hr/> <b>\$ 221,999,001</b>

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG TERM OBLIGATIONS (concluded)**

Commencing in 2022, District is required to set aside \$1,183,333 annually to be used to pay the \$7,100,000 2010 QSCB Bonds installment in May 2027. At June 30, 2025, the set-aside balance \$4,759,056 is recorded as restricted cash and investments in the Debt Service Fund.

Compensated absences attributable to the governmental activities and workers' compensation claims will be liquidated primarily in the General Fund. The net pension liability and the net OPEB liability will be liquidated from the fund from which the individual employees' salaries are paid, generally the General Fund or Food Service Fund.

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS**

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (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. MPSERS 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 option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' 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 MPSERS 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

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

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.

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 they terminate public school employment.

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

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform 2012 (continued)

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 Plan 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.

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 created 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.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform of 2017 (concluded)

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.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

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 their 60<sup>th</sup> 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 \$40,769,000. Of the total pension contributions approximately \$39,108,000 was contributed to fund the Defined Benefit Plan and approximately \$1,661,000 was contributed to the Defined Contribution Plan.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions (concluded)

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB benefits were approximately \$1,378,000. Of the total OPEB contributions approximately \$503,000 was contributed to fund the Defined Benefit Plan and approximately \$875,000 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 MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
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	0.85790%	0.85170%
Net pension liability for the District	\$ 210,030,936	\$ 275,661,855

For the year ended June 30, 2025, the District recognized pension expense of approximately \$11,822,794.

At June 30, 2025, the Reporting Unit 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	\$ 21,896,970	\$ 15,388,625
Net difference between projected and actual plan investment earnings	-	40,082,805
Differences between expected and actual experience	5,698,287	2,282,015
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,709,159	3,233,602
Reporting Unit's contributions subsequent to the measurement date	<u>35,601,975</u>	<u>-</u>
	<u>\$ 64,906,391</u>	<u>\$ 60,987,047</u>

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

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

\$35,601,975, 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:

Year Ending June 30,	Amount
2026	\$ (7,441,763)
2027	962,642
2028	(14,878,427)
2029	(10,325,083)
	\$ (31,682,631)

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.

<i>MPSERS (Plan) Non-university Employers</i>	September 30, 2024	September 30, 2023
Total other postemployment benefits liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net other postemployment benefits liability (asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.88097%	0.84144%
Net other postemployment benefits liability (asset) for the District	\$ (37,920,666)	\$ (4,760,013)

For the year ended June 30, 2025, the District recognized OPEB benefit of approximately \$16,039,705.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (concluded)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 8,282,419	\$ 951,995
Net difference between projected and actual plan investment earnings	-	7,178,817
Differences between expected and actual experience	-	40,184,326
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,633,635	2,125,402
Reporting Unit's contributions subsequent to the measurement date	168,393	-
	<u>\$ 10,084,447</u>	<u>\$ 50,440,540</u>

\$168,393, 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 in the subsequent fiscal year.

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 Ending June 30,	Amount
2026	\$ (13,354,321)
2027	(8,149,188)
2028	(7,613,192)
2029	(6,977,181)
2030	(3,754,051)
2031	(676,553)
	<u>\$ (40,524,486)</u>

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 Plan 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%.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**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 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.

**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 electing two-person coverage are assumed to have coverage continuing after the retiree's death.

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

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

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:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
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%
	<u>100.0%</u>	

\* Long term rates of return are 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 member 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 discount 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 projected 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.

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (concluded)**

Actuarial Assumptions (concluded)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit'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	\$ 307,907,608	\$ 210,030,936	\$ 128,529,774

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit'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 Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits (asset) liability	\$ (29,305,404)	\$ (37,920,666)	\$ (45,369,471)

**Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates** - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit'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 Benefits		
	1% Decrease	Current	1% Increase
		Trend Rates	
Reporting Unit's proportionate share of the net other postemployment benefits (asset) liability	\$ (45,369,552)	\$ (37,920,666)	\$ (29,931,777)

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 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 MPERS Unfunded Actuarial Accrued Liability (UAAL).

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; natural disasters; theft of, damage to, and destruction of assets; errors and omission; injuries to employees (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for errors, omissions, law enforcement liability, and medical benefits provided to employees for claims and is a member of the Middle Cities Management Pool (risk pool) for claims related to property loss and torts. The District is self-insured for workers' compensation claims up to \$550,000 individually, and \$5,000,000 in the aggregate. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage to pay member claims in excess of the deductible amounts.

The District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded in the government-wide statements.

Changes to the liability in each of the past two fiscal years were as follows:

	2025	2024
Estimated liability, beginning of year	\$ 352,020	\$ 310,024
Estimated claims incurred - including changes in estimates	192,367	283,472
Claim payments	(220,653)	(241,476)
Estimated liability, end of year	\$ 323,734	\$ 352,020

**NOTE 9 - CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. 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 expects such amounts, if any, to be immaterial.

**NOTE 10 - TAX ABATEMENTS**

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
City of Kalamazoo	\$ 894,364
Kalamazoo Township	55,562
Oshtemo Township	81,349
	\$ 1,031,275

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - TAX ABATEMENTS (concluded)**

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no abatements made by the District.

**NOTE 11 - 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 12 - 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
Balance as of July 1, 2024, as previously stated	\$ (150,083,478)
Adoption of GASB Statement 101	(11,729,396)
Balance as of July 1, 2024, as restated	\$ (161,812,874)

**NOTE 13 - 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;

**KALAMAZOO PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)**

- 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.

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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**KALAMAZOO PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Local sources	\$ 32,504,265	\$ 33,072,055	\$ 34,432,480	\$ 1,360,425
State sources	141,258,890	148,077,948	143,856,260	(4,221,688)
Federal sources	15,318,702	16,490,653	16,154,015	(336,638)
Incoming transfers and other	16,818,711	18,474,373	18,398,678	(75,695)
TOTAL REVENUES	<u>205,900,568</u>	<u>216,115,029</u>	<u>212,841,433</u>	<u>(3,273,596)</u>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	83,974,617	87,519,216	86,102,486	1,416,730
Added needs	25,261,397	26,811,332	25,759,687	1,051,645
Adult/continuing education	604,760	583,161	565,534	17,627
Total instruction	<u>109,840,774</u>	<u>114,913,709</u>	<u>112,427,707</u>	<u>2,486,002</u>
Support services:				
Pupil	19,068,582	20,544,048	18,526,991	2,017,057
Instructional staff	14,887,405	15,432,038	15,780,553	(348,515)
School administration	12,956,741	13,449,046	13,356,713	92,333
General administration	1,121,913	1,093,373	1,244,206	(150,833)
Business	2,296,772	2,188,981	2,183,591	5,390
Operation/maintenance	20,225,304	21,376,400	21,827,370	(450,970)
Pupil transportation	12,540,223	13,043,700	12,516,261	527,439
Central services	6,423,380	5,947,841	5,166,424	781,417
Athletics	1,822,613	1,801,535	1,956,303	(154,768)
Total support services	<u>91,342,933</u>	<u>94,876,962</u>	<u>92,558,412</u>	<u>2,318,550</u>
Community services	1,532,813	1,555,295	1,475,050	80,245
Debt service	90,000	140,000	104,232	35,768
Capital outlay	3,689,479	3,472,817	4,602,248	(1,129,431)
TOTAL EXPENDITURES	<u>206,495,999</u>	<u>214,958,783</u>	<u>211,167,649</u>	<u>3,791,134</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>(595,431)</u>	<u>1,156,246</u>	<u>1,673,784</u>	<u>517,538</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	625,000	545,000	525,000	(20,000)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 29,569</u>	<u>\$ 1,701,246</u>	<u>2,198,784</u>	<u>\$ 497,538</u>
<b>FUND BALANCE</b>				
Beginning of year			40,501,039	
End of year			<u>\$ 42,699,823</u>	

**KALAMAZOO PUBLIC SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's proportion of net pension liability (%)	0.85790%	0.85170%	0.85865%	0.85591%	0.87619%	0.87893%	0.88135%	0.87874%	0.85503%	0.84318%
Reporting Unit's proportionate share of net pension liability	\$ 210,030,936	\$ 275,661,855	\$ 322,927,148	\$ 202,640,055	\$ 300,979,958	\$ 291,073,635	\$ 264,950,102	\$ 227,719,652	\$ 213,322,702	\$ 205,948,054
Reporting Unit's covered-employee payroll	\$ 93,768,044	\$ 84,536,475	\$ 84,382,729	\$ 76,178,001	\$ 78,062,392	\$ 77,127,957	\$ 75,170,753	\$ 74,360,529	\$ 72,789,152	\$ 70,521,825
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	223.99%	326.09%	382.69%	266.01%	385.56%	377.39%	352.46%	306.24%	293.07%	292.03%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%

**KALAMAZOO PUBLIC SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required pension contributions	\$ 39,107,648	\$ 30,512,750	\$ 38,722,067	\$ 29,444,942	\$ 25,918,857	\$ 24,686,453	\$ 23,623,613	\$ 22,606,857	\$ 20,677,810	\$ 19,792,111
Pension contributions in relation to statutorily required contributions	<u>39,107,648</u>	<u>30,512,750</u>	<u>38,722,067</u>	<u>29,444,942</u>	<u>25,918,857</u>	<u>24,686,453</u>	<u>23,623,613</u>	<u>22,606,857</u>	<u>20,677,810</u>	<u>19,792,111</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 (pension)	\$ 98,185,894	\$ 92,223,794	\$ 83,173,880	\$ 81,365,088	\$ 74,180,914	\$ 78,985,580	\$ 76,971,069	\$ 74,575,661	\$ 74,317,120	\$ 72,132,624
Pension contributions as a percentage of covered-employee payroll	39.83%	33.09%	46.56%	36.19%	34.94%	31.25%	30.69%	30.31%	27.82%	27.44%

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

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (asset) (%)	0.88097%	0.84144%	0.86541%	0.84145%	0.87889%	0.88128%	0.88231%	0.87767%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	\$ (37,920,666)	\$ (4,760,013)	\$ 18,329,969	\$ 12,843,633	\$ 47,084,376	\$ 63,255,898	\$ 70,134,756	\$ 77,721,855
Reporting Unit's covered-employee payroll	\$ 93,768,044	\$ 84,536,475	\$ 84,382,729	\$ 76,178,001	\$ 78,062,392	\$ 77,127,957	\$ 75,170,753	\$ 74,360,529
Reporting Unit's proportionate share of net other postemployment benefits liability (asset) as a percentage of its covered-employee payroll	40.44%	5.63%	21.72%	16.86%	60.32%	82.01%	93.30%	104.52%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employees)	143.08%	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

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.

**KALAMAZOO PUBLIC SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST EIGHT FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	\$ 502,505	\$ 5,711,832	\$ 6,710,105	\$ 6,630,604	\$ 6,173,150	\$ 6,346,965	\$ 6,046,097	\$ 5,386,395
Other postemployment benefits contributions in relation to statutorily required contributions	502,505	5,711,832	6,710,105	6,630,604	6,173,150	6,346,965	6,046,097	5,386,395
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 (OPEB)	\$ 98,185,894	\$ 92,223,794	\$ 83,173,880	\$ 81,365,088	\$ 74,180,914	\$ 78,985,580	\$ 76,971,069	\$ 74,575,661
Other postemployment benefit contributions as a percentage of covered-employee payroll	0.51%	6.19%	8.07%	8.15%	8.32%	8.04%	7.86%	7.22%

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.

**KALAMAZOO PUBLIC SCHOOLS**  
**NOTES TO THE 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 point 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.

**KALAMAZOO PUBLIC SCHOOLS**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2025**

**NOTE 2 - OPEB INFORMATION (concluded)**

Changes in Assumptions (concluded)

- 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**

**KALAMAZOO PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2025**

	Special Revenue Funds		
	Food Service	Student/School Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,332,996	\$ 2,414,710	\$ 8,747,706
Receivables:			
Intergovernmental	339,716	-	339,716
Inventories	95,474	-	95,474
<b>TOTAL ASSETS</b>	<b>\$ 6,768,186</b>	<b>\$ 2,414,710</b>	<b>\$ 9,182,896</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 122,899	\$ 73,145	\$ 196,044
Accrued payroll	79,255	-	79,255
Accrued retirement	30,380	-	30,380
Due to other funds	2,794,021	231,589	3,025,610
Unearned revenue	45,105	-	45,105
<b>TOTAL LIABILITIES</b>	<b>3,071,660</b>	<b>304,734</b>	<b>3,376,394</b>
<b>FUND BALANCES</b>			
Nonspendable - inventories	95,474	-	95,474
Restricted for food service	3,601,052	-	3,601,052
Committed for student/school activities	-	2,109,976	2,109,976
<b>TOTAL FUND BALANCES</b>	<b>3,696,526</b>	<b>2,109,976</b>	<b>5,806,502</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,768,186</b>	<b>\$ 2,414,710</b>	<b>\$ 9,182,896</b>

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

	Special Revenue Funds		Total
	Food Service	Student/School Activities	
<b>REVENUES</b>			
Local sources	\$ 196,942	\$ 1,120,885	\$ 1,317,827
State sources	1,049,357	-	1,049,357
Federal sources	10,324,758	-	10,324,758
Intermediate sources	50,000	-	50,000
<b>TOTAL REVENUES</b>	<b>11,621,057</b>	<b>1,120,885</b>	<b>12,741,942</b>
<b>EXPENDITURES</b>			
Food services	10,658,708	-	10,658,708
Student/school activities	-	1,031,606	1,031,606
<b>TOTAL EXPENDITURES</b>	<b>10,658,708</b>	<b>1,031,606</b>	<b>11,690,314</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>962,349</b>	<b>89,279</b>	<b>1,051,628</b>
<b>OTHER FINANCING USES</b>			
Transfers out	(525,000)	-	(525,000)
<b>NET CHANGES IN FUND BALANCES</b>	<b>437,349</b>	<b>89,279</b>	<b>526,628</b>
<b>FUND BALANCES</b>			
Beginning of year	3,259,177	2,020,697	5,279,874
End of year	<b>\$ 3,696,526</b>	<b>\$ 2,109,976</b>	<b>\$ 5,806,502</b>

**KALAMAZOO PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUND - FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Local sources	\$ 206,306	\$ 215,977	\$ 196,942	\$ (19,035)
State sources	422,182	643,045	1,049,357	406,312
Federal sources	9,553,180	9,768,835	10,324,758	555,923
Intermediate sources	-	-	50,000	50,000
TOTAL REVENUES	<u>10,181,668</u>	<u>10,627,857</u>	<u>11,621,057</u>	<u>993,200</u>
<b>EXPENDITURES</b>				
Current				
Food services	<u>9,580,729</u>	<u>9,989,729</u>	<u>10,658,708</u>	<u>(668,979)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>600,939</u>	<u>638,128</u>	<u>962,349</u>	<u>324,221</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(525,000)</u>	<u>(525,000)</u>	<u>(525,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 75,939</u>	<u>\$ 113,128</u>	437,349	<u>\$ 324,221</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>3,259,177</u>	
End of year			<u>\$ 3,696,526</u>	

**KALAMAZOO PUBLIC SCHOOLS  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUND - STUDENT/SCHOOL ACTIVITIES FUND  
 YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES				
Local sources	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,120,885</u>	<u>\$ 20,885</u>
EXPENDITURES				
Current				
Student/school activities	<u>900,000</u>	<u>900,000</u>	<u>1,031,606</u>	<u>(131,606)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 200,000</u></u>	<u><u>\$ 200,000</u></u>	<u>89,279</u>	<u><u>\$ (110,721)</u></u>
FUND BALANCE				
Beginning of year			<u>2,020,697</u>	
End of year			<u><u>\$ 2,109,976</u></u>	

**KALAMAZOO PUBLIC SCHOOLS**  
**BONDED DEBT - 2010 QUALIFIED SCHOOL CONSTRUCTION (QSCB) BONDS**

This issue consists of bonds of \$7,100,000 dated August 9, 2010, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown. Throughout the life of the bond, the federal Treasury pays the district a semi-annual interest subsidy to offset the cost of interest.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	6.20	\$ -	\$ 220,100	\$ 220,100
May 1, 2026	6.20	-	220,100	220,100
November 1, 2026	6.20	-	220,100	220,100
May 1, 2027	6.20	7,100,000	220,100	7,320,100
Total requirements		\$ 7,100,000	\$ 880,400	\$ 7,980,400

**KALAMAZOO PUBLIC SCHOOLS  
BONDED DEBT - 2014 BUILDING AND SITE BONDS**

This issue consists of bonds ranging in denominations from \$1,475,000 to \$2,475,000 dated September 9, 2014, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	3.00	\$ -	\$ 129,000	\$ 129,000
May 1, 2026	3.00	1,475,000	129,000	1,604,000
November 1, 2026	3.00	-	106,875	106,875
May 1, 2027	3.00	2,275,000	106,875	2,381,875
November 1, 2027	3.00	-	72,750	72,750
May 1, 2028	3.00	2,375,000	72,750	2,447,750
November 1, 2028	3.00	-	37,125	37,125
May 1, 2029	3.00	2,475,000	37,125	2,512,125
Total requirements		<u>\$ 8,600,000</u>	<u>\$ 691,500</u>	<u>\$ 9,291,500</u>

**KALAMAZOO PUBLIC SCHOOLS  
 BONDED DEBT - 2015 REFUNDING BONDS**

This issue consists of bonds of \$5,335,000 dated July 23, 2015, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

<u>Payment Date</u>	<u>Rate</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2025	5.00	\$ -	\$ 133,375	\$ 133,375
May 1, 2026	5.00	<u>5,335,000</u>	<u>133,375</u>	<u>5,468,375</u>
Total requirements		<u>\$ 5,335,000</u>	<u>\$ 266,750</u>	<u>\$ 5,601,750</u>

**KALAMAZOO PUBLIC SCHOOLS**  
**BONDED DEBT - 2016 BUILDING AND SITE BONDS, SERIES A**

This issue consists of bonds ranging in denominations from \$325,000 to \$950,000 dated January 21, 2016, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	2.00	\$ -	\$ 108,125	\$ 108,125
May 1, 2026	2.00	325,000	108,125	433,125
November 1, 2026	2.13	-	104,875	104,875
May 1, 2027	2.13	700,000	104,875	804,875
November 1, 2027	2.50	-	97,438	97,438
May 1, 2028	2.50	750,000	97,438	847,438
November 1, 2028	2.50	-	88,062	88,062
May 1, 2029	2.50	775,000	88,062	863,062
November 1, 2029	3.00	-	78,375	78,375
May 1, 2030	3.00	800,000	78,375	878,375
November 1, 2030	3.00	-	66,375	66,375
May 1, 2031	3.00	825,000	66,375	891,375
November 1, 2031	3.00	-	54,000	54,000
May 1, 2032	3.00	850,000	54,000	904,000
November 1, 2032	3.00	-	41,250	41,250
May 1, 2033	3.00	875,000	41,250	916,250
November 1, 2033	3.00	-	28,125	28,125
May 1, 2034	3.00	925,000	28,125	953,125
November 1, 2034	3.00	-	14,250	14,250
May 1, 2035	3.00	950,000	14,250	964,250
Total requirements		<u>\$ 7,775,000</u>	<u>\$ 1,361,750</u>	<u>\$ 9,136,750</u>

**KALAMAZOO PUBLIC SCHOOLS**  
**BONDED DEBT - 2016 BUILDING AND SITE BONDS, SERIES B**

This issue consists of bond payments from \$500,000 to \$2,725,000 dated August 3, 2016, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	3.00	\$ -	\$ 359,850	\$ 359,850
May 1, 2026	3.00	500,000	359,850	859,850
November 1, 2026	3.00	-	352,350	352,350
May 1, 2027	3.00	1,700,000	352,350	2,052,350
November 1, 2027	3.00	-	326,850	326,850
May 1, 2028	3.00	2,025,000	326,850	2,351,850
November 1, 2028	3.00	-	296,475	296,475
May 1, 2029	3.00	2,215,000	296,475	2,511,475
November 1, 2029	3.00	-	263,250	263,250
May 1, 2030	3.00	2,225,000	263,250	2,488,250
November 1, 2030	3.00	-	229,875	229,875
May 1, 2031	3.00	2,325,000	229,875	2,554,875
November 1, 2031	3.00	-	195,000	195,000
May 1, 2032	3.00	2,425,000	195,000	2,620,000
November 1, 2032	3.00	-	158,625	158,625
May 1, 2033	3.00	2,525,000	158,625	2,683,625
November 1, 2033	3.00	-	120,750	120,750
May 1, 2034	3.00	2,625,000	120,750	2,745,750
November 1, 2034	3.00	-	81,375	81,375
May 1, 2035	3.00	2,725,000	81,375	2,806,375
November 1, 2035	3.00	-	40,500	40,500
May 1, 2036	3.00	2,700,000	40,500	2,740,500
Total requirements		<u>\$ 23,990,000</u>	<u>\$ 4,849,800</u>	<u>\$ 28,839,800</u>

**KALAMAZOO PUBLIC SCHOOLS  
BONDED DEBT - 2018 BUILDING AND SITE BONDS**

This issue consists of bonds ranging in denominations from \$1,065,000 to \$3,865,000 dated August 7, 2018, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	4.00	\$ -	\$ 719,800	\$ 719,800
May 1, 2026	4.00	1,065,000	719,800	1,784,800
November 1, 2026	4.00	-	698,500	698,500
May 1, 2027	4.00	2,485,000	698,500	3,183,500
November 1, 2027	4.00	-	648,800	648,800
May 1, 2028	4.00	1,895,000	648,800	2,543,800
November 1, 2028	4.00	-	610,900	610,900
May 1, 2029	4.00	1,950,000	610,900	2,560,900
November 1, 2029	4.00	-	571,900	571,900
May 1, 2030	4.00	2,480,000	571,900	3,051,900
November 1, 2030	4.00	-	522,300	522,300
May 1, 2031	4.00	2,570,000	522,300	3,092,300
November 1, 2031	4.00	-	470,900	470,900
May 1, 2032	4.00	2,670,000	470,900	3,140,900
November 1, 2032	4.00	-	417,500	417,500
May 1, 2033	4.00	2,780,000	417,500	3,197,500
November 1, 2033	4.00	-	361,900	361,900
May 1, 2034	4.00	3,205,000	361,900	3,566,900
November 1, 2034	4.00	-	297,800	297,800
May 1, 2035	4.00	3,480,000	297,800	3,777,800
November 1, 2035	4.00	-	228,200	228,200
May 1, 2036	4.00	3,755,000	228,200	3,983,200
November 1, 2036	4.00	-	153,100	153,100
May 1, 2037	4.00	3,790,000	153,100	3,943,100
November 1, 2037	4.00	-	77,300	77,300
May 1, 2038	4.00	3,865,000	77,300	3,942,300
Total requirements		<u>\$ 35,990,000</u>	<u>\$ 11,557,800</u>	<u>\$ 47,547,800</u>

**KALAMAZOO PUBLIC SCHOOLS  
BONDED DEBT - 2019 REFUNDING BONDS**

This issue consists of bonds ranging in denominations from \$1,150,000 to \$1,180,000 dated January 8, 2019, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	4.00	\$ -	\$ 82,075	\$ 82,075
May 1, 2026	4.00	1,150,000	82,075	1,232,075
November 1, 2026	4.00	-	64,825	64,825
May 1, 2027	4.00	1,175,000	64,825	1,239,825
November 1, 2027	4.00	-	47,200	47,200
May 1, 2028	4.00	1,180,000	47,200	1,227,200
November 1, 2028	4.00	-	23,600	23,600
May 1, 2029	4.00	1,180,000	23,600	1,203,600
Total requirements		\$ 4,685,000	\$ 435,400	\$ 5,120,400

**KALAMAZOO PUBLIC SCHOOLS  
BONDED DEBT - 2020 REFUNDING BONDS**

This issue consists of bonds ranging in denominations from \$1,305,000 to \$1,365,000 dated January 7, 2020, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	4.00	\$ -	\$ 133,900	\$ 133,900
May 1, 2026	4.00	1,305,000	133,900	1,438,900
November 1, 2026	4.00	-	107,800	107,800
May 1, 2027	4.00	1,325,000	107,800	1,432,800
November 1, 2027	4.00	-	81,300	81,300
May 1, 2028	4.00	1,345,000	81,300	1,426,300
November 1, 2028	4.00	-	54,400	54,400
May 1, 2029	4.00	1,365,000	54,400	1,419,400
November 1, 2029	4.00	-	27,100	27,100
May 1, 2030	4.00	1,355,000	27,100	1,382,100
Total requirements		<u>\$ 6,695,000</u>	<u>\$ 809,000</u>	<u>\$ 7,504,000</u>

**KALAMAZOO PUBLIC SCHOOLS  
BONDED DEBT - 2021 BUILDING AND SITE BONDS**

This issue consists of bonds ranging in denominations from \$1,375,000 to \$3,370,000 dated August 3, 2021, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Interest	Requirements		
		Principal	Interest	Total
November 1, 2025	2.00	\$ -	\$ 383,950	\$ 383,950
May 1, 2026	2.00	-	383,950	383,950
November 1, 2026	2.00	-	383,950	383,950
May 1, 2027	2.00	1,375,000	383,950	1,758,950
November 1, 2027	2.00	-	370,200	370,200
May 1, 2028	2.00	1,675,000	370,200	2,045,200
November 1, 2028	2.00	-	353,450	353,450
May 1, 2029	2.00	1,700,000	353,450	2,053,450
November 1, 2029	2.00	-	336,450	336,450
May 1, 2030	2.00	1,875,000	336,450	2,211,450
November 1, 2030	2.00	-	317,700	317,700
May 1, 2031	2.00	2,175,000	317,700	2,492,700
November 1, 2031	2.00	-	295,950	295,950
May 1, 2032	2.00	2,250,000	295,950	2,545,950
November 1, 2032	2.00	-	273,450	273,450
May 1, 2033	2.00	2,325,000	273,450	2,598,450
November 1, 2033	2.00	-	250,200	250,200
May 1, 2034	2.00	2,825,000	250,200	3,075,200
November 1, 2034	2.00	-	221,950	221,950
May 1, 2035	2.00	2,925,000	221,950	3,146,950
November 1, 2035	2.00	-	192,700	192,700
May 1, 2036	2.00	3,025,000	192,700	3,217,700
November 1, 2036	2.00	-	162,450	162,450
May 1, 2037	2.00	3,100,000	162,450	3,262,450
November 1, 2037	2.00	-	131,450	131,450
May 1, 2038	2.00	3,175,000	131,450	3,306,450
November 1, 2038	2.00	-	99,700	99,700
May 1, 2039	2.00	3,275,000	99,700	3,374,700
November 1, 2039	2.00	-	66,950	66,950
May 1, 2040	2.00	3,325,000	66,950	3,391,950
November 1, 2040	2.00	-	33,700	33,700
May 1, 2041	2.00	3,370,000	33,700	3,403,700
Total requirements		\$ 38,395,000	\$ 7,748,400	\$ 46,143,400

**KALAMAZOO PUBLIC SCHOOLS  
BONDED DEBT - 2021 REFUNDING BONDS**

This issue consists of bonds ranging in denominations from \$1,060,000 to \$1,370,000 dated August 3, 2021, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	1.42	\$ -	\$ 93,790	\$ 93,790
May 1, 2026	1.42	1,370,000	93,790	1,463,790
November 1, 2026	1.67	-	84,063	84,063
May 1, 2027	1.67	1,330,000	84,063	1,414,063
November 1, 2027	1.83	-	72,958	72,958
May 1, 2028	1.83	1,290,000	72,958	1,362,958
November 1, 2028	1.90	-	61,154	61,154
May 1, 2029	1.90	1,250,000	61,154	1,311,154
November 1, 2029	2.00	-	49,279	49,279
May 1, 2030	2.00	1,205,000	49,279	1,254,279
November 1, 2030	2.10	-	37,229	37,229
May 1, 2031	2.10	1,155,000	37,229	1,192,229
November 1, 2031	2.25	-	25,101	25,101
May 1, 2032	2.25	1,110,000	25,101	1,135,101
November 1, 2032	2.38	-	12,614	12,614
May 1, 2033	2.38	1,060,000	12,614	1,072,614
Total requirements		\$ 9,770,000	\$ 872,376	\$ 10,642,376

**KALAMAZOO PUBLIC SCHOOLS  
BONDED DEBT - 2023 BUILDING AND SITE BONDS**

This issue consists of bonds ranging in denominations from \$1,000,000 to \$9,600,000 dated July 12, 2023, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	5.00	\$ -	\$ 929,375	\$ 929,375
May 1, 2026	5.00	9,600,000	929,375	10,529,375
November 1, 2026	5.00	-	689,375	689,375
May 1, 2027	5.00	1,000,000	689,375	1,689,375
November 1, 2027	5.00	-	664,375	664,375
May 1, 2028	5.00	1,025,000	664,375	1,689,375
November 1, 2028	5.00	-	638,750	638,750
May 1, 2029	5.00	1,050,000	638,750	1,688,750
November 1, 2029	5.00	-	612,500	612,500
May 1, 2030	5.00	1,075,000	612,500	1,687,500
November 1, 2030	5.00	-	585,625	585,625
May 1, 2031	5.00	1,100,000	585,625	1,685,625
November 1, 2031	5.00	-	558,125	558,125
May 1, 2032	5.00	1,125,000	558,125	1,683,125
November 1, 2032	5.00	-	530,000	530,000
May 1, 2033	5.00	1,150,000	530,000	1,680,000
November 1, 2033	5.00	-	501,250	501,250
May 1, 2034	5.00	1,175,000	501,250	1,676,250
November 1, 2034	5.00	-	471,875	471,875
May 1, 2035	5.00	1,200,000	471,875	1,671,875
November 1, 2035	5.00	-	441,875	441,875
May 1, 2036	5.00	1,225,000	441,875	1,666,875
November 1, 2036	5.00	-	411,250	411,250
May 1, 2037	5.00	1,250,000	411,250	1,661,250
November 1, 2037	5.00	-	380,000	380,000
May 1, 2038	5.00	1,275,000	380,000	1,655,000
November 1, 2038	5.00	-	348,125	348,125
May 1, 2039	5.00	1,300,000	348,125	1,648,125
November 1, 2039	5.00	-	315,625	315,625
May 1, 2040	5.00	1,325,000	315,625	1,640,625
November 1, 2040	5.00	-	282,500	282,500
May 1, 2041	5.00	1,350,000	282,500	1,632,500

*Continued on next page.*

**KALAMAZOO PUBLIC SCHOOLS  
 BONDED DEBT - 2023 BUILDING AND SITE BONDS (CONCLUDED)**

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2041	5.00	\$ -	\$ 248,750	\$ 248,750
May 1, 2042	5.00	1,375,000	248,750	1,623,750
November 1, 2042	5.00	-	214,375	214,375
May 1, 2043	5.00	1,400,000	214,375	1,614,375
November 1, 2043	5.00	-	179,375	179,375
May 1, 2044	5.00	1,425,000	179,375	1,604,375
November 1, 2044	5.00	-	143,750	143,750
May 1, 2045	5.00	1,425,000	143,750	1,568,750
November 1, 2045	5.00	-	108,125	108,125
May 1, 2046	5.00	1,425,000	108,125	1,533,125
November 1, 2046	5.00	-	72,500	72,500
May 1, 2047	5.00	1,450,000	72,500	1,522,500
November 1, 2047	5.00	-	36,250	36,250
May 1, 2048	5.00	1,450,000	36,250	1,486,250
Total requirements		<u>\$ 37,175,000</u>	<u>\$ 18,727,500</u>	<u>\$ 55,902,500</u>

**KALAMAZOO PUBLIC SCHOOLS  
BONDED DEBT - 2024 REFUNDING BONDS**

This issue consists of bonds ranging in denominations from \$2,205,000 to \$2,765,000 dated March 26, 2024, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2025 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2025	5.00	\$ -	\$ 310,750	\$ 310,750
May 1, 2026	5.00	-	310,750	310,750
November 1, 2026	5.00	-	310,750	310,750
May 1, 2027	5.00	-	310,750	310,750
November 1, 2027	5.00	-	310,750	310,750
May 1, 2028	5.00	-	310,750	310,750
November 1, 2028	5.00	-	310,750	310,750
May 1, 2029	5.00	-	310,750	310,750
November 1, 2029	5.00	-	310,750	310,750
May 1, 2030	5.00	2,205,000	310,750	2,515,750
November 1, 2030	5.00	-	255,625	255,625
May 1, 2031	5.00	2,350,000	255,625	2,605,625
November 1, 2031	5.00	-	196,875	196,875
May 1, 2032	5.00	2,485,000	196,875	2,681,875
November 1, 2032	5.00	-	134,750	134,750
May 1, 2033	5.00	2,625,000	134,750	2,759,750
November 1, 2033	5.00	-	69,125	69,125
May 1, 2034	5.00	2,765,000	69,125	2,834,125
Total requirements		<u>\$ 12,430,000</u>	<u>\$ 4,420,250</u>	<u>\$ 16,850,250</u>

**STATISTICAL SECTION (UNAUDITED)**

**KALAMAZOO PUBLIC SCHOOLS  
CONTENTS OF THE STATISTICAL SECTION**

This part of the Kalamazoo Public Schools' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement.

<u>Contents</u>	<u>Pages</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	79 - 86
<i>Revenue Capacity</i> These schedules contain information to help the reader assess locally levied taxes.	87 - 92
<i>Debt Capacity</i> These schedules present information to help the reader assess the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	93 - 95
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	96 - 98
<i>Operating Information</i> These schedules contain data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	99 - 101

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. Certain other information had not been presented previously. The reported numbers begin with the year for which information believed to be accurate is available.

**KALAMAZOO PUBLIC SCHOOLS  
NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

<i>June 30,</i>	Fiscal			
	2016	2017	2018 <sup>a</sup>	2019
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 36,250,153	\$ 33,763,537	\$ 30,495,673	\$ 28,135,395
Restricted	3,137,421	4,442,892	4,915,387	7,865,272
Unrestricted	(173,739,528)	(177,435,140)	(258,975,630)	(266,936,382)
<b>Total Primary Government Net Position</b>	<b>\$ (134,351,954)</b>	<b>\$ (139,228,711)</b>	<b>\$ (223,564,570)</b>	<b>\$ (230,935,715)</b>

**Source:** Kalamazoo Public Schools' audited financial statements.

**Notes:**

- <sup>a</sup> Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB 75.
- <sup>b</sup> Net position was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB 84.
- <sup>c</sup> Net position was restated for fiscal year 2023 as of July 1, 2022 with the implementation of GASB 96.
- <sup>d</sup> Net position was restated for fiscal year 2025 as of July 1, 2024 with the implementation of GASB 101.

**KALAMAZOO PUBLIC SCHOOLS  
NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

Year					
2020 <sup>b</sup>	2021	2022	2023 <sup>c</sup>	2024	2025 <sup>d</sup>
\$ 29,276,975	\$ 34,144,535	\$ 35,805,242	\$ 47,497,758	\$ 66,304,091	\$ 73,073,477
9,896,147	9,274,571	9,421,315	6,293,626	13,383,438	47,635,193
(282,980,052)	(283,992,196)	(258,966,241)	(246,700,414)	(229,771,007)	(225,181,891)
\$ (243,806,930)	\$ (240,573,090)	\$ (213,739,684)	\$ (192,909,030)	\$ (150,083,478)	\$ (104,473,221)

**KALAMAZOO PUBLIC SCHOOLS**  
**CHANGES IN GOVERNMENTAL NET POSITION, LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

<i>Year ended June 30,</i>	Fiscal			
	2016	2017	2018	2019
<b>Expenses</b>				
Governmental Activities				
Instruction	\$ 85,537,467	\$ 91,801,877	\$ 94,717,147	\$ 100,367,854
Support services	59,105,112	64,012,157	67,986,671	70,039,560
Community services	2,174,085	2,065,907	2,271,085	2,016,386
Food service	7,153,938	7,901,898	8,081,520	8,067,174
Athletics	1,351,625	1,441,138	1,547,287	1,604,139
Student/school activities	-	-	-	-
Interest on long-term debt	6,444,716	6,995,891	6,605,818	7,325,873
Other	403,406	481,945	5,000	751,562
Unallocated depreciation	4,050,602	4,697,360	5,199,411	5,354,931
<b>Total Expenses</b>	<b>166,220,951</b>	<b>179,398,173</b>	<b>186,413,939</b>	<b>195,527,479</b>
<b>Program Revenues</b>				
Governmental Activities				
Charges for services:				
Instruction	116,202	155,813	140,021	117,796
Community services	732,815	634,402	727,008	574,257
Food service	815,312	823,112	829,319	683,133
Athletics	138,891	166,010	169,881	145,646
Operating grants and contributions	50,283,618	58,121,362	62,910,488	62,361,147
<b>Total Program Revenues</b>	<b>52,086,838</b>	<b>59,900,699</b>	<b>64,776,717</b>	<b>63,881,979</b>
<b>Net Expense</b>	<b>(114,134,113)</b>	<b>(119,497,474)</b>	<b>(121,637,222)</b>	<b>(131,645,500)</b>
<b>General Revenues</b>				
Governmental Activities				
Property taxes	35,557,399	35,938,153	36,570,711	41,620,947
State aid, unrestricted	75,769,742	77,377,307	78,955,421	80,752,332
Federal grants and contributions, unrestricted	11,854	21,776	11,474	21,383
Investment earnings (loss)	29,773	174,967	222,613	1,705,869
Miscellaneous	655,752	1,108,514	230,055	173,824
<b>Total General Revenues</b>	<b>112,024,520</b>	<b>114,620,717</b>	<b>115,990,274</b>	<b>124,274,355</b>
<b>Change in Net Position</b>	<b>\$ (2,109,593)</b>	<b>\$ (4,876,757)</b>	<b>\$ (5,646,948)</b>	<b>\$ (7,371,145)</b>

**Source:** Kalamazoo Public Schools' audited financial statements.

**Notes:**

<sup>a</sup> June 30, 2021 was the first year of implementation of GASB 84, Fiduciary Activities.

<sup>b</sup> June 30, 2022, other expenses includes a loss on sale of capital assets of \$2.03 million.

**KALAMAZOO PUBLIC SCHOOLS**  
**CHANGES IN GOVERNMENTAL NET POSITION, LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

Year	2020	2021	2022	2023	2024	2025
\$ 108,855,391	\$ 104,512,945	\$ 92,874,231	\$ 104,629,369	\$ 113,049,311	\$ 84,886,607	
74,599,351	70,419,380	69,425,388	80,181,923	89,079,672	96,002,944	
2,023,018	1,561,314	1,699,646	1,329,753	1,844,074	2,009,097	
9,246,316	6,692,421	8,075,560	10,431,497	10,860,942	9,234,944	
1,539,659	1,126,000	1,496,990	1,760,455	1,832,162	1,792,441	
-	145,132 <sup>a</sup>	584,775	858,190	901,863	1,031,606	
6,994,824	6,437,741	7,009,922	6,448,243	8,113,609	7,937,901	
127,256	4,500	3,116,347 <sup>b</sup>	-	-	-	
5,218,240	5,004,244	5,216,813	5,307,093	2,483,736	2,531,468	
<b>208,604,055</b>	<b>195,903,677</b>	<b>189,499,672</b>	<b>210,946,523</b>	<b>228,165,369</b>	<b>205,427,008</b>	
84,610	68,617	92,350	153,635	114,593	106,215	
528,076	366,710	495,565	737,268	570,149	654,150	
310,599	50,349	123,454	139,621	99,138	150,246	
132,985	46,954	143,195	218,712	272,578	266,384	
69,753,460	70,389,406	86,629,558	111,351,492	111,351,492	99,314,952	
<b>70,809,730</b>	<b>70,922,036</b>	<b>87,484,122</b>	<b>112,600,728</b>	<b>112,407,950</b>	<b>100,491,947</b>	
(137,794,325)	(124,981,641)	(102,015,550)	(98,345,795)	(115,757,419)	(104,935,061)	
43,439,665	45,146,035	46,181,403	48,693,255	51,932,431	54,876,639	
79,864,683	81,192,018	82,005,913	92,798,025	100,277,566	101,062,919	
25,136	24,575	341,795	27,659	46,882	65,957	
1,106,199	21,778	(614,194)	1,911,030	5,202,622	4,585,098	
487,427	409,281	934,038	884,281	1,123,470	1,684,101	
<b>124,923,110</b>	<b>126,793,687</b>	<b>128,848,955</b>	<b>144,314,250</b>	<b>158,582,971</b>	<b>162,274,714</b>	
<b>\$ (12,871,215)</b>	<b>\$ 1,812,046</b>	<b>\$ 26,833,405</b>	<b>\$ 45,968,455</b>	<b>\$ 42,825,552</b>	<b>\$ 57,339,653</b>	

**KALAMAZOO PUBLIC SCHOOLS**  
**FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<i>June 30,</i>	Fiscal			
	2016	2017	2018	2019
<b>General Fund</b>				
Nonspendable - inventories	\$ 163,019	\$ 172,784	\$ 185,736	\$ 158,510
Nonspendable - prepaid expenditures	1,758,652	1,646,717	1,558,615	1,726,674
Unassigned	10,708,803	10,848,616	12,138,417	12,779,041
<b>Total General Fund</b>	<b>12,630,474</b>	<b>12,668,117</b>	<b>13,882,768</b>	<b>14,664,225</b>
<b>All Other Governmental Funds</b>				
Nonspendable - inventories	198,017	175,786	215,862	226,781
Restricted for capital projects	4,192,516	22,277,711 <sup>a</sup>	11,845,039	52,706,460 <sup>a</sup>
Restricted for debt service	4,217,084	4,139,640	4,098,156	5,228,745
Restricted for food service	1,237,023	1,055,013	1,238,302	1,705,254
Committed for student/school activities	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>9,844,640</b>	<b>27,648,150</b>	<b>17,397,359</b>	<b>59,867,240</b>
<b>Total of All Governmental Funds</b>	<b>\$ 22,475,114</b>	<b>\$ 40,316,267</b>	<b>\$ 31,280,127</b>	<b>\$ 74,531,465</b>

**Source:** Kalamazoo Public Schools' audited financial statements.

**Notes:**

<sup>a</sup> Increase in fund balance due to receipt of bond proceeds.

<sup>b</sup> Fund balance was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB 84.

**KALAMAZOO PUBLIC SCHOOLS  
FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Year	2020	2021	2022	2023	2024	2025
	\$ 160,055	\$ 164,148	\$ 144,940	\$ 137,646	\$ 155,423	\$ 135,235
	1,538,693	1,488,608	1,551,055	82,455	6,746	2,040,775
	15,764,231	27,591,223	32,871,261	36,854,223	40,338,870	40,523,813
	17,462,979	29,243,979	34,567,256	37,074,324	40,501,039	42,699,823
	247,641	144,089	275,337	139,241	238,613	95,474
	31,926,245	7,975,825	33,429,352 <sup>a</sup>	20,706,234	62,609,963 <sup>a</sup>	44,554,971
	5,433,168	4,930,950	6,096,354	7,279,649	10,024,690	10,948,884
	2,431,631	2,750,588	4,113,008	3,256,943	3,020,564	3,601,052
	-	1,446,369 <sup>b</sup>	1,641,516	1,836,533	2,020,697	2,109,976
	40,038,685	17,247,821	45,555,567	33,218,600	77,914,527	61,310,357
	\$ 57,501,664	\$ 46,491,800	\$ 80,122,823	\$ 70,292,924	\$ 118,415,566	\$ 104,010,180

**KALAMAZOO PUBLIC SCHOOLS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<i>Year ended June 30,</i>	Fiscal			
	2016	2017	2018	2019
<b>Revenues</b>				
Local revenue	\$ 39,870,770	\$ 40,976,944	\$ 40,640,787	\$ 47,172,343
State revenue	98,832,695	101,736,064	106,700,776	108,114,871
Federal revenue	17,360,969	18,263,628	18,388,257	17,943,958
Intermediate sources	13,685,620	14,577,313	15,141,133	15,638,897
<b>Total revenues</b>	<b>169,750,054</b>	<b>175,553,949</b>	<b>180,870,953</b>	<b>188,870,069</b>
<b>Expenditures</b>				
Current:				
Instruction	82,588,915	85,949,002	86,937,822	89,973,869
Support services	56,478,695	59,749,201	62,582,365	63,028,485
Community services	1,698,729	1,350,780	1,630,742	1,350,814
Food services	7,178,039	7,827,512	7,942,371	7,823,441
Athletics	1,299,975	1,551,841	1,439,083	1,468,362
Student/school activities <sup>a</sup>	-	-	-	-
Debt service:				
Principal	10,475,000	9,995,000	11,135,000	13,080,000
Interest	6,961,824	7,333,027	7,018,581	7,638,604
Other	403,406	1,026,945	5,000	480,005
Capital outlay	26,026,661	11,618,389	11,216,129	11,662,592
<b>Total expenditures</b>	<b>193,111,244</b>	<b>186,401,697</b>	<b>189,907,093</b>	<b>196,506,172</b>
Excess (deficiency) of revenues over (under) expenditures	(23,361,190)	(10,847,748)	(9,036,140)	(7,636,103)
<b>Other financing sources (uses)</b>				
Debt issuance	52,510,000	44,165,000	-	58,820,000
Debt premium or discount	4,747,766	1,058,307	-	3,588,998
Proceeds from subscription-based IT arrangements	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	547,000	571,653	445,000	470,000
Transfers out	(547,000)	(571,653)	(445,000)	(470,000)
Payment to bond escrow agent	(47,621,487)	(16,534,406)	-	(11,521,557)
<b>Total other financing sources (uses)</b>	<b>9,636,279</b>	<b>28,688,901</b>	<b>-</b>	<b>50,887,441</b>
Changes in fund balances	(13,724,911)	17,841,153	(9,036,140)	43,251,338
<b>Fund Balances, beginning of year</b>	<b>36,200,025</b>	<b>22,475,114</b>	<b>40,316,267</b>	<b>31,280,127</b>
<b>Fund Balances, end of year</b>	<b>\$ 22,475,114</b>	<b>\$ 40,316,267</b>	<b>\$ 31,280,127</b>	<b>\$ 74,531,465</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>10.44%</b>	<b>9.91%</b>	<b>10.16%</b>	<b>11.21%</b>

Source: Kalamazoo Public Schools' audited financial statements.

**Notes:**

<sup>a</sup> The District created a new special revenue fund in fiscal year 2020 when it implemented GASB 84.

<sup>b</sup> Fund balance was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB 84.

**KALAMAZOO PUBLIC SCHOOLS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Year	2020	2021	2022	2023	2024	2025
\$	49,457,153	\$ 48,676,520	\$ 51,434,711	\$ 56,836,928	\$ 62,975,333	\$ 67,987,659
	109,727,136	113,334,052	117,474,863	133,728,345	138,766,870	145,687,350
	19,399,609	21,116,800	32,614,824	34,996,353	45,528,399	26,843,003
	17,192,318	16,329,402	16,634,123	15,400,513	16,362,949	18,455,028
	195,776,216	199,456,774	218,158,521	240,962,139	263,633,551	258,973,040
	91,855,578	91,172,371	100,022,270	110,453,572	110,988,118	112,414,827
	63,947,955	61,373,776	71,809,514	82,911,899	90,531,851	90,050,992
	1,293,794	841,932	1,120,652	1,412,013	1,234,514	1,475,050
	8,656,303	6,383,104	8,601,954	11,453,865	11,407,762	10,658,708
	1,349,542	990,226	1,442,191	1,760,455	1,956,601	1,956,303
	-	584,775	858,190	858,190	901,863	1,031,606
	14,560,000	17,100,000	16,245,843	18,349,564	17,555,635	20,880,389
	7,421,191	7,281,051	6,991,319	6,526,688	7,698,367	8,104,809
	127,256	4,500	1,094,913	7,750	533,016	9,500
	23,098,499	26,156,698	23,205,369	17,156,078	28,074,809	26,796,242
	212,310,118	211,888,433	231,392,215	250,890,074	270,882,536	273,378,426
	(16,533,902)	(12,431,659)	(13,233,694)	(9,927,935)	(7,248,985)	(14,405,386)
	16,915,000	-	62,740,000	-	63,965,000	-
	1,681,432	-	1,024,393	-	5,693,264	-
	-	-	-	98,036	-	-
	-	-	30,877	-	-	-
	470,000	470,000	470,000	525,000	525,000	525,000
	(470,000)	(470,000)	(470,000)	(525,000)	(525,000)	(525,000)
	(19,092,331)	-	(16,930,553)	-	(14,286,637)	-
	(495,899)	-	46,864,717	98,036	55,371,627	-
	(17,029,801)	(12,431,659)	33,631,023	(9,829,899)	48,122,642	(14,405,386)
	74,531,465	58,923,459 <sup>b</sup>	46,491,800	80,122,823	70,292,924	118,415,566
\$	57,501,664	\$ 46,491,800	\$ 80,122,823	\$ 70,292,924	\$ 118,415,566	\$ 104,010,180
	11.62%	13.13%	11.16%	10.64%	10.40%	11.75%

**KALAMAZOO PUBLIC SCHOOLS  
TAXABLE VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN FISCAL YEARS  
(RATE PER \$1,000 OF ASSESSED VALUE)**

<i>Tax Year</i>	Fiscal Year	Real Property				Taxable Value
		Residential	Commercial	Industrial	Agriculture and Other	
2015	2015 - 2016	\$ 1,324,821,293	\$ 717,347,787	\$ 103,950,809	\$ 1,236,545	
2016	2016 - 2017	1,344,972,951	717,386,917	106,593,156	1,225,497	
2017	2017 - 2018	1,382,049,914	736,597,654	107,593,381	1,236,519	
2018	2018 - 2019	1,431,840,853	774,034,205	92,093,586	1,323,650	
2019	2019 - 2020	1,493,832,247	816,500,223	92,091,513	1,390,667	
2020	2020 - 2021	1,558,062,517	871,113,252	98,447,866	1,423,375	
2021	2021 - 2022	1,617,338,544	888,599,428	101,695,764	1,524,511	
2022	2022 - 2023	1,714,199,833	924,169,756	105,308,726	1,574,806	
2023	2023 - 2024	1,850,749,535	983,141,284	114,563,510	1,653,532	
2024	2024 - 2025	1,999,212,303	1,041,269,243	123,916,854	1,736,194	

**Source:** Kalamazoo County Equalization Department.

**Notes:** Under Michigan law, the revenue base is taxable value. The property tax base in the School District is contingent upon the taxable property value. Taxable value increases are limited by variable caps and other restrictions which generally cause the taxable value to be at or below the state equalized value, which are primarily market-driven. Taxes levied in a particular "tax-year" become revenue of the subsequent fiscal year.

**KALAMAZOO PUBLIC SCHOOLS  
TAXABLE VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN FISCAL YEARS  
(RATE PER \$1,000 OF ASSESSED VALUE)**

<u>By Property Type</u>		<u>Direct Tax Rates</u>			Estimated Actual Value	Taxable Value as a % of Actual Value
Personal Property	Total Value	Operating	Debt	Total		
\$ 260,531,038	\$ 2,407,887,472	18.0000	6.9500	24.9500	\$ 4,815,774,944	50.0%
207,923,000	2,378,101,521	18.0000	6.9500	24.9500	4,756,203,042	50.0%
225,113,779	2,452,591,247	17.8704	6.9500	24.8204	4,905,182,494	50.0%
219,931,600	2,519,223,894	17.8704	8.2000	26.0704	5,038,447,788	50.0%
231,055,800	2,634,870,450	17.8489	8.2000	26.0489	5,269,740,900	50.0%
235,315,700	2,764,362,710	17.6757	8.2000	25.8757	5,528,725,420	50.0%
237,159,800	2,846,318,047	17.6757	8.2000	25.8757	5,692,636,094	50.0%
254,414,100	2,999,667,221	17.6757	8.2000	25.8757	5,999,334,442	50.0%
252,558,100	3,202,665,961	17.6757	8.2000	25.8757	6,405,331,922	50.0%
272,185,600	3,438,320,194	17.6757	8.2000	25.8757	6,876,640,388	50.0%

**KALAMAZOO PUBLIC SCHOOLS  
DIRECT AND OVERLAPPING TAX RATES, LAST TEN FISCAL YEARS  
(RATE PER \$1,000 OF ASSESSED VALUE)**

<i>Tax Year</i>	Fiscal Year	Direct Tax Rates			Overlapping Rates			
		Operating <sup>a</sup>	Debt <sup>b</sup>	Total	Kalamazoo County	Metro Transit	City of Kalamazoo	Kalamazoo City Solid Waste
2015	2015 - 2016	18.0000	6.9500	24.9500	6.4890	0.6000	19.2705	1.5500
2016	2016 - 2017	18.0000	6.9500	24.9500	6.4663	1.1500	19.2705	1.8000
2017	2017 - 2018	17.8704	6.9500	24.8204	6.4420	1.0645	12.0000	1.8000
2018	2018 - 2019	17.8704	8.2000	26.0704	6.7653	1.0645	12.0000	1.8000
2019	2019 - 2020	17.8489	8.2000	26.0489	6.7631	1.0645	12.0000	1.8000
2020	2020 - 2021	17.6757	8.2000	25.8757	7.3614	1.0601	12.0000	1.8000
2021	2021 - 2022	17.6757	8.2000	25.8757	8.0028	1.0624	12.0000	1.8000
2022	2022 - 2023	17.6757	8.2000	25.8757	7.9685	1.2066	12.0000	1.8000
2023	2023 - 2024	17.6757	8.2000	25.8757	8.0740	1.2045	12.0000	1.8000
2024	2024 - 2025	17.6757	8.2000	25.8757	8.0057	1.2035	12.0000	1.8000

**Source:** 2014-2023 Kalamazoo County Apportionment Reports

**Notes:**

<sup>a</sup> Operating millage applies to non-homestead property, and is limited to 18.0 mills.

<sup>b</sup> Debt millages apply to homestead and non-homestead property

**KALAMAZOO PUBLIC SCHOOLS  
 DIRECT AND OVERLAPPING TAX RATES, LAST TEN FISCAL YEARS  
 (RATE PER \$1,000 OF ASSESSED VALUE)**

Overlapping Rates							
Kalamazoo City DDA	Community College	Public Library	Kalamazoo RESA	State Education	Kalamazoo Township	Oshtemo Township	Texas Township
1.9638	2.8135	3.9583	6.4060	6.0000	9.7920	0.9765	1.3562
1.9638	2.8135	3.9583	6.4060	6.0000	9.4785	0.9765	1.3495
1.9638	2.8089	3.9487	6.4028	6.0000	11.4891	0.9703	1.3411
1.9638	2.8089	3.9487	6.4028	6.0000	11.5912	0.9703	1.3408
1.9638	2.8089	3.9487	6.4028	6.0000	11.5912	0.9703	1.3403
1.9638	2.7970	3.9213	7.2893	6.0000	11.4912	0.9600	1.8362
1.9638	2.7918	3.9117	7.0129	6.0000	11.2928	2.0400	1.8288
1.9638	2.7802	3.8999	6.9853	6.0000	11.0313	2.5800	1.8126
1.9638	2.7802	3.8999	6.9935	6.0000	10.9013	2.7500	1.8126
1.9638	2.7729	3.8893	6.9785	6.0000	11.0847	2.7500	1.8093

**KALAMAZOO PUBLIC SCHOOLS  
PRINCIPAL PROPERTY TAXPAYERS, CURRENT YEAR AND 2015**

<i>Year ended December 31,</i>	2024			2015		
Taxpayer	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Consumers Energy	\$ 141,180,450	1	4.11%	\$ 58,261,630	1	2.42%
Zoetis	34,351,380	2	1.00%	14,312,100	4	0.59%
Michigan Electric Transmission	19,260,963	3	0.56%			
Lifecare, Inc.	19,180,214	4	0.56%	10,705,019	10	0.44%
Knollwood Loft LLC	17,044,212	5	0.50%			
Advia Real Estate Holdings LLC	15,391,456	6	0.45%			
Graphic Packaging International LLC	14,836,647	7	0.43%	42,242,500	3	1.75%
Catalyst Development Co.	14,832,773	8	0.43%	11,441,691	8	0.48%
ORF VII Maple Hill Property Owner	14,769,500	9	0.43%			
MING LXVI Drakes Pond LLC	14,396,012	10	0.42%	11,582,600	5	0.48%
PNC Bank				11,321,164	9	0.47%
Pfizer				42,251,700	2	1.75%
Copper Beech Townhomes				11,532,364	6	0.48%
Sunrise IV Bronson Place LLC				11,479,712	7	0.48%
<b>Total principal taxpayers</b>	<u>305,243,607</u>		<u>8.88%</u>	<u>225,130,480</u>		<u>9.35%</u>
Balance of valuations	<u>3,133,076,587</u>		<u>91.12%</u>	<u>2,182,756,992</u>		<u>90.65%</u>
<b>Total Ad Valorem Valuation</b>	<u><u>\$ 3,438,320,194</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 2,407,887,472</u></u>		<u><u>100.00%</u></u>

**Source:** Kalamazoo County Equalization Department and 2015 Official Statement.

**KALAMAZOO PUBLIC SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS, LAST TEN FISCAL YEARS**

<i>Tax Year</i>	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years *	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2015 - 2016	\$ 35,676,588	\$ 33,763,278	94.64%	\$ 1,867,431	\$ 35,630,709	99.87%
2016	2016 - 2017	36,169,676	34,012,548	94.04%	2,068,601	36,081,149	99.76%
2017	2017 - 2018	37,050,297	35,096,119	94.73%	1,918,405	37,014,524	99.90%
2018	2018 - 2019	41,641,178	39,740,562	95.44%	1,862,965	41,603,527	99.91%
2019	2019 - 2020	43,611,351	41,514,652	95.19%	2,090,045	43,604,697	99.98%
2020	2020 - 2021	45,239,598	42,918,855	94.87%	2,292,214	45,211,069	99.94%
2021	2021 - 2022	46,698,501	44,435,965	95.16%	2,022,600	46,458,565	99.49%
2022	2022 - 2023	48,744,083	46,258,885	94.90%	2,399,216	48,658,101	99.82%
2023	2023 - 2024	51,850,150	49,286,294	95.06%	2,437,386	51,723,680	99.76%
2024	2024 - 2025	55,368,574	52,149,187	94.19%	3,165,475	55,314,662	99.90%

**Source:** Kalamazoo County Equalization Department and District records.

**Note:**

\* Delinquent tax collections are actually current year real property taxes that are considered delinquent if not paid by March 1st, and are therefore paid to the district from Kalamazoo County's tax payment fund.

**KALAMAZOO PUBLIC SCHOOLS  
OUTSTANDING DEBT BY TYPE, LAST TEN FISCAL YEARS**

<i>Tax Year</i>	<i>Fiscal Year</i>	Total Outstanding Debt	Total Taxable Value	Outstanding Debt as a % of Taxable Value	Estimated Population	Outstanding Debt Per Capita	Personal Income Per Capita	Outstanding Debt as a % of Personal Income
2015	2015 - 2016	\$ 172,586,568	\$ 2,407,887,472	7.17%	112,513	\$ 1,534	\$ 43,062	1.61%
2016	2016 - 2017	190,559,737	2,378,101,521	8.01%	113,084	1,685	43,394	1.69%
2017	2017 - 2018	178,850,280	2,452,591,247	7.29%	113,891	1,570	46,389	1.57%
2018	2018 - 2019	216,175,369	2,519,223,894	8.58%	113,972	1,897	48,723	1.76%
2019	2019 - 2020	200,358,498	2,634,870,450	7.60%	113,972	1,758	49,493	1.55%
2020	2020 - 2021	182,326,771	2,764,362,710	6.60%	113,972	1,600	52,403	1.39%
2021	2021 - 2022	212,617,231	2,846,318,047	7.47%	114,368	1,859	54,954	1.62%
2022	2022 - 2023	193,393,465	2,999,667,221	6.46%	109,273	1,773	58,524	1.27%
2023	2023 - 2024	230,120,178	3,202,665,961	7.19%	109,300	2,105	59,619	1.51%
2024	2024 - 2025	208,032,351	3,438,320,194	6.05%	109,724	1,896	63,668	1.23%

**Source:** Kalamazoo Public Schools' audit reports and accounting records, official statements and continuing disclosure reports, the U.S. Census, and the Michigan Regional Economic Analysis Project (MI-REAP).

**Note:** Net position restricted for debt service at June 30 is for November bond interest payments (not principal)

**KALAMAZOO PUBLIC SCHOOLS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2025**

<i>Governmental Unit</i>	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Kalamazoo	\$ 154,145,000	93.85%	\$ 144,663,899
Kalamazoo County	139,630,000	31.20%	43,570,499
Kalamazoo Township	2,650,000	109.51%	2,902,130
Texa Township	5,965,000	14.18%	845,838
Kalamazoo Valley Community College	<u>4,460,000</u>	34.35%	<u>1,531,818</u>
Subtotal, overlapping debt	<u>\$ 306,850,000</u>		<u>193,514,184</u>
<b>District Direct Debt</b>			<u>230,120,178</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 423,634,362</u>

**Source:** Municipal Advisory Council of Michigan.

**Notes:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the School District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the School District. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is not within other districts.

**KALAMAZOO PUBLIC SCHOOLS  
LEGAL DEBT MARGIN INFORMATION, LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2024-2025:**

State Equalized Valuation (SEV), July 1, 2024	\$ 4,573,589,950
Statutory Debt Limit (15% of SEV)	686,038,493
Debt applicable to limit	208,032,351

**Legal Debt Margin**

\$ 478,006,142

<i>Tax Year</i>	Fiscal Year	State Equalized Value (SEV)	Statutory Debt Limit (15% of SEV)*	Debt Subject to Debt Limit	Legal Debt Margin	Debt as a Percentage of Debt Limit
2015	2015 - 2016	\$ 2,580,041,202	\$ 387,006,180	\$ 172,586,568	\$ 214,419,612	44.60%
2016	2016 - 2017	2,624,031,720	393,604,758	190,559,737	203,045,021	48.41%
2017	2017 - 2018	2,802,421,136	420,363,170	178,850,280	241,512,890	42.55%
2018	2018 - 2019	2,876,726,906	431,509,036	216,175,369	215,333,667	50.10%
2019	2019 - 2020	3,103,343,517	465,501,528	200,358,498	265,143,030	43.04%
2020	2020 - 2021	3,388,626,329	508,293,949	182,326,771	325,967,178	35.87%
2021	2021 - 2022	3,541,626,400	531,243,960	212,617,231	318,626,729	40.02%
2022	2022 - 2023	3,778,290,600	566,743,590	193,393,465	373,350,125	34.12%
2023	2023 - 2024	4,127,920,114	619,188,017	230,120,178	389,067,839	37.16%
2024	2024 - 2025	4,585,192,850	687,778,928	208,032,351	479,746,577	30.25%

**Source:** Kalamazoo Public Schools' continuing disclosure reports.

**Notes:**

\* Public Act No. 451 of Michigan 1976, Sec. 1351A provides debt limits as follows: The bonded indebtedness of a school district shall not exceed 15% of all assessed valuation of the district. Bonds not included in the computation of the legal debt margin are:

1. Defeased bonds
2. Any bond qualified under Article IX, Section 16 of the 1963 Michigan Constitution
3. Deficit Budget bonds as authorized by Sec. 1356

**KALAMAZOO PUBLIC SCHOOLS  
DEMOGRAPHIC AND ECONOMIC STATISTICS, LAST TEN FISCAL YEARS**

<i>Calendar Year</i>	Estimated Population	Median Household Income	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2015	260,263	\$ 46,356	\$ 10,718,151	\$ 43,062	4.30%
2016	261,654	47,476	11,267,345	43,394	3.90%
2017	262,985	49,693	11,411,971	46,389	4.40%
2018	264,870	51,945	12,905,261	48,723	3.40%
2019	265,066	54,431	13,118,912	49,493	3.30%
2020	261,670	56,511	13,712,293	52,403	7.20%
2021	260,523	58,836	14,316,781	54,954	5.00%
2022	260,892	61,739	15,268,443	58,524	4.00%
2023	262,215	67,905	15,632,996	59,619	4.00%
2024	264,780	70,525	16,858,013	63,668	4.00%

**Sources:** Michigan Regional Economic Analysis Project (MI-REAP) with data provided by the U.S. Department of Commerce and Bureau of Economic Analysis, Michigan Department of Technology, Management and Budget, and Census Bureau.

**Notes:** The statistics shown above are for the County of Kalamazoo, which encompasses the entire school district and surrounding communities.

**KALAMAZOO PUBLIC SCHOOLS  
PRINCIPAL EMPLOYERS, CURRENT YEAR AND 2015**

<i>Year ended December 31,</i>	2024			2015		
<i>Employer</i>	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Western Michigan University	5,047	1	3.64%	1,200	9	0.89%
Bronson Methodist Hospital	4,552	2	3.28%	4,000	1	2.96%
Perrigo	4,000	3	2.88%	3,000	2	2.22%
Borgess Medical Center	3,000	4	2.16%	3,000	3	2.22%
Stryker Instruments	2,600	5	1.87%	2,600	4	1.92%
Pfizer	2,200	6	1.59%	2,200	6	1.63%
PNC Bank	1,800	7	1.30%			
Kalamazoo Public Schools	1,473	8	1.06%	1,753	7	1.30%
Summit Polymers, Inc	1,150	9	0.83%	600	14	0.44%
Portage Public Schools	929	10	0.67%			
Kalamazoo Valley Community College	800	11	0.58%	800	12	0.59%
Meijer Inc. (2 Stores)	800	12	0.58%	800	13	0.59%
Whirlpool				2,500	5	1.85%
MPI Research				1,400	8	1.04%
Greenleaf Hospitality				1,000	10	0.74%
Zoetis				1,000	11	0.74%
<b>Total Principal Employers</b>	<u>28,351</u>		<u>20.43%</u>	<u>25,853</u>		<u>19.12%</u>
<b>Total Employment Base</b>	<u>138,772</u>			<u>135,249</u>		

**Source:** Michigan Manufacturer's Directory, Crain's Book of Lists, Manta Company Intelligence Website, the Michigan Economic Development Council (MEDC), and individual employers.

**Notes:** Includes the major employers within the School District and Kalamazoo County.

**KALAMAZOO PUBLIC SCHOOLS**  
**FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE, LAST TEN FISCAL YEARS**

<i>Employee Function/Program:</i>	Full-Time-Equivalent Employees as of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Government</b>										
Instruction	941	947	943	949	957	917	917	918	920	916
Support services	435	425	465	502	511	394	437	438	435	418
Community service	8	9	7	11	7	4	3	3	5	5
Food service	60	62	43	40	35	55	33	35	37	63
<b>Total</b>	<b>1,444</b>	<b>1,443</b>	<b>1,458</b>	<b>1,502</b>	<b>1,510</b>	<b>1,370</b>	<b>1,390</b>	<b>1,394</b>	<b>1,397</b>	<b>1,402</b>

**Source:** Michigan Department of Education Registry of Educational Personnel and Personnel reports.

**Note:** With the exception of food service and transportation, counts do not include hourly staff, such as: activity helpers, tutors, summer school employees, athletics, etc.

**KALAMAZOO PUBLIC SCHOOLS  
OPERATING STATISTICS, LAST TEN FISCAL YEARS**

<i>Fiscal Year</i>	Enrollment <sup>a</sup>	Percent Change	Operating Expenditures <sup>b</sup>	Cost Per Pupil	Operating Revenues <sup>c</sup>	Revenue Per Pupil	Students Receiving Free or Reduced-Price Meals <sup>d</sup>	Average Teacher Salary
2015 - 2016	12,694	1.05%	\$141,752,079	\$ 11,167	\$143,834,652	\$ 11,331	62.25%	\$ 56,745
2016 - 2017	12,763	0.54%	148,327,699	11,622	148,568,250	11,641	68.26%	56,769
2017 - 2018	12,832	0.54%	152,511,044	11,885	153,947,305	11,997	70.37%	58,588
2018 - 2019	12,815	-0.13%	155,797,246	12,157	156,338,524	12,200	71.13%	62,950
2019 - 2020	12,848	0.26%	158,178,333	12,312	161,561,449	12,575	69.77%	62,530
2020 - 2021	12,156	-5.39%	156,953,752	12,912	168,264,751	13,842	68.12%	66,280
2021 - 2022	12,326	1.40%	177,995,415	14,441	182,847,392	14,834	67.74%	65,319
2022 - 2023	12,183	-1.16%	200,361,609	16,446	202,245,641	16,601	69.91%	69,565
2023 - 2024	12,224	0.34%	216,640,609	17,723	220,067,324	18,003	60.58%	70,034
2024 - 2025	12,228	0.03%	211,167,649	17,269	213,366,433	17,449	62.92%	78,211

**Source:**

<sup>a</sup> District enrollment records as of the fall count day, audited by Kalamazoo RESA.

<sup>b</sup> District financial statements as audited, excluding capital outlay, debt service, and other transactions.

<sup>c</sup> District financial statements as audited, excluding transfers, and other transactions.

<sup>d</sup> State of Michigan Center for Educational Performance and Information (CEPI).

**Additional Sources:** Kalamazoo Public Schools' audit reports, continuing disclosure reports, MDE Bulletin 1014.

**KALAMAZOO PUBLIC SCHOOLS  
SCHOOL BUILDING INFORMATION**

<i>Building Function/Program:</i>	2016	2017	2018	Fiscal 2019
<b>Instructional Buildings</b>				
Elementary				
Number of buildings	17	17	17	17
Square footage	1,037,002	1,067,666	1,055,585	1,055,585
Capacity	7,599	7,677	7,677	7,677
Enrollment	6,332	6,231	6,232	6,174
Middle				
Number of buildings	5	5	5	5
Square footage	579,949	579,949	581,081	581,081
Capacity	3,679	3,679	3,679	3,679
Enrollment	2,839	2,920	2,917	3,005
High				
Number of buildings	3	4	4	4
Square footage	711,049	746,433	750,923	750,923
Capacity	4,225	4,719	4,719	4,719
Enrollment	3,415	3,512	3,577	3,537
Other				
Number of buildings	4	3	3	3
Square footage	349,796	274,231	272,075	272,075
Enrollment	108	100	106	99
Total enrollment	12,694	12,763	12,832	12,815
<b>Support Buildings</b>				
Administrative				
Number of buildings	6	6	6	5
Square footage	86,020	86,322	89,660	83,410
Transportation/Maintenance				
Number of buildings	1	1	1	1
Square footage	17,182	15,991	15,991	15,991
Buses	121	121	123	123
Athletics				
Football fields	2	2	2	2
Soccer fields	2	2	2	2
Running tracks	2	2	2	2
Baseball/softball	2	2	4	4
Swimming pools	3	3	3	3
Playgrounds	20	20	21	21

**Source:** Deyo/Stone asset appraisal reports, District internal records.

**KALAMAZOO PUBLIC SCHOOLS  
SCHOOL BUILDING INFORMATION**

Year	2020	2021	2022	2023	2024	2025
	17	17	17	17	18	17
	1,055,585	1,055,585	1,031,839	1,031,839	1,050,524	1,057,773
	7,677	7,677	7,677	7,677	7,677	7,677
	6,226	5,799	5,733	5,704	5,782	5,786
	5	4	4	4	4	4
	581,081	554,541	554,541	554,541	554,541	554,541
	3,679	3,350	3,350	3,350	3,350	3,350
	2,922	2,787	2,764	2,803	2,735	2,735
	4	3	3	3	3	3
	750,923	727,669	727,669	727,669	727,669	727,669
	4,719	4,719	4,719	4,719	4,719	4,719
	3,694	3,562	3,819	3,665	3,557	3,557
	3	3	3	3	4	2
	272,075	272,075	272,075	272,075	344,662	239,558
	6	8	10	11	150	150
	12,848	12,156	12,326	12,183	12,224	12,228

	5	7	6	6	5	6
	83,220	141,801	109,760	109,760	83,220	109,760
	1	1	1	1	1	1
	15,991	18,315	18,315	18,315	18,315	18,315
	124	124	124	124	124	124
	2	2	2	2	2	2
	2	2	2	2	2	2
	2	2	2	2	2	2
	4	4	4	4	4	4
	3	3	2	2	2	2
	21	21	21	21	21	21



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**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  
Kalamazoo Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kalamazoo Public Schools (the District) 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 28, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

As part of obtaining reasonable assurance about whether Kalamazoo Public 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maney Costeiran PC*

October 28, 2025



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October 28, 2025

To the Board of Education  
Kalamazoo Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kalamazoo Public 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, *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 the Kalamazoo Public Schools are described in Note 1 to the financial statements. As described in Note 11 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 the Kalamazoo Public 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:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit asset. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit asset in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

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

The financial statement 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.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *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 28, 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 auditor's 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 the District's 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 inquiries of management regarding 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 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 other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally 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 other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Kalamazoo Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Maney Costeiran PC*