

**CITY OF KALAMAZOO, MICHIGAN**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2023**

**Prepared by:**  
**Management Services Department, Budget & Accounting Division**

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## **INTRODUCTORY SECTION**





## OFFICE OF THE CITY MANAGER

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June 25, 2024

To the Honorable Mayor, City Commission, and Citizens of the City of Kalamazoo:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This Annual Comprehensive Financial Report (ACFR) is published to fulfill the City of Kalamazoo's requirement for the fiscal year ended December 31, 2023.

This financial report consists of management's representations concerning the finances of the City of Kalamazoo. Therefore, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Kalamazoo's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Maner Costerisan, Certified Public Accountants, have issued an unmodified opinion on the City of Kalamazoo's financial statements for the year ended December 31, 2023. The independent auditor's report is located at the front of the financial sections of this report (page 10).

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the separately issued City's Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Kalamazoo, incorporated in 1884, is located between Chicago and Detroit in the southwest corner of Michigan and encompasses an area of approximately 26 square miles. The current population of the City is approximately 73,000. The City, also the county seat, is home to Western Michigan University, a state-designated Research I university, as well as Kalamazoo College, a private liberal arts college, and Kalamazoo Valley Community College. As a municipality of the State of Michigan, the City of Kalamazoo is empowered to levy a property tax on both real and personal property located within its boundaries. The City of Kalamazoo has operated under the commission-manager form of government since 1918. As required by the City Charter, municipal elections are held in November of odd-numbered years. The Mayor is elected on a separate non-partisan ticket to serve a two-year term in office. The six City Commissioners are elected on a non-partisan ticket to four-year terms. The terms of the commissioners are staggered, with three commissioners elected every two years. The City Commission candidate who receives the most votes at each municipal election will serve as the Vice Mayor for the first two years of their term and as a City Commissioner the second two years. Policymaking and legislative authority are vested in the elected commission consisting of the seven members, all serving part-time. The City Manager is the Chief Administrative Officer of the City and is appointed to serve by the Commission. With the exception of the City's Assessor, Attorney, Clerk, and Internal Auditor who are also appointed by the Commission, the City Manager is responsible for administering the policies and ordinances of the City Commission, for appointing the department heads of the City's various departments and overseeing the day-to-day operations of the City.

The statistical section found at the end of this report provides additional information on the City of Kalamazoo's financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information as well as other supplementary schedules.

### **City Services**

The City of Kalamazoo provides a full range of traditional government services, including police and fire protection; economic and community development; recreational and parks activities; the maintenance and construction of streets and other infrastructure; and water and wastewater services. Unique for a City of its size, the City operates its police, fire, and medical first responder services under a public safety model, in which members of the department are cross trained to perform police, fire, and medical first responder services. In addition, the City of Kalamazoo operates water and wastewater systems. Both utility systems are regional in character, serving a large portion of the county outside of the City of Kalamazoo's corporate limits, and both are financially self-supporting.

A tax-increment financing (TIF) district captures incremental increases in property tax revenues and reinvests them within that district. The City has four TIF districts within its boundaries that are discretely presented component units of the City: a Downtown Development Authority (DDA) and Downtown Economic Growth Authority (DEGA) for its downtown area, the Northside Cultural Business District (NCBDA) supporting resident-owned businesses, building cultural identity, and preserving significant spaces, and a Brownfield Redevelopment Authority to redevelop blighted properties within its boundaries.

In addition to these TIF districts, a portion of the City has been designated as a Renaissance Zone by the State of Michigan, which allows residents and businesses within that zone to enjoy exemption from property taxes and certain state taxes.

In addition, the City of Kalamazoo has three other legally separate component units, the Economic Development Corporation, the Hospital Finance Authority, and the Kalamazoo Building Authority, entities for which the government is considered to be financially accountable. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

Transportation services are provided by the Central County Transportation Authority (CCTA), a separate authority which provides mass-transportation services throughout the City, including Western Michigan University, and outlying areas.

### **Budgeting Control**

The annual budget serves as the foundation for the City of Kalamazoo's financial planning and control. The City Charter requires that the City Manager submit to the City Commission an estimate of revenues and expenditures for the following fiscal year by December 1<sup>st</sup>. By February 1<sup>st</sup> of each year the City Commission passes an annual appropriation resolution approving the estimated expenditures. The budget is adopted at the fund level; Department directors may transfer resources within a department as they see fit, and the City Manager may approve transfers between departments. Transfers between funds, however, need special approval from the City Commission. Legislative actions by the City Commission to issue bonds, accept grants and authorize special assessment projects are considered authority to expend funds for those purposes. Unexpended capital project appropriations may be carried forward to the next fiscal year with management approval. All other appropriations lapse at year-end, except for those specifically approved to be carried forward by the City Commission.

The City Commission adopts budgets in accordance with GAAP for the General Fund and all special revenue funds, as required by Michigan statute. The Commission also adopts budgets for capital projects, enterprise funds, and the administrative portion of the pension fund, although not required by the State of Michigan.

### **SEC Disclosure under Rule 15c2-12**

Securities and Exchange Commission (SEC) Rule 15c2-12 requires that issuers of municipal securities undertake to provide certain annual financial information to various information repositories. In recognition that an Annual Comprehensive Financial Report (CFR) is an appropriate disclosure document for providing information useful to existing and potential investors in the secondary market, and in order to meet our obligation to provide periodic disclosure for the secondary market, as required by Rule 15c2-12, the City of Kalamazoo has elected to include in this CFR tables providing quantitative data on those activities which require such disclosure. Those tables can be found in the statistical section of the ACFR.

### **Local Economy**

Kalamazoo has a diverse regional economy, anchored by major employers in the pharmaceutical (Pfizer), health care product (Stryker Corp.), health services (Bronson and Borgess regional hospitals), banking (PNC), and higher education (Western Michigan University, Kalamazoo College, and Kalamazoo Valley Community College) industries. Kalamazoo's workforce is as diverse as its economy, ranging from those skilled in manufacturing and business services to research scientists. According to the Bureau of Labor Statistics, the December 2023 unemployment rate for the city was 3.5%, which was lower than the state unemployment rate of 4.1% and the national average of 3.7%. Enrollment in local universities and colleges was approximately 30,000 full and part-time students, creating a base of potential employees that is highly attractive to business and industry.

A long-time cultural and commercial center for the region, a combination of public and private investment, specifically in downtown Kalamazoo, has revitalized its central business district. As a result of the new investments, downtown Kalamazoo has become a dining and entertainment hub, with much of the activity occurring in restored historic buildings.

Kalamazoo primarily supports business re-investment and expansion through its tax abatement programs and policies. However, the City of Kalamazoo also utilizes the array of economic development tools available to “core communities” in Michigan, such as PA 328 personal property tax exemptions, Michigan Business Tax credits for the redevelopment of Brownfield sites, and the designation of 88 acres on five sites in the city as tax-exempt Renaissance Zones. Economic development efforts are coordinated by the City’s Economic Development Department among the City’s Economic Development Corporation (EDC), Downtown Development Authority (DDA), Downtown Economic Growth Authority (DEGA), Northside Cultural Business District Authority (NCBDA), and the Brownfield Redevelopment Authority (BRA). In addition, City staff also provides a coordination point for regional development activities with Southwest Michigan First (SWMF), a private non-profit economic development agency, who has also partnered with the State of Michigan’s economic development agency (the Michigan Economic Development Corporation) and the city at the BTR Park to develop, manage and expand the Southwest Michigan Innovation Center (SMIC).

The Kalamazoo Promise established in 2005 is a trust funded by anonymous public and private donors. All Kalamazoo Public School (KPS) graduates are eligible to receive four years funding for college tuition and mandatory fees at Michigan community colleges and universities. This program resulted in over 2,500 new students enrolled at KPS, an increase in state financial support for the district, and a substantial increase in the number of firms asking about possible business locations to enhance their capacity to attract and retain a well-educated workforce.

### **Foundation for Excellence**

In the summer of 2016, the City’s Foundation for Excellence (FFE) was introduced as a new public-nonprofit partnership funded by area philanthropists, institutions, and other donors to provide resources for the City in perpetuity. The FFE was incorporated as a 501(c)3 Type III nonprofit in October of 2017 and empaneled its first complete 15-member board in 2018.

The purpose of the FFE is to stabilize the City budget, provide tax relief for City residents, and drive forward aspirational projects of Kalamazoo’s award-winning Imagine Kalamazoo 2025 Strategic Vision and Master Plan, with historically unprecedented investments in youth development, economic development, affordable housing, efforts to end generational poverty, revitalize neighborhoods, and modernize infrastructure.

### **Initial Phases (2017 - 2022):**

The major donors of the FFE provided donations of \$128 million over a five-year period (2017 - 2022), during which time the board was created, policies put into place, and an endowment fund created including a binding Investment Policy Statement.

During this time the City developed a budget that incorporated the following contributions for FFE and improvements:

- \$10.9 million annually to backfill a reduction of the General Operating property tax from 19.2705 mills to 12.0000 mills.
- \$3.8 million annually of budget stabilization funds to offset projected deficits caused by restrictive revenue sources (property taxes and state revenue sharing) whose inflationary rate generally lags behind the City's inflation rate for expenditures.
- \$10 million per year to fund new aspirational projects.
- Continued exploration of further budgetary savings through shared services.
- Best practices and measures to demonstrate the impact of the donation, efforts, and initiatives.

### **The Endowment and Beyond**

On July 12, 2021, the FFE received written notice of a structured gift of \$40 million per year over ten consecutive years beginning in 2021, totaling \$400 million. The value of the endowment was over \$220 million at 12/31/2023, building towards the target of \$500 million.

### **Long-term Financial Planning**

The City of Kalamazoo believes long-term financial planning has been and will continue to be a vital component to ensure the City's fiscal health. The City Commission identified six strategic focus areas which focus on: Economic Vitality, Neighborhood Development, Environmental Stewardship, Community Building, Responsive and Responsible Government, and Fiscal Stewardship.

The City continues to utilize Imagine Kalamazoo 2025 as a budgeting guide to ensure that the financial resources of the City aligns with the City Commission and community priorities. The City has designed the budget process to factor in these priorities and focusing decision-making around well-defined programs, maximizing scarce resources towards achieving the Community's desired and required results. The City's budgeting process also involves continuous improvement in efficiencies by way of new technologies, better organization, and leveraging partnerships or handing off functions to other overlapping entities, to lower costs and improve outcomes. The City is working on identifying meaningful and accurate measurements to ensure that high-priority programs are achieving results and to improve overall organizational efficiency.

The City's Fiscal Year 2024 budget and 5-year Fiscal Plan through 2028 project exceeding the target fund balance of 15% of General Fund revenues. The plan projects the continuation of support from the Foundation for Excellence (FFE) to sustain a reduced property tax millage of 12.0000 mills, saving the average resident over \$400 per year. The 5-year Fiscal Plan projects a rise in revenues between 3% and 6% annually. Expenditures are generally anticipated to rise 3% to 4% as the City intentionally plans to utilize excess reserves in the 5-year Fiscal Plan.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kalamazoo for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the twenty fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized annual comprehensive finance report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement Program’s requirements and we are submitting in to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the City of Kalamazoo. We want to thank all involved in the financial monitoring and reporting of City activities, especially Steve Vicenzi, Director of Management Services and Chief Financial Officer, Jennifer Clark, Accounting Division Manager, and Stephanie Radant, Budget Division Manager and the Accounting staff. Credit also must be given to the Mayor and the City Commission as a whole for their unfailing support to maintaining the highest standards of professionalism in the management of the City of Kalamazoo’s finances.

Respectfully submitted,



James K. Ritsema  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Kalamazoo  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO

**CITY OF KALAMAZOO  
LIST OF CITY OFFICIALS  
YEAR ENDED DECEMBER 31, 2023**

**CITY COMMISSION**

David Anderson, Mayor  
Jeanne Hess, Vice Mayor  
Stephanie Hoffman      Don Cooney  
Qianna Decker      Alonzo Wilson  
Chris Praedel

**CITY MANAGER**

James Ritsema

**DEPUTY CITY MANAGER**

Jeff Chamberlain

**CHIEF OPERATING OFFICER**

Laura Lam

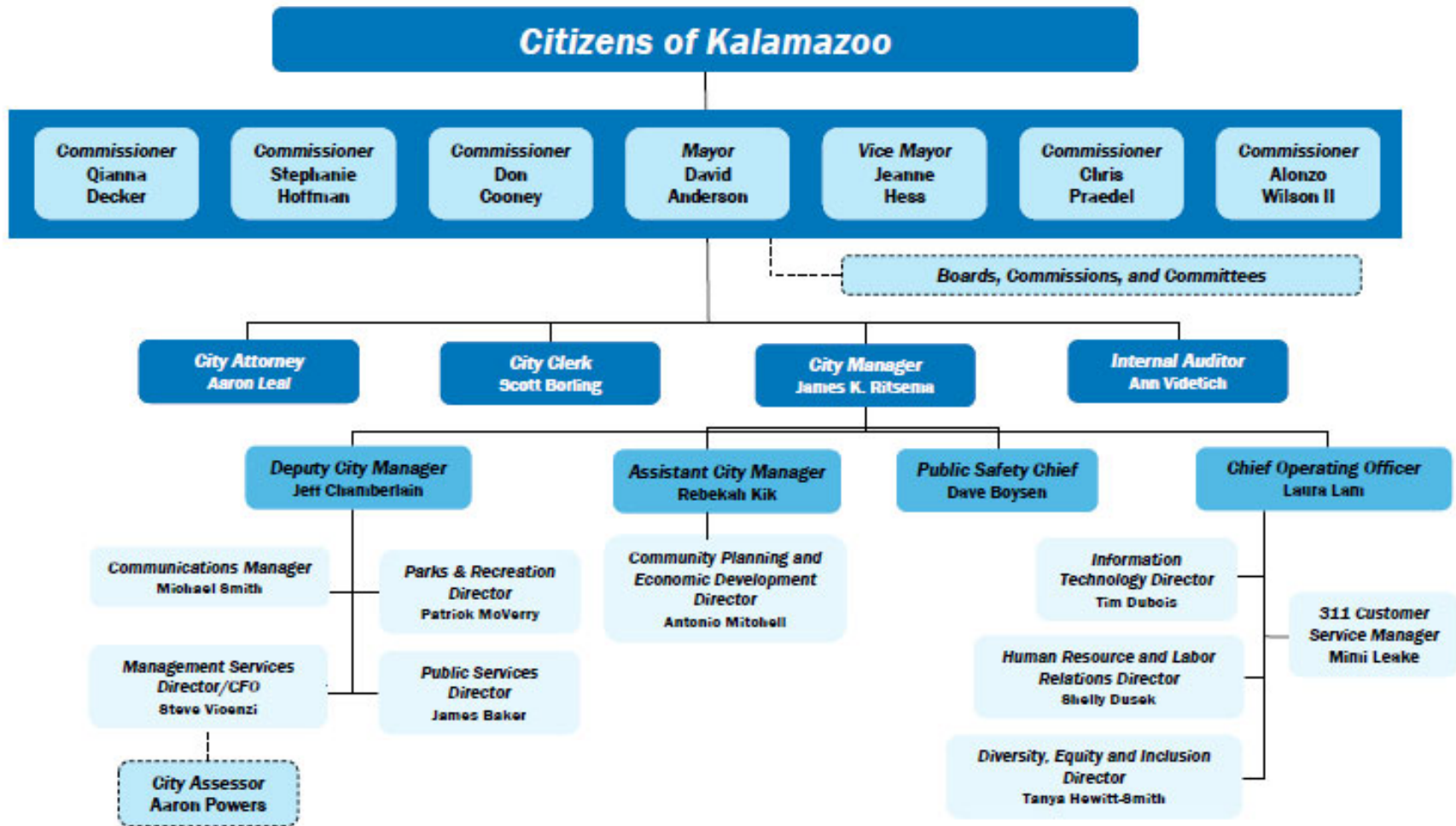
**MANAGEMENT SERVICES DEPARTMENT**

Steve Vicenzi, Management Services Director/CFO  
Melissa Fuller, Management Services Deputy Director/Purchasing Agent  
Tania Sheely-Myers, City Treasurer      Aaron Powers, City Assessor  
Jennifer Clark, Accounting and Budget Manager

**CITY COMMISSION APPOINTEES**

Scott Borling, City Clerk      Aaron Powers, City Assessor  
Ann Videtich, Internal Auditor      Aaron Leal, City Attorney







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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Commission  
City of Kalamazoo, Michigan

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kalamazoo, Michigan (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kalamazoo, Michigan, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the Grants and Donations Fund 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Kalamazoo 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 15 to the financial statements, in 2023 the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Kalamazoo's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kalamazoo's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and nonmajor fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 the audit of the basic financial statement, 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 financial 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 June 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maney Costeiman PC*

June 25, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Kalamazoo, Michigan, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and additional information that we have furnished in our letter of transmittal (pages 1-6).

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$570.4 million (*net position*).
- The City's total net position increased by approximately \$101.6 million or <22%. This net increase was a combination of a \$58.4 million increase in governmental activities net position and a \$43.2 million increase in business-type activities net position.
- The City's balance of bonded debt increased by \$45.7 during the current fiscal year. The City issued \$13.510 million in General Obligation Bonds and \$46.4 million in Revenue Bonds. The City made scheduled bond principal payments totaling \$14.2 million.
- The City's net other post-employment benefits liability was increased by \$12.7 million in 2023 as compared to the prior year. This change increased governmental activities expenditures by \$10.7 million and business type expenditures by \$2.0 million.
- As of the close of the 2023 fiscal year, the City's *governmental funds* reported combined ending fund balances of \$79.9 million, an increase of \$2.0 million in comparison of the prior year. Approximately 15% of the combined fund balances, or \$12.01 million was available for spending at the government's discretion (*"unassigned fund balance"*).
- The General Fund fund balance was \$16.60 million, or 21.0% of the total General Fund budgetary revenues and other financing sources. Of the total \$16.60 million fund balance, \$2.30 million was nonspendable, leaving \$14.30 million, or 17.93% of budgetary revenues and other financing sources. The unassigned fund balance for the General Fund was \$12.01 million, or 15.53% of total General Fund revenues and other financing sources.
- Combined enterprise funds net position increased \$43.23 million. This included the net position of the Wastewater Fund, Water Fund, and Parking System Fund increasing \$7.26 million, \$33.12, and \$2.85 million, respectively, as a result of favorable operating revenues and increased capital contributions for continued system growth in the service area.
- The City received almost \$18.6 million under the Foundation for Excellence memorandum of understanding in 2023. Of the total donations, \$18.6 million is included in Donations and Contributions in the General Fund to support operations. The remaining \$24.9 thousand is in the Special Revenue Aspirational Project Fund and is restricted for aspirational projects targeted to reduce poverty, enhance youth development, and support other community and economic development within the City.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- The City received \$38.87 million under the Federal Coronavirus State and Local Recover Funds (SLFRF) program, a part of the American Rescue Plan. During the year, the City recognized \$9.17 million of revenue. The remaining funds are recorded as unearned liabilities as of December 31, 2023, in the Grants and Donations fund.

### Overview and Analysis of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Kalamazoo's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and welfare, recreation and culture, and community and economic development. The business-type activities of the City include wastewater and water enterprise operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 38-41 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### ***Governmental Funds***

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains approximately 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's General Fund and Grants and Donations Fund, which are considered to be major funds of the City. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 42-54 of this report.

#### ***Proprietary Funds***

The City maintains two different types of proprietary funds, *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its wastewater and water utilities, as well as its parking fund. *Internal service funds* are an accounting device used to accumulate and allocate cost internally among the City's various functions. The City uses an internal service fund to account for its self-insurance services. These services predominantly benefit governmental rather than business-type functions, therefore, they have been allocated to *governmental activities* in the government-wide financial statements.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the wastewater and water systems, which are considered to be major funds of the City, as well as the parking system fund which is considered to be a nonmajor fund of the City. The single internal service fund is also presented in the proprietary fund financial statements to the right of the enterprise funds.

The basic proprietary fund financial statements include the *statement of cash flows*. The *statement of cash flows* allows financial statement users to assess the proprietary funds' adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

The basic proprietary fund financial statements can be found on pages 55-62 of this report.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 63-65 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 69-139 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to schedules concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 140-149 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund financial statements and schedules can be found on pages 151-177 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Kalamazoo, assets and deferred outflows or resources exceeded liabilities and deferred inflows of resources by \$570,408,220 at the close of the most recent fiscal year.

A significant portion of the City's net position, \$319,674,940, reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$236,861,534, represents resources that are subject to external restrictions on how they may be used. Restricted net position includes amounts set aside for pension benefits, endowments, debt service, debt-financed projects, long-term advances, and externally mandated commitments. The remaining balance of *unrestricted net position* of \$13,871,746 is the amount that may be used to meet the government's ongoing obligations to citizens and creditors.

Generally accepted accounting principles (GAAP) require that the City show our liability for pension benefits promised in the future as an asset on our entity-wide financial statements. An actuarial valuation as of December 31, 2022, provided a total pension liability of \$564,885,675. The City had plan fiduciary net position of \$741,876,098 as of year end, exceeding the total pension obligation by \$176,990,423. The resulting net pension asset of \$177 million was allocated to the Governmental Activities and Business-type Activities.

GAAP also require that the City show our liability for retiree health care and benefits, or other post-employment benefits (OPEB) promised in the future as a liability on our entity-wide financial statements. An actuarial valuation as of January 1, 2022, provided the City's share of total OPEB liability of \$123,957,966. The City's share of plan fiduciary net position was \$95,525,194. The resulting net OPEB liability of \$28,432,772 was allocated to the Governmental Activities and Business-type Activities.

The City implemented GASB Statement No. 96, Subscription-based Information Technology Arrangements in 2023. As of December 31, 2023, the City had net right to use subscription assets of \$1,123,224 and associated long term liabilities of \$1,101,870. Prepaid Assets of \$155,765 as of December 31, 2022, were reclassified as right to use subscription assets, for a total beginning right to use asset balance of \$1,051,712 and beginning liabilities of \$895,947.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of Kalamazoo's Net Position  
December 31, 2022 and December 31, 2023**

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 260,702,076	\$ 296,877,719	\$ 119,884,596	\$ 157,869,177	\$ 380,586,672	\$ 454,746,896
Capital assets, net	206,973,649	218,589,074	299,071,767	350,633,675	506,045,416	569,222,749
<b>Total assets</b>	<b>467,675,725</b>	<b>515,466,793</b>	<b>418,956,363</b>	<b>508,502,852</b>	<b>886,632,088</b>	<b>1,023,969,645</b>
Deferred outflows of resources	61,310,238	27,338,300	12,253,749	5,998,360	73,563,987	33,336,660
Current liabilities	63,167,965	55,073,385	18,037,563	23,164,490	81,205,528	78,237,875
Noncurrent liabilities	154,583,861	169,393,820	180,375,006	228,182,524	334,958,867	397,576,344
<b>Total liabilities</b>	<b>217,751,826</b>	<b>224,467,205</b>	<b>198,412,569</b>	<b>251,347,014</b>	<b>416,164,395</b>	<b>475,814,219</b>
Deferred inflows of resources	61,059,816	9,773,114	14,183,001	1,310,752	75,242,817	11,083,866
<b>Net position</b>						
Net investment in capital assets	137,752,770	142,772,849	165,139,867	176,902,091	302,892,637	319,674,940
Restricted	150,104,809	192,371,133	33,038,482	44,490,401	183,143,291	236,861,534
Unrestricted	(37,683,258)	(26,579,208)	20,436,193	40,450,954	(17,247,065)	13,871,746
<b>Total net position</b>	<b>\$ 250,174,321</b>	<b>\$ 308,564,774</b>	<b>\$ 218,614,542</b>	<b>\$ 261,843,446</b>	<b>\$ 468,788,863</b>	<b>\$ 570,408,220</b>

\* The 2022 information has not been restated.

The government's total net position increased by \$101.62 million or approximately 22%. This net increase was a combination of a \$58.39 million increase in governmental activities net position and a \$43.23 million increase in business-type activities net position.

Current and other assets increased \$36.18 million or 13.9% in governmental activities and increased \$37.98 million or 31.7% in business-type activities. Current liabilities decreased in governmental activities by \$8.10 million or 12.8% and increased by \$5.13 million or 28.4% in business type activities.

Deferred outflows of resources decreased by \$33.97 million or 55.4% primarily due to a change in deferred outflows of resources associated with the net difference between projected and actual earnings on the pension plan investments as compared to 2022. Deferred inflows of resources decreased \$51.29 million or 83.99% primarily due to a change in deferred inflows of resources associated with a change in OPEB plan assumptions in 2022 of \$54.64 million as compared to \$0 in 2023.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of Kalamazoo's Changes in Net Position  
For the Year Ended December 31, 2022 and December 31, 2023**

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenue						
Program revenue						
Charges for services	\$ 17,785,942	\$ 20,377,135	\$ 62,706,351	\$ 73,439,495	\$ 80,492,293	\$ 93,816,630
Operating grants and contributions	51,550,791	53,544,698	535,666	576,283	52,086,457	54,120,981
Capital grants and contributions	1,017,974	457,925	3,526,902	18,077,981	4,544,876	18,535,906
General revenue						
Property taxes	26,706,218	28,562,231	-	-	26,706,218	28,562,231
State shared revenues - unrestricted	11,237,359	11,316,874	-	-	11,237,359	11,316,874
Legal settlement	-	-	-	17,414	-	17,414
Other	1,136,773	5,611,682	(183,189)	3,135,213	953,584	8,746,895
Total revenue	<u>109,435,057</u>	<u>119,870,545</u>	<u>66,585,730</u>	<u>95,246,386</u>	<u>176,020,787</u>	<u>215,116,931</u>
Expenses						
General government	26,339,275	17,420,939	-	-	26,339,275	17,420,939
Public safety	(21,635,209)	8,755,954	-	-	(21,635,209)	8,755,954
Public works	4,271,336	10,633,094	-	-	4,271,336	10,633,094
Health and welfare	3,443,553	4,862,119	-	-	3,443,553	4,862,119
Community and economic development	7,179,295	6,621,657	-	-	7,179,295	6,621,657
Recreation and culture	3,281,776	5,804,576	-	-	3,281,776	5,804,576
Interest on long-term debt	4,886,375	5,254,080	-	-	4,886,375	5,254,080
Wastewater	-	-	19,692,234	33,077,150	19,692,234	33,077,150
Water	-	-	16,678,316	21,589,916	16,678,316	21,589,916
KMGA	-	-	-	1,246,958	-	1,246,958
Total expenses	<u>27,766,401</u>	<u>59,352,419</u>	<u>36,370,550</u>	<u>55,914,024</u>	<u>64,136,951</u>	<u>115,266,443</u>
Change in net position before transfers and special item	81,668,656	60,518,126	30,215,180	39,332,362	111,883,836	99,850,488
Special item - transfer of net position	-	-	-	1,768,869	-	1,768,869
Transfers (out) in	(378,000)	(2,127,673)	378,000	2,127,673	-	-
Change in net position	81,290,656	58,390,453	30,593,180	43,228,904	111,883,836	101,619,357
Net position - beginning of year	<u>168,883,665</u>	<u>250,174,321</u>	<u>188,021,362</u>	<u>218,614,542</u>	<u>356,905,027</u>	<u>468,788,863</u>
Net position - end of year	<u>\$ 250,174,321</u>	<u>\$ 308,564,774</u>	<u>\$ 218,614,542</u>	<u>\$ 261,843,446</u>	<u>\$ 468,788,863</u>	<u>\$ 570,408,220</u>

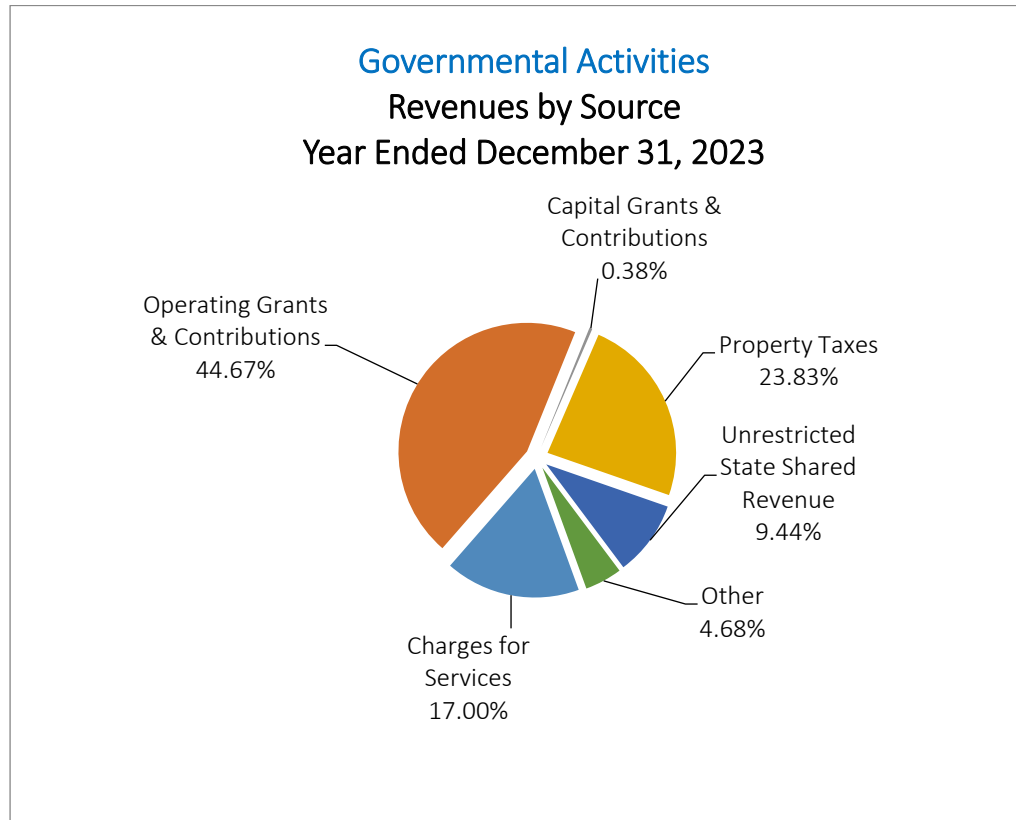
\* The 2022 information has not been restated.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Activities

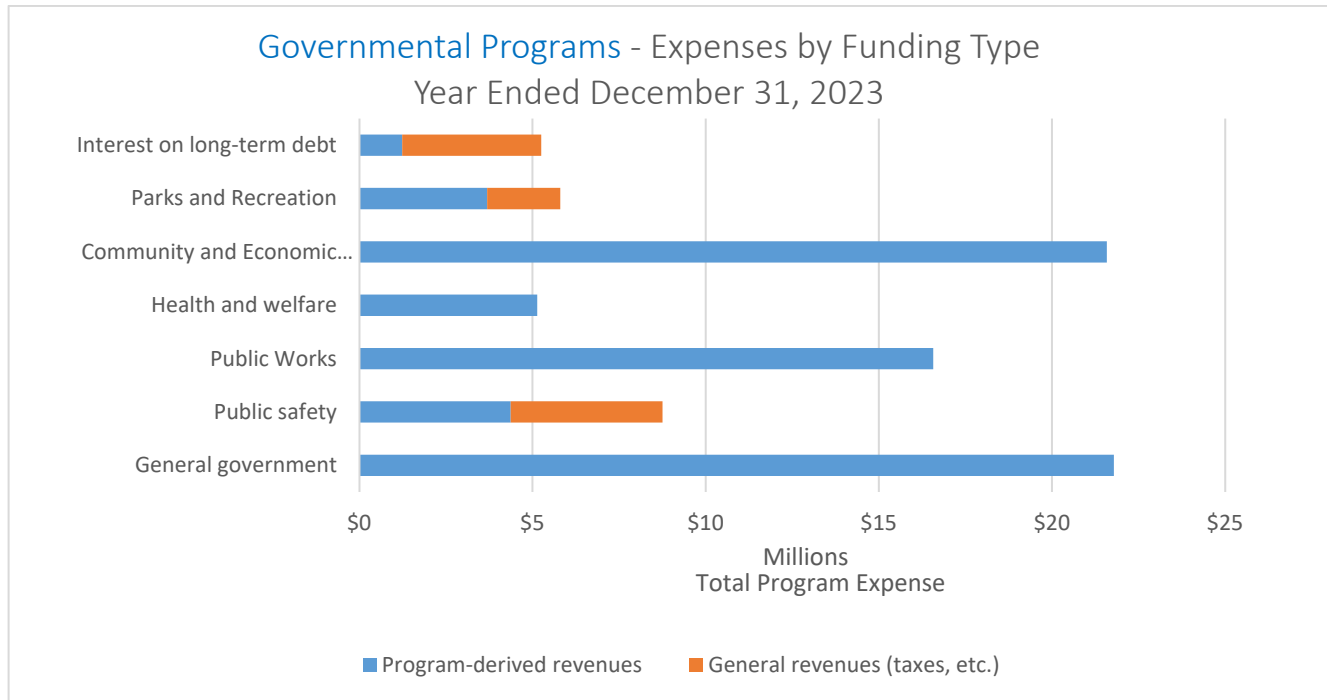
Governmental activities increased the City's net position \$58.39 million in 2023 as compared to a net increase of \$81.29 million in 2022. Governmental revenues increased by \$10.44 million or 9.54% due to increases in operating grants and contributions and charges for services. There was an increase of \$31.59 million in total governmental expenditures as compared to 2022. This increase is largely the result of the adjustment in the current year related to the City's net OPEB liability and related deferred outflows of resources and deferred inflows of resources.

While some revenue for governmental activities is derived from charges specific to programs, the majority of programs are generally subsidized by tax revenues and intergovernmental aid. In 2023, 38% of governmental revenues were funded from general sources that consisted of property taxes, revenue sharing from the State of Michigan, unrestricted grants and contributions, interest earnings, and other miscellaneous revenues. The remaining 62% of revenues were derived from charges or restricted to specific programs as depicted on the following chart.



## MANAGEMENT’S DISCUSSION AND ANALYSIS

Charges for services, grants, and contributions in governmental activities exceeded expenses by \$15.0 million in 2023 and \$42.6 million in 2022. The following chart depicts the total expenses for each governmental program for the City of Kalamazoo and the degree to which they are self-supporting or subsidized.



Governmental activities expenditures increased \$31.6 million as compared to the prior year. This is primarily due to a difference in the adjustments to the OPEB liabilities allocated to governmental activities that resulted in a reduction in governmental expenses of \$40.4 million as compared to a reduction of \$87.0 million in 2022. This reduction in 2022 attributed to a \$66 million reduction in public safety expenses, resulting in a negative expense of \$22 million as compared to the positive expense of \$8.9 million in 2023.

### Business-type Activities

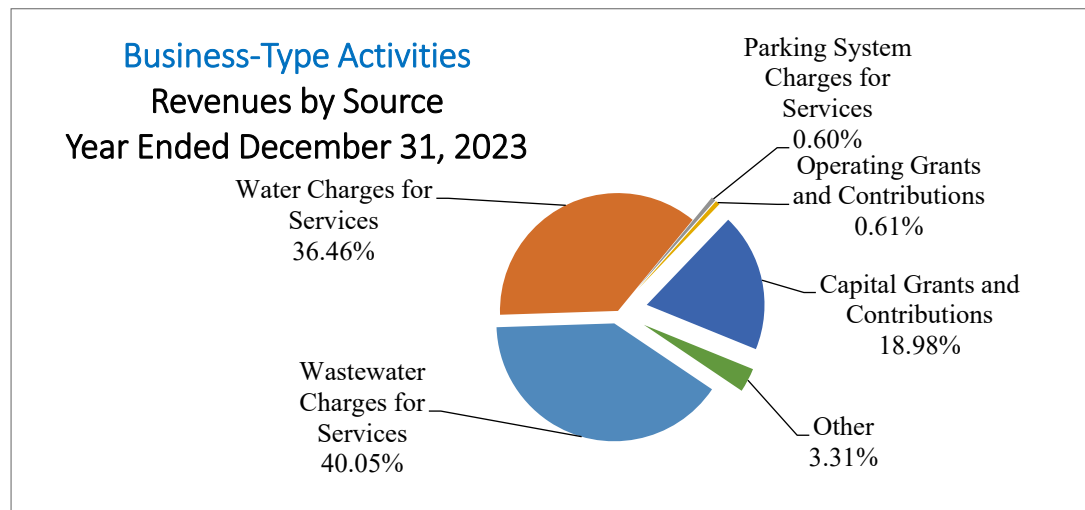
Business-type activities increased the City’s net position by \$43.2 million. The key elements of this increase are as follows:

- Wastewater system operating revenues increased \$4.96 million due to increased billing rates while operation and maintenance expenses increased \$13.04 million from 2022.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

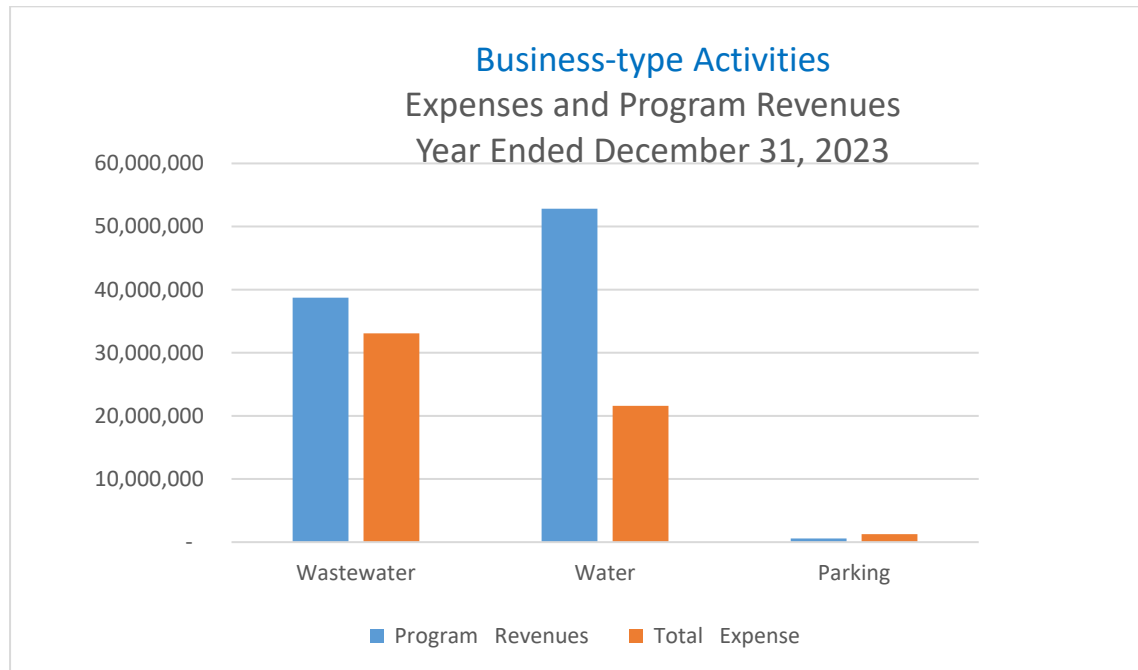
- Water system operating revenues increased \$5.2 million due to increased billing rates while operation and maintenance expenses increased \$4.27 million from 2022.
- The Wastewater and Water systems report OPEB expense under GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which increased by \$12 million as compared to 2022.
- The Wastewater and Water systems report pension expense under GASB 68, *Accounting and Financial Reporting for Pensions*, which decreased \$3.4 million as compared to 2022.
- Capital infrastructure contributions of \$18.1 million for wastewater and water infrastructure represented major revenue sources for both the Wastewater and Water systems in 2023. These contributions consist of water mains, service connections, and hydrants that are paid by developers or property owners and transferred to the system. In addition, the utilities received \$2.1 million of capital grants through State programs.
- Effective August 31, 2023, the operations of the Downtown Parking System transferred \$1,246,958 of net position to the City of Kalamazoo from the Downtown District Authority, a component unit of the City. The activity of the Parking System from September 1, 2023 through December 31, 2023 is reported in the business type activities.

Business-type activities of the City include a wastewater system, water system, and parking system. In contrast to governmental activities, business-type activities are significantly funded through user fees and charges as shown in the following graph.



## MANAGEMENT’S DISCUSSION AND ANALYSIS

The following chart depicts the total expenses for each business-type activity for the City of Kalamazoo and the degree to which they are self-supporting. In 2023, the Wastewater, Water, and Parking System added \$7.3 million, \$33.1 million, and \$2.8 million to existing reserves.



### Financial Analysis of the Government’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### *Governmental Funds*

The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available at the end of the fiscal year.

As of the close of the current fiscal year, the City’s *governmental funds* reported combined ending fund balances of \$79,938,034, an increase of \$2,020,389 in comparison with the prior year. Approximately 15% of the combined fund balances, or \$12,057,488 was available for spending at the government’s discretion (“*unassigned fund balance*”).



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The remainder of fund balance is *nonspendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it has already been committed 1) for encumbrances, inventories, and prepaid expenditures, 2) for advances to other funds and component units, 3) to generate income to pay for the municipal cemetery and future recreation programs, and 4) designated for use for next year's expenditures.

### **General Fund**

The general fund is the chief operating fund of the City of Kalamazoo. Property tax collections not collected in the time period allowed for revenue recognition by Generally Accepted Accounting Principles (GAAP) are included in deferred inflows of resources as unavailable revenues. At December 31, 2023, the amount of unavailable property taxes was \$966,435, a \$22,745 decrease from 2022. Other unavailable revenues totaling \$352,811 consist of other receivables not collected within 60 days after year-end as well as unavailable lease revenue in the amount of \$46,118.

The City's budget policies target undesignated reserves to be 15% of general fund operating revenues. The General Fund fund balance was \$16,597,232, or 22% of the total General Fund revenues. Of the total, \$16.6 million fund balance, \$2.296 million was nonspendable, \$104 thousand was restricted, \$274 thousand was committed, and \$1.866 million was assigned, leaving \$12.06 million of unassigned fund balance, or 15.53% of revenues.

The General Fund increased the fund balance a total of \$10.8 thousand due to increases in revenues. Revenues favorably exceeded budget by \$2.3 million due primarily to favorable intergovernmental revenue while total expenditures remained relatively consistent in the current year, remaining under budget by \$1.7 million.

### **Grants and Donations Fund**

The Grant and Donations Fund fund balance increased by \$1.2 million during the year. Revenues increased \$7.7 million from 2022, primarily from recognition of ARPA grant revenue. Expenditures increased by \$4.3 million from 2022, primarily related to general government expenditures. The Grants and Donations Fund received \$38 million in ARPA revenue in previous years, of which \$26.3 was unspent at year end and reflected in unearned revenue on the balance sheet.

### **Other (Nonmajor) Governmental Funds**

During the year, the combined fund balance for the City's nonmajor governmental funds increased by \$822 thousand in 2023. The combined \$61 million fund balance is attributable to special revenue funds (\$39.4 million), debt service funds (\$106,990), capital projects funds (\$14.6 million), and endowments held for recreational and cemetery perpetual care purposes (\$6.9 million). Because resources for these funds are, for the most part, restricted to specific purposes, their fund balances are not available for general government use.

Nonmajor governmental revenues increased \$6.1 million or 25% from 2022. Revenues increased most notably in the intergovernmental revenues, and interest and rents.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Nonmajor governmental expenditures increased \$6.9 million or 15%. The special revenue funds expenditures increased \$7.3 million, debt service increased \$879 thousand, capital projects decreased \$1.3 million, and permanent funds increased \$14 thousand.

### ***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

### **Wastewater Fund**

*Unrestricted* net position (the amount available for future spending) of the City's Wastewater fund amounted to \$12.2 million as of December 31, 2023. The fund had an increase in total net position for the year of \$7.3 million.

The Wastewater Fund experienced an operating income of \$7.6 million.

- Wastewater operating revenues increased \$5 million due primarily to increased billing rates. The system had an additional rate increase in October 2022, which remained in effect for 2023 to address rising costs in chemicals, solid disposals, and other expenditures. Volumes billed were consistent with 2023, but this was offset by a change to flat rates for municipal customers and industrial customers that opted into the system's new flat rate monitoring plans.
- Operating expenses increased \$13 million as compared to 2022, with operations and maintenance increasing \$13.1 million primarily due to the increases in the cost of treatment including chemicals and solid disposals and a change in the OPEB liability as discussed below.
- Operating expenses include an adjustment to OPEB liabilities that resulted in a \$6.9 million reduction of operating expenditures as compared to a \$13.5 million reduction in 2022. The Fund made contributions of \$251,500 to the OPEB trust in 2023. The Fund had a net OPEB liability of \$2.56 million, deferred outflows of resources related to OPEB of \$1 million, and deferred inflows of resources related to OPEB of \$602 thousand included in the Statement of Net Position at December 31, 2023. The portion of the 2015 OPEB bond reported in the Wastewater Fund at December 31, 2023 was \$8 million.
- Operating expenses includes an adjustment (\$315 thousand) of net pension expense, which was a decrease of \$1.2 million from the net pension expense recognized in 2022. The Fund was not required and did not make contributions to the pension system in 2023. The Fund had a net pension asset of \$15.4 million, deferred outflows of resources related to pensions of \$2.2 million, and deferred inflows of resources related to pensions of \$75 thousand included in the Statement of Net Position at December 31, 2023.
- Nonoperating Revenues and Expenses reduced net position by a total of \$1.1 million, an increase of \$1.1 million as compared to 2022. Interest earnings increased by \$1.5 million, whereas interest expense and fiscal charges increased \$498 thousand as compared to 2022.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Water Fund

*Unrestricted* net position (the amount available for future spending) of the City's Water fund amounted to \$25.6 million as of December 31, 2023. The fund had an increase in total net position for the year of \$33.1 million.

The Water Fund experienced an operating income of \$16.9 million.

- Water system operating revenues increased \$5.2 million due to increased billing rates and an increase in water billed volumes.
- Operating expenses increased \$4.3 million as compared to 2022. Of this increase, \$3.7 million was in operation and maintenance costs, primarily due to the change in OPEB expenses discussed further below.
- Operating expenses include an adjustment to OPEB liabilities that resulted in a \$4.6 million reduction of operating expenditures as compared to a \$10 million reduction recognized 2022. The Fund made contributions of \$194,200 to the OPEB trust in 2023. The Fund had a net OPEB liability of \$2.1 million, deferred outflows of resources related to OPEB of \$822 thousand, and deferred inflows of resources related to OPEB of \$536 thousand included in the Statement of Net Position at December 31, 2023. The portion of the 2015 OPEB bond reported in the Water Fund at December 31, 2023 was \$7.3 million.
- Operating expenses includes an adjustment of (\$333 thousand) of net pension expense which was a decrease of \$1.6 million over the net pension expense recognized in 2022. The Fund was not required to and did not make contributions to the pension system in 2023. The Fund had a net pension asset of \$12.7 million, deferred outflows of resources related to pensions of \$1.4 million, and deferred inflows of resources related to pensions of \$62 thousand included in the Statement of Net Position at December 31, 2023.
- Nonoperating Revenues and Expenses decreased net position by a total of \$1.5 million as compared a decrease to net position of \$2.7 million in 2022. Interest expense and fiscal charges increased \$728 thousand due to debt financed capital improvements.
- Capital contributions of \$17.5 million represented a major revenue source for the Water system during the current fiscal year. Contributions consist primarily of infrastructure improvements in the form of water mains, service connections, and hydrants paid by various users of the water system. Total contributions increased by \$13 million from 2022 as additional projects were completed by users of the system in 2023 as compared to 2022. In addition, the system recognized a total of \$1.5 million of state capital grants in 2023.
- *Unrestricted* net position (the amount available for future spending) of the City's Water fund amounted to \$25.6 million as of December 31, 2023. The fund had an increase in total net position for the year of \$2.8 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Asset and Debt Administration

#### *Capital Assets*

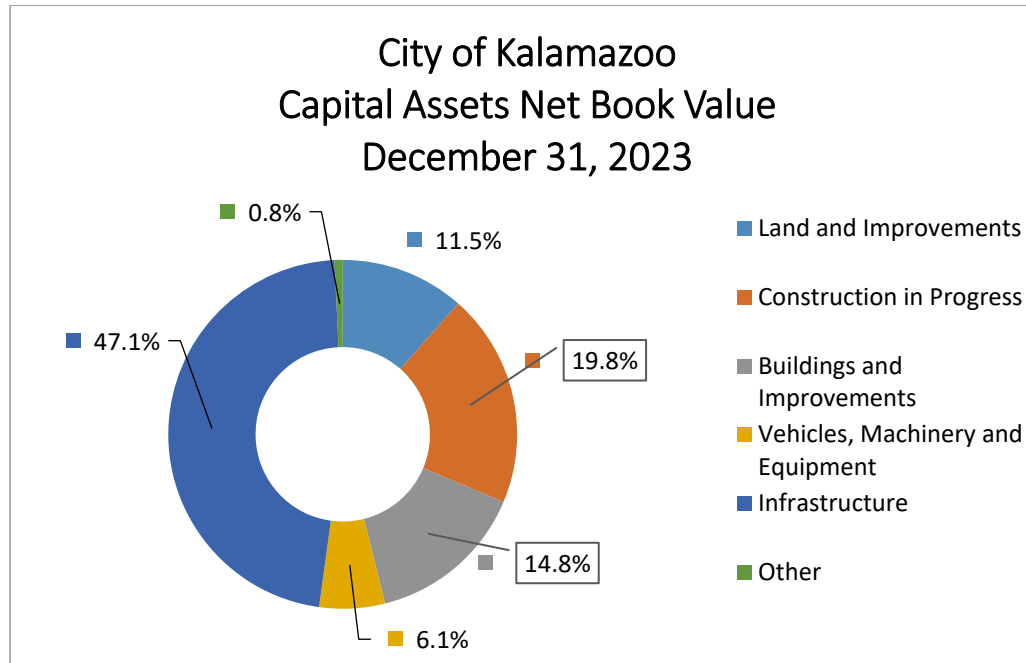
The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, totaled \$569 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, land improvements, buildings, vehicles, machinery and equipment, intangible assets, and infrastructure consisting of water, wastewater, and storm sewer systems, roads, highways, and bridges. Construction in progress includes capital outlay expenditures for projects that are not completed at December 31, 2023 and the asset has not yet been placed into service.

In addition, the City utilizes leases/subscriptions when lease/subscription terms can offer flexibility and stability of costs in operations. When the City enters into an agreement for a long term lease/subscription commitment, a right to use asset/subscription asset is recorded in the capital asset system and amortized over the life of the lease/subscription. Right to use assets under lease contracts include facilities for City departments, copiers and other equipment, light-duty vehicles, and infrastructure for city communications. Subscription assets under subscription-based information technology agreements include various operational, communications, data analysis, and security software used in the daily operations of the City.

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land	\$ 29,966,986	\$ 29,966,481	\$ 3,293,620	\$ 3,298,620	\$ 33,260,606	\$ 33,265,101
Building and improvements	27,842,234	36,494,958	48,239,308	47,583,282	76,081,542	84,078,240
Right to use - building	401,000	467,845	-	-	401,000	467,845
Land improvements	21,705,744	30,094,887	2,358,149	2,182,201	24,063,893	32,277,088
Machinery and equipment	7,528,958	8,523,393	15,865,944	14,595,261	23,394,902	23,118,654
Right to use - equipment	160,073	135,595	24,420	16,500	184,493	152,095
Vehicles	4,836,078	6,817,688	4,058,329	4,529,402	8,894,407	11,347,090
Right to use - vehicles	991,381	924,359	94,662	263,845	1,086,043	1,188,204
Infrastructure	81,551,752	83,726,361	151,502,084	184,250,524	233,053,836	267,976,885
Right to use - infrastructure	574,052	1,157,619	-	-	574,052	1,157,619
Right to use - subscription	932,668	905,407	119,044	217,817	1,051,712	1,123,224
Intangible Assets	60,796	37,751	62,807	46,541	123,603	84,292
Rights to liquor license	139,200	139,200	-	-	139,200	139,200
Construction in progress	31,215,395	19,197,530	73,572,444	93,649,682	104,787,839	112,847,212
<b>Total</b>	<b>\$ 207,906,317</b>	<b>\$ 218,589,074</b>	<b>\$ 299,190,811</b>	<b>\$ 350,633,675</b>	<b>\$ 507,097,128</b>	<b>\$ 569,222,749</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The net book value (the cost net of accumulated depreciation) of the City's investment in capital assets is represented in the following graph.



Net capital assets increased \$10.683 million for governmental activities while net business-type activity capital assets increased \$51.443 million.

Major capital asset events during the current fiscal year included the following:

### ***Governmental Activities:***

- Construction of capital projects totaling \$30.3 million was completed in 2023 and transferred to other asset categories. Completed projects included the construction, reconstruction, widening of public streets, sidewalk improvements, parks improvements, data storage and security upgrades, and other facility and equipment improvements. Approximately \$19.2 million of additional improvements are in progress.
- Land improvements of \$9.9 million include improvements to City parks, farmers market redevelopment, sidewalk projects, and portage creek trail.
- Building improvements of \$9.8 million included costs related to new Public Safety Alcott station.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Vehicle additions of \$2.9 million included an aerial fire truck, dump truck, street sweeper, and various ford interceptors.
- Machinery and Equipment additions of \$2.4 million include \$906 thousand for public safety equipment, \$528 thousand for general government information systems and other equipment, \$519 thousand for public works and streets equipment, \$161 thousand in golf equipment, and \$324 thousand in parks equipment.
- Infrastructure additions of \$6 million include various street and signal projects completed during 2023.
- The City entered into new lease agreements for the following right to use assets:
  - Buildings of \$333 thousand for office space, mall station, and storage center
  - Vehicles of \$405 thousand for various light duty vehicles
  - Equipment of \$33 thousand for parks equipment.
  - Infrastructure of \$650 thousand for the expansion of communications networks
- The City entered into new subscription agreements for the following subscription assets:
  - Subscriptions of \$613 thousand for various subscription-based information technology arrangements.
- The City disposed of assets with an original cost of \$693 thousand, and a net book value of \$79 thousand. Vehicular and other machinery and equipment with a \$26 thousand net book value was disposed as the equipment was no longer in a condition to support City operations. Right-to-use vehicles with a netbook value of \$16 thousand was disposed for leased assets terminated earlier than anticipated in the original lease terms. Infrastructure with a net book value of \$37 thousand was disposed of that was no longer in use.

### ***Business-type Activities:***

#### **Wastewater:**

- Construction of Wastewater capital projects totaling \$1.4 million was completed in 2023 and transferred to other asset categories. Wastewater had \$41.6 million in construction in progress for treatment plant upgrades and infrastructure improvements.
- Wastewater added \$64 thousand of building improvements for treatment plant upgrades.
- Wastewater added \$285 thousand of machinery and equipment for various treatment and process control upgrades.
- Wastewater \$185 thousand of vehicles for various purposes.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Wastewater upgraded the system infrastructure consisting of various mains, interceptors, and sewer linings totaling \$1.2 million.
- Wastewater entered into new lease agreements for right-to-use assets in 2023 for \$145 thousand.
- Wastewater entered into new subscription agreements for subscription assets in 2023 for \$97 thousand.
- Wastewater disposed of fully depreciated vehicles that were no longer able to support system operations.

### **Water:**

- Construction of Water capital projects totaling \$25.8 million was completed in 2023 and transferred to other asset categories. Water had \$52 million in construction in progress for station improvements, storage tank improvements and various infrastructure improvements in progress at year end.
- Water upgraded the system infrastructure totaling \$37 million in 2023, including replacement of lead service connections and various improvements to mains, hydrants, and meters.
- Water added \$1.4 million in buildings and improvements for station 11 upgrades.
- Water added \$484 thousand in machinery and equipment, consisting of various pumps, valves, well equipment, and other various system equipment.
- Water added \$818 thousand of vehicles, including one hydro-excavator.
- Water entered into new lease agreements for right to use assets in 2023 for \$167 thousand.
- Wastewater entered into new subscription agreements for subscription assets in 2023 for \$122 thousand.
- Water disposed of fully depreciated vehicles that were no longer able to support system operations.

Additional information on the City's capital assets, including detailed changes during 2023, can be found in Note 6 on pages 100-104 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### *Long-term Obligations*

The City's balance of long-term obligations increased by \$52 million during the current fiscal year and recognized an adjustment to beginning long term obligations of \$896 thousand to implement GASB 96 - *Subscription-based Information Technology Arrangements*. Governmental Activities had net increases of \$111 thousand in governmental direct borrowings and placements, \$4.7 million in other debt, and (\$201 thousand) in other long-term obligations. Business-type Activities had net increases of \$1.2 million in direct borrowings and placements, \$46.5 million in other debt, and a net decrease of \$15 thousand in compensated absences. The City issued \$13.510 million in General Obligation Bonds and \$48.418 million in Revenue Bonds. The City made scheduled bond principal payments totaling \$14.2 million.

### **General Obligation Bonds**

The City issues direct obligations where the government pledges the full faith and credit of the City. These bonds are issued as serial bonds with varying amounts of principal maturing each year. General Obligation bonds issued in 2023 consisted of \$13,510,000 par value bonds issued to fund capital improvements for streets, facility improvements, park improvements, golf course improvements, and various heavy equipment. The balance of outstanding general obligation bonds as of December 31, 2023, is \$139 million for governmental activities and \$15.4 million for business-type activities, of which \$57.6 million for governmental activities and \$15.4 million for business type activities is due to the 2015 financing of OPEB obligations.

### **Revenue Bonds**

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City issued \$46,400,000 of revenue bonds in 2023 to finance capital improvements. The balance of outstanding revenue bonds as of December 31, 2023, is \$178.2 million for business-type activities.

### **Drinking Water State Revolving Funds (DWSRF) Bonds**

The City also issues junior lien bonds through agreements with the State of Michigan Finance Authority and State of Michigan Department of Environment, Great Lakes, and Energy (EGLE) under the Drinking Water State Revolving Fund created by 1997 Public Act 26 and 27. Business-type activities increased obligations by \$1.8 million in 2023 and made \$920 thousand of principal payments under this program. The obligations under this program is recognized as disbursed or accrued for eligible expenditures.

### **Clean Water State Revolving Funds (CWSRF) Bonds**

The City also issues junior lien bonds through agreements with the State of Michigan Finance Authority and State of Michigan Department of Environment, Great Lakes, and Energy (EGLE) under the Clean Water State Revolving Fund. Business-type activities increased obligations by \$2.0 million in 2023. The obligations under this program is recognized as disbursed or accrued for eligible expenditures.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Leases Payable**

The City entered into new long-term lease commitments for \$914 thousand in governmental activities and \$312 thousand in business-type activities. The primary government has total balances of \$2.4 million in leases payable as of December 31, 2023.

### **Subscriptions Payable**

The City entered into new long-term subscription commitments for \$304 thousand in governmental activities and \$220 thousand in business-type activities. The primary government has total balances of \$1.1 million in leases payable as of December 31, 2023.

### **Equipment Acquisitions**

The City has entered into no equipment financing contracts during 2023. The balance of equipment acquisition agreements as of December 31, 2023, is \$687 thousand.

### **Compensated Absences**

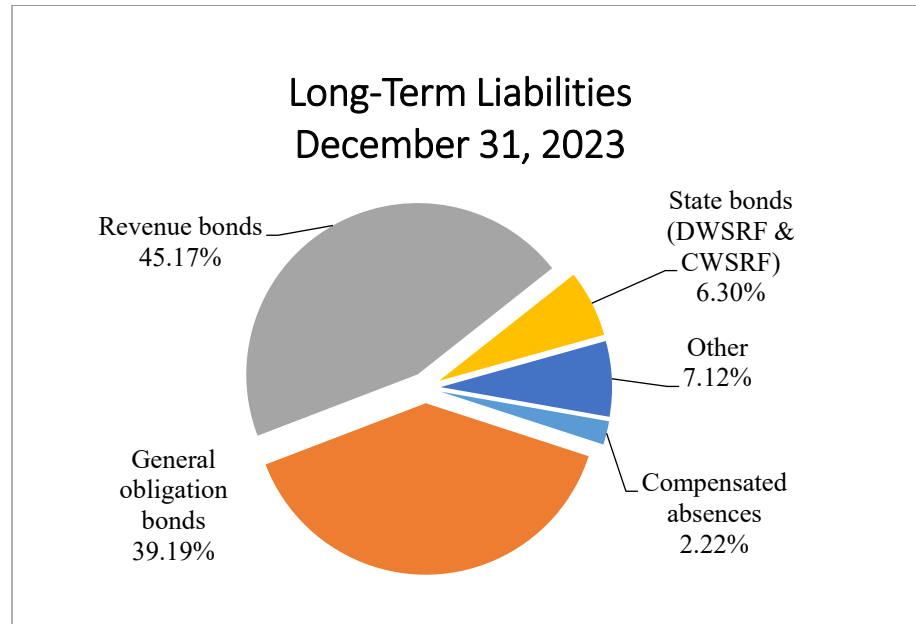
The City has accumulated a long-term liability for absences that have been earned by employees but not yet redeemed. The balance of compensated absences as of December 31, 2023, is \$8.8 million.

### **Insurance Claims and Environmental Matters**

The City has estimated its liability for various legal issues that the City is aware of as of 2023. The estimated liability to the City is \$3.4 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The major categories of long-term liabilities are depicted in the following graph:



Additional information on the City's long-term debt can be found in Note 7 on pages 105-118.

The following is the City's credit rating for the various outstanding debt as rated by Standard and Poor's as of December 31, 2023.

	<u>Standard &amp; Poor's</u>
General obligation bonds	AA-
Water revenue bonds	AA-
Wastewater revenue bonds	AA-

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Economic Factors and Next Year's Budgets and Rates

The City of Kalamazoo is a mid-sized, urban Michigan municipality. Like many other urban communities, the City is "built-out", meaning its land, for the most part, is developed, and that other local units of government, which prohibits any boundary expansion, surround it. While proactive in its economic development policies (see the Transmittal Letter for a more in-depth description), the City faces challenges common of most aging urban communities.

The City is home to the main campuses of Western Michigan University and Kalamazoo College, from which the City derives immense economic and intellectual benefits. However, because of the university's location, as well as being the County seat, approximately 50% of the City's land area is considered non-taxable. Furthermore, State of Michigan has property tax growth control measures that have the effect of limiting property tax revenue growth to the rate of inflation, which has been unusually low in recent years, and normally does not reflect the inflation of the cost of doing the people's business.

The City has been working with the community to identify solutions to continue to serve the community's needs with reduced revenues. In collaboration with our budgeting process, the City worked with the community to continue to utilize the Imagine Kalamazoo 2025 Strategic Vision and Master Plan (IK 2025). This master plan has defined strategic goals for: shared prosperity, connected city, inviting public places, environmental responsibility, safe community, youth development, complete neighborhoods, strength through diversity, economic vitality, and good governance.

In line with ongoing improvement efforts, the City Commission approved an initial agreement in 2016 to establish the Foundation For Excellence (FFE). Officially recognized as a supporting non-profit organization in 2017, the FFE provides annual funding to reduce the City's tax mill rate (12.0000 mills), stabilize the budget, and allocate funds for aspirational projects. These projects focus on youth employment and development, poverty reduction, and other goals outlined in the IK 2025 plan.

As of December 31, 2023, the FFE's endowment exceeds \$220 million. With anticipated contributions and investment income, the endowment is expected to reach its initial target of \$500 million while continuing to provide annual allocations to the City.

In 2023, State shared revenues in the General Fund had a .7% or \$79.5 thousand increase. The change from 2022 to 2023 was affected by a decrease in population in the 2020 census taking effect and reduced amounts from the constitutional shared sales taxes. State revenue remains low relative to historic norms. According to the Michigan Municipal League's calculator at SaveMICity.org, Kalamazoo has lost over \$60 million in State Revenue sharing from 2003-2017, assuming the statutory revenue sharing continued on the same gain or loss pattern as was the case with the constitutional revenue sharing.

The Foundation for Excellence provides the ability for the City to focus budget plans towards economic and strategic growth rather than service reductions. The 2024 General Fund budget includes anticipated \$20.5 million of FFE funded support of operations. As further discussed in Note 18 in the Notes to the Financial Statements, the City has received the funds from the Foundation of Excellence Endowment to support 2023 General Fund operations as of the date of this report. The City's budgeted operating expenditures in 2024 is \$1.7 million more than the 2023 amended budget. The General Fund will transfer a total of \$5.4 million to the CIP fund, pay \$3.8 million for the 2015 Other Post Employment Benefit Bonds, and make employer contributions of \$3.0 million to the OPEB Trust.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Property tax millage rates are budgeted in 2024 to remain at 12.0000 mills in the General Fund as noted in the Foundation for Excellence agreement. The Solid Waste Fund is budgeted to remain at 1.8 mills in 2024.

The City of Kalamazoo's General Fund Reserve Policy guides the creation, maintenance, and use of reserves. The fund balance of the General Operating Fund will be budgeted within the target range of 15% of budgeted annual operating revenues. The City has an additional reserve account of \$500 thousand for contingency reserves. The projected fund balance in 2024 is targeted to exceed the City Commission Budget Policy target of 15% of revenues.

In 2024, the City of Kalamazoo FFE Aspirational Projects fund has budgeted \$2.4 million for aspirational projects. In addition, the City Grant and Donations fund has budgeted \$16.8 million for projects and initiatives under the Federal American Rescue plan's Coronavirus State and Local Fiscal Recovery Funds awarded to the City of Kalamazoo.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steve Vicenzi, Director of Management Services, at 241 W. South Street, Kalamazoo, Michigan 49007.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF KALAMAZOO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 54,468,292	\$ 43,420,368	\$ 97,888,660	\$ 4,547,044
Cash and cash equivalents, restricted	18,830,367	59,556,735	78,387,102	-
Investments	46,940,828	7,935,504	54,876,332	2,262,669
Investments with agents	3,714,661	-	3,714,661	-
Current portion of receivables	5,685,338	12,679,263	18,364,601	40,034,548
Internal balances	1,743,394	(1,743,394)	-	-
Due from other governmental units	4,314,524	6,198,010	10,512,534	724,970
Inventories	504,441	1,593,765	2,098,206	-
Prepays	345,759	71,207	416,966	-
	<u>136,547,604</u>	<u>129,711,458</u>	<u>266,259,062</u>	<u>47,569,231</u>
Total current assets				
Noncurrent assets				
Advance to other governmental units	1,258,175	-	1,258,175	-
Advance to developers	-	-	-	650,000
Noncurrent investments	-	-	-	220,340,643
Noncurrent portion of receivables	6,777,951	23,321	6,801,272	213,190,622
Noncurrent portion of amounts due from other governmental units	3,437,964	-	3,437,964	-
Net pension asset	148,856,025	28,134,398	176,990,423	-
Capital assets not being depreciated/amortized	49,303,211	96,948,302	146,251,513	58,162
Capital assets, net of accumulated depreciation/amortization	<u>169,285,863</u>	<u>253,685,373</u>	<u>422,971,236</u>	<u>50,850</u>
	<u>378,919,189</u>	<u>378,791,394</u>	<u>757,710,583</u>	<u>434,290,277</u>
Total noncurrent assets				
<b>TOTAL ASSETS</b>				
	<u>515,466,793</u>	<u>508,502,852</u>	<u>1,023,969,645</u>	<u>481,859,508</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	193,891	91,743	285,634	-
Deferred outflows of resources related to pensions	14,940,280	3,635,392	18,575,672	-
Deferred outflows of resources related to OPEB	<u>12,204,129</u>	<u>2,271,225</u>	<u>14,475,354</u>	<u>-</u>
	<u>27,338,300</u>	<u>5,998,360</u>	<u>33,336,660</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES				

**CITY OF KALAMAZOO**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2023**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 5,627,017	\$ 11,125,708	\$ 16,752,725	\$ 786,284
Accrued payroll	2,188,121	-	2,188,121	-
Accrued interest payable	1,054,112	2,191,258	3,245,370	16,727
Other accrued liabilities	1,485,634	5,500	1,491,134	-
Deposits payable	389,599	759,051	1,148,650	-
Due to other governmental units	283,871	235,934	519,805	980,368
Due to developers	-	-	-	440,100
Unearned revenue	27,523,563	32,264	27,555,827	-
Current portion of compensated absences	2,918,367	782,838	3,701,205	4,584
Current portion of lease obligations	635,126	85,522	720,648	-
Current portion of subscription obligations	421,524	118,905	540,429	-
Current portion of long-term debt	10,769,383	7,827,510	18,596,893	566,089
Current portion of uninsured claim liability	1,777,068	-	1,777,068	-
Total current liabilities	<u>55,073,385</u>	<u>23,164,490</u>	<u>78,237,875</u>	<u>2,794,152</u>
Noncurrent liabilities				
Noncurrent portion of advances from other governmental units	-	-	-	1,258,175
Noncurrent portion of compensated absences	4,775,608	281,921	5,057,529	3,386
Noncurrent portion of lease obligations	1,531,722	197,208	1,728,930	-
Noncurrent portion of subscription obligations	459,155	102,286	561,441	-
Noncurrent portion of long-term debt	138,299,447	222,936,717	361,236,164	1,431,107
Noncurrent portion of uninsured claim liability	559,508	-	559,508	-
Net other post-employment benefits liability	23,768,380	4,664,392	28,432,772	-
Total noncurrent liabilities	<u>169,393,820</u>	<u>228,182,524</u>	<u>397,576,344</u>	<u>2,692,668</u>
TOTAL LIABILITIES	<u>224,467,205</u>	<u>251,347,014</u>	<u>475,814,219</u>	<u>5,486,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred sales of future revenues	3,444,368	-	3,444,368	-
Deferred amounts on refunding	-	521	521	-
Lease related	46,118	34,657	80,775	-
Deferred inflows of resources related to pensions	1,537,367	137,170	1,674,537	-
Deferred inflows of resources related to OPEB	4,745,261	1,138,404	5,883,665	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,773,114</u>	<u>1,310,752</u>	<u>11,083,866</u>	<u>-</u>

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
STATEMENT OF NET POSITION (CONCLUDED)  
DECEMBER 31, 2023**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION				
Net investment in capital assets	\$ 142,772,849	\$ 176,902,091	\$ 319,674,940	\$ 109,012
Restricted				
Nonexpendable	3,627,564	-	3,627,564	-
Expendable, restricted for:				
Major and local street projects	10,906,747	-	10,906,747	-
FFE aspirational projects	5,971,342	-	5,971,342	-
Solid waste program	3,540,357	-	3,540,357	-
Parks and recreation	1,457,921	-	1,457,921	-
Neighborhood and community development	4,770,023	-	4,770,023	-
Pensions	148,856,025	28,134,398	176,990,423	-
Other purposes	13,241,154	16,356,003	29,597,157	250,495,545
Unrestricted	<u>(26,579,208)</u>	<u>40,450,954</u>	<u>13,871,746</u>	<u>225,768,131</u>
TOTAL NET POSITION	<u>\$ 308,564,774</u>	<u>\$ 261,843,446</u>	<u>\$ 570,408,220</u>	<u>\$ 476,372,688</u>

See accompanying notes to financial statements.





**CITY OF KALAMAZOO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2023**

	General	Grants and Donations	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,959,117	\$ 4,807,155	\$ 34,194,372	\$ 44,960,644
Cash and cash equivalents - restricted	-	-	18,830,367	18,830,367
Investments	5,920,290	24,007,971	8,405,301	38,333,562
Investments with agents	-	142,379	3,350,325	3,492,704
Receivables				
Accounts	1,301,750	1,035,375	803,091	3,140,216
Interest	183,997	89,799	8,878	282,674
Leases	47,780	-	-	47,780
Taxes	1,230,302	-	144,348	1,374,650
Notes and settlements	1,646,427	-	5,308,739	6,955,166
Due from other funds	6,236,391	113,632	2,453,757	8,803,780
Due from other governmental units	208,877	992,322	6,531,448	7,732,647
Advances to other governmental units	459,000	-	799,175	1,258,175
Inventories	94,917	-	409,524	504,441
Prepays	95,547	-	16,463	112,010
	<u>\$ 23,384,395</u>	<u>\$ 31,188,633</u>	<u>\$ 81,255,788</u>	<u>\$ 135,828,816</u>
<b>TOTAL ASSETS</b>				

**CITY OF KALAMAZOO  
GOVERNMENTAL FUNDS  
BALANCE SHEET (CONCLUDED)  
DECEMBER 31, 2023**

	General	Grants and Donations	Nonmajor Governmental Funds	Total
<b>LIABILITIES</b>				
Accounts payable	\$ 1,171,141	\$ 1,313,469	\$ 2,657,451	\$ 5,142,061
Accrued liabilities	174,839	-	50,695	225,534
Due to other funds	3,934,369	1,100,909	10,752,276	15,787,554
Due to other governmental units	1,740	131	282,000	283,871
Deposits payable	139,710	-	249,889	389,599
Unearned revenue	-	26,390,651	1,132,912	27,523,563
<b>TOTAL LIABILITIES</b>	<b>5,421,799</b>	<b>28,805,160</b>	<b>15,125,223</b>	<b>49,352,182</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	1,319,246	-	5,173,236	6,492,482
Lease related	46,118	-	-	46,118
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,365,364</b>	<b>-</b>	<b>5,173,236</b>	<b>6,538,600</b>
<b>FUND BALANCES</b>				
Nonspendable	2,295,891	-	4,852,726	7,148,617
Restricted	104,227	2,383,473	54,681,821	57,169,521
Committed	273,980	-	1,422,782	1,696,762
Assigned	1,865,646	-	-	1,865,646
Unassigned	12,057,488	-	-	12,057,488
<b>TOTAL FUND BALANCES</b>	<b>16,597,232</b>	<b>2,383,473</b>	<b>60,957,329</b>	<b>79,938,034</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 23,384,395</b>	<b>\$ 31,188,633</b>	<b>\$ 81,255,788</b>	<b>\$ 135,828,816</b>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

**Total fund balance - governmental funds** \$ 79,938,034

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 454,160,910	
Accumulated depreciation is	<u>(235,690,877)</u>	
Capital assets, net		218,470,033

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

Net pension asset	148,856,025	
Deferred outflows of resources related to pensions	14,940,280	
Deferred outflows of resources related to OPEB	12,204,129	
Deferred inflows of resources related to pensions	(1,537,367)	
Deferred inflows of resources related to OPEB	(4,745,261)	
Deferred charges on refunding	<u>193,891</u>	
		169,911,697

Other resources are not available to pay for current period expenditures and, therefore, are deferred in the funds. 6,492,482

**CITY OF KALAMAZOO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION (CONCLUDED)  
DECEMBER 31, 2023**

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in the governmental activities in the government-wide statement of net position.

Net position of governmental activities accounted for in governmental activities internal service funds	\$ 18,259,562
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Bonds, loans, leases, and subscriptions payable	\$ (142,843,891)	
Net other post-employment benefits liability	(23,768,380)	
Environmental matters liability	(1,108,121)	
Unamortized deferred amounts on debt issuance	(8,038,555)	
Accrued interest payable	(1,054,112)	
Compensated absences	<u>(7,693,975)</u>	
		<u>(184,507,034)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 308,564,774</u></u>

**CITY OF KALAMAZOO  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	General	Grants and Donations	Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 26,543,579	\$ -	\$ 3,378,432	\$ 29,922,011
Special assessments	38,505	-	-	38,505
Licenses and permits	2,744,476	-	-	2,744,476
Intergovernmental	16,809,491	10,598,523	17,881,046	45,289,060
Charges for services	9,302,666	13,079	3,470,655	12,786,400
Fines and forfeits	214,431	-	337,729	552,160
Interest and rents	890,084	1,386,039	3,846,768	6,122,891
Other				
Donations and contributions	18,634,444	302,589	230,470	19,167,503
Other	273,396	19,342	1,130,919	1,423,657
<b>TOTAL REVENUES</b>	<b>75,451,072</b>	<b>12,319,572</b>	<b>30,276,019</b>	<b>118,046,663</b>
<b>EXPENDITURES</b>				
Current				
General government	19,343,375	6,366,810	-	25,710,185
Public safety	37,793,865	265,457	252,207	38,311,529
Public works	4,790,873	74,160	11,295,398	16,160,431
Health and welfare	208,222	793,285	3,265,561	4,267,068
Community and economic development	1,797,740	430,039	5,165,633	7,393,412
Recreation and culture	3,130,196	40,998	2,645,662	5,816,856
Debt service				
Principal	1,240,360	-	9,474,342	10,714,702
Interest and fiscal charges	135,156	-	5,635,693	5,770,849
Capital outlay	1,830,402	-	15,592,239	17,422,641
<b>TOTAL EXPENDITURES</b>	<b>70,270,189</b>	<b>7,970,749</b>	<b>53,326,735</b>	<b>131,567,673</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,180,883</b>	<b>4,348,823</b>	<b>(23,050,716)</b>	<b>(13,521,010)</b>

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2023**

	General	Grants and Donations	Nonmajor Governmental Funds	Total
OTHER FINANCING SOURCES (USES)				
Issuance of debt	\$ -	\$ -	\$ 13,510,000	\$ 13,510,000
Leases and subscriptions	1,526,957	-	-	1,526,957
Bond premium	-	-	1,182,119	1,182,119
Transfers in	2,194,877	27,847	23,013,315	25,236,039
Transfers out	<u>(8,891,881)</u>	<u>(3,188,825)</u>	<u>(13,833,010)</u>	<u>(25,913,716)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,170,047)</u>	<u>(3,160,978)</u>	<u>23,872,424</u>	<u>15,541,399</u>
NET CHANGE IN FUND BALANCES	10,836	1,187,845	821,708	2,020,389
Restated fund balances, beginning of year	<u>16,586,396</u>	<u>1,195,628</u>	<u>60,135,621</u>	<u>77,917,645</u>
Fund balances, end of year	<u>\$ 16,597,232</u>	<u>\$ 2,383,473</u>	<u>\$ 60,957,329</u>	<u>\$ 79,938,034</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

**Net change in fund balances - total governmental funds** \$ 2,020,389

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:

Capital outlay	\$ 21,160,073	
Depreciation/amortization expense	(10,357,855)	
Net effect of disposal of capital assets	<u>(79,781)</u>	

Excess of capital outlay over depreciation/amortization expense and other items	10,722,437
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,046,628
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain individual funds are included in the governmental activities.

Change in net position of governmental activities internal service funds	1,129,243
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**CITY OF KALAMAZOO  
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2023**

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Issuance of debt	\$ (15,036,957)	
Debt principal retirement	<u>10,731,533</u>	
		\$ (4,305,424)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in net pension asset	41,402,146	
(Decrease) in deferred outflows of resources related to pensions	(35,068,469)	
Increase in deferred outflows of resources related to OPEB	1,162,197	
Decrease in deferred inflows of resources related to pensions	1,121,547	
Decrease in deferred inflows of resources related to OPEB	49,965,607	
(Decrease) in deferred charges on refunding	(65,666)	
(Increase) in deferred amounts on debt issuance	(521,531)	
(Increase) in accrued interest payable	(75,509)	
Decrease in compensated absences	652,529	
(Increase) in environmental matters liability	(57,115)	
(Increase) in net OPEB liability	<u>(10,738,556)</u>	
		<u>47,777,180</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 58,390,453</u></u>

**CITY OF KALAMAZOO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 26,025,094	\$ 26,025,094	\$ 26,543,579	\$ 518,485
Special assessments	42,000	42,000	38,505	(3,495)
Licenses and permits	2,799,893	2,799,893	2,744,476	(55,417)
Intergovernmental	15,761,085	15,761,085	16,809,491	1,048,406
Charges for services	9,126,792	9,126,792	9,302,666	175,874
Fines and forfeits	323,100	323,100	214,431	(108,669)
Interest and rents	100,000	100,000	890,084	790,084
Other				
Donations and contributions	18,507,372	18,627,404	18,634,444	7,040
Other	305,050	305,050	273,396	(31,654)
<b>TOTAL REVENUES</b>	<b>72,990,386</b>	<b>73,110,418</b>	<b>75,451,072</b>	<b>2,340,654</b>
<b>EXPENDITURES</b>				
Current				
General government				
Commission	203,080	349,866	175,701	174,165
Manager	2,137,954	2,163,511	1,960,935	202,576
Diversity, equity, and inclusion	357,123	357,123	312,553	44,570
Executive programs	9,800	9,800	7,238	2,562
Attorney	871,447	871,447	1,015,722	(144,275)
Clerk				
Administration	342,602	342,602	343,621	(1,019)
Election	573,524	593,524	536,195	57,329
Records management	210,536	210,536	165,315	45,221
Internal audit	107,198	107,198	105,800	1,398

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>				
Current (continued)				
General government (concluded)				
Human resources	\$ 941,781	\$ 941,781	\$ 986,559	\$ (44,778)
Customer service	686,609	686,609	683,769	2,840
Management services				
Accounting	701,971	701,971	642,269	59,702
Financial services	765,895	765,895	556,849	209,046
Management services	329,386	329,386	309,082	20,304
Budget	143,251	143,251	146,169	(2,918)
Assessor	602,627	602,627	522,602	80,025
Treasurer	1,474,166	1,474,166	1,557,728	(83,562)
Purchasing	535,060	535,060	480,288	54,772
Board of review	15,200	15,200	-	15,200
Grants management division	-	-	13,768	(13,768)
Building and grounds	1,612,291	1,623,281	1,615,645	7,636
Information technology	5,269,879	5,378,096	3,870,753	1,507,343
Contribution to OPEB trust	2,747,500	2,747,500	2,685,995	61,505
Other	(34,866)	387,867	648,819	(260,952)
<b>Total general government</b>	<b>20,604,014</b>	<b>21,338,297</b>	<b>19,343,375</b>	<b>1,994,922</b>
Public safety				
Department of public safety	34,493,199	34,747,540	36,206,012	(1,458,472)
Building inspections	978,725	978,725	830,475	148,250
Code enforcement	1,053,160	1,203,521	757,378	446,143
<b>Total public safety</b>	<b>36,525,084</b>	<b>36,929,786</b>	<b>37,793,865</b>	<b>(864,079)</b>

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>				
Current (concluded)				
Public works				
Department of public works	\$ 931,586	\$ 978,059	\$ 852,559	\$ 125,500
Streetlighting	1,261,938	1,261,938	1,247,083	14,855
City equipment	3,262,593	3,262,593	2,691,231	571,362
Total public works	<u>5,456,117</u>	<u>5,502,590</u>	<u>4,790,873</u>	<u>711,717</u>
Health and welfare				
Pollution control	182,775	182,775	208,222	(25,447)
Community and economic development				
Community development	1,122,432	1,204,932	1,061,699	143,233
Economic development	863,380	863,380	736,041	127,339
Total community and economic development	<u>1,985,812</u>	<u>2,068,312</u>	<u>1,797,740</u>	<u>270,572</u>
Recreation and culture				
Parks maintenance	1,673,462	1,767,994	1,714,636	53,358
Recreation	1,217,824	1,397,823	1,415,560	(17,737)
Total recreation and culture	<u>2,891,286</u>	<u>3,165,817</u>	<u>3,130,196</u>	<u>35,621</u>

**CITY OF KALAMAZOO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
<b>EXPENDITURES (CONCLUDED)</b>				
Debt service				
Principal	\$ -	\$ -	\$ 1,240,360	\$ (1,240,360)
Interest	-	-	135,156	(135,156)
Total debt service	-	-	1,375,516	(1,375,516)
Capital outlay	-	2,763,069	1,830,402	932,667
<b>TOTAL EXPENDITURES</b>	<b>67,645,088</b>	<b>71,950,646</b>	<b>70,270,189</b>	<b>1,680,457</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>5,345,298</b>	<b>1,159,772</b>	<b>5,180,883</b>	<b>4,021,111</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Leases and subscriptions	-	2,326,041	1,526,957	(799,084)
Transfers in	2,018,908	2,098,908	2,194,877	95,969
Transfers out	(8,875,611)	(8,875,611)	(8,891,881)	(16,270)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,856,703)</b>	<b>(4,450,662)</b>	<b>(5,170,047)</b>	<b>(719,385)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,511,405)</b>	<b>(3,290,890)</b>	<b>10,836</b>	<b>3,301,726</b>
Restated fund balance, beginning of year	16,586,396	16,586,396	16,586,396	-
Fund balance, end of year	<u>\$ 15,074,991</u>	<u>\$ 13,295,506</u>	<u>\$ 16,597,232</u>	<u>\$ 3,301,726</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
GRANTS AND DONATIONS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 13,233,684	\$ 33,003,674	\$ 10,598,523	\$ (22,405,151)
Charges for services	3,000	13,000	13,079	79
Interest	2,000	2,000	1,386,039	1,384,039
Other				
Donations and contributions	-	1,878,642	302,589	(1,576,053)
Other	-	-	19,342	19,342
	<u>13,238,684</u>	<u>34,897,316</u>	<u>12,319,572</u>	<u>(22,577,744)</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Current				
General government	11,000,506	13,672,160	6,366,810	7,305,350
Public safety	-	807,624	265,457	542,167
Public works	-	1,076,120	74,160	1,001,960
Health and welfare	-	5,552,214	793,285	4,758,929
Community and economic development	-	750,096	430,039	320,057
Recreation and culture	9,000	202,301	40,998	161,303
	<u>11,009,506</u>	<u>22,060,515</u>	<u>7,970,749</u>	<u>14,089,766</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
	<u>2,229,178</u>	<u>12,836,801</u>	<u>4,348,823</u>	<u>(8,487,978)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	59,370	27,847	(31,523)
Transfers out	(2,233,179)	(13,597,520)	(3,188,825)	10,408,695
	<u>(2,233,179)</u>	<u>(13,538,150)</u>	<u>(3,160,978)</u>	<u>10,377,172</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCE</b>				
	(4,001)	(701,349)	1,187,845	1,889,194
Fund balance, beginning of year	<u>1,195,628</u>	<u>1,195,628</u>	<u>1,195,628</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,191,627</u>	<u>\$ 494,279</u>	<u>\$ 2,383,473</u>	<u>\$ 1,889,194</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2023**

	Enterprise Funds			Total	Internal Service Fund
	Wastewater	Water	Nonmajor Parking System		Insurance and Benefits
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 15,462,435	\$ 24,276,899	\$ 3,681,034	\$ 43,420,368	\$ 9,507,648
Cash and cash equivalents - restricted	23,817,826	35,738,909	-	59,556,735	-
Investments	2,580,359	5,355,145	-	7,935,504	8,607,266
Investments with agents	-	-	-	-	221,957
Receivables					
Customers	6,821,859	5,731,611	84,463	12,637,933	662,803
Leases	-	11,328	-	11,328	-
Interest	30,002	-	-	30,002	-
Due from other funds	525,507	244,834	-	770,341	8,857,329
Due from other governmental units	2,573,673	3,624,337	-	6,198,010	19,841
Inventories	252,556	1,341,209	-	1,593,765	-
Prepays	41,443	29,764	-	71,207	233,749
<b>Total current assets</b>	<b>52,105,660</b>	<b>76,354,036</b>	<b>3,765,497</b>	<b>132,225,193</b>	<b>28,110,593</b>
Noncurrent assets					
Net pension asset	15,449,494	12,684,904	-	28,134,398	-
Noncurrent portion of leases receivable	-	23,321	-	23,321	-
Capital assets not being depreciated/amortized	42,246,479	54,701,823	-	96,948,302	-
Capital assets, net of accumulated depreciation/amortization	67,132,021	186,414,540	138,812	253,685,373	119,041
<b>Total noncurrent assets</b>	<b>124,827,994</b>	<b>253,824,588</b>	<b>138,812</b>	<b>378,791,394</b>	<b>119,041</b>
<b>TOTAL ASSETS</b>	<b>176,933,654</b>	<b>330,178,624</b>	<b>3,904,309</b>	<b>511,016,587</b>	<b>28,229,634</b>

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2023**

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor	Total	Insurance and Benefits
			Parking System		
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts on refunding	\$ -	\$ 91,743	\$ -	\$ 91,743	\$ -
Deferred outflows of resources related to pensions	2,198,352	1,437,040	-	3,635,392	-
Deferred outflows of resources related to OPEB	1,254,827	1,016,398	-	2,271,225	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,453,179</b>	<b>2,545,181</b>	<b>-</b>	<b>5,998,360</b>	<b>-</b>
LIABILITIES					
Current liabilities					
Accounts payable	6,282,065	4,761,233	82,410	11,125,708	484,956
Accrued payroll	-	-	-	-	2,188,121
Other accrued liabilities	-	5,500	-	5,500	1,260,100
Accrued interest payable	782,298	1,408,960	-	2,191,258	-
Deposit payable	-	759,051	-	759,051	-
Due to other funds	813,241	755,508	944,986	2,513,735	130,161
Due to other governmental units	199,391	36,543	-	235,934	-
Unearned revenue	-	-	32,264	32,264	-
Current portion of compensated absences	434,193	348,645	-	782,838	-
Current portion of lease obligations	35,485	50,037	-	85,522	39,099
Current portion of subscription obligations	27,364	91,541	-	118,905	-
Current portion of long-term debt	2,923,440	4,904,070	-	7,827,510	-
Current portion of uninsured claim liability	-	-	-	-	1,777,068
<b>Total current liabilities</b>	<b>11,497,477</b>	<b>13,121,088</b>	<b>1,059,660</b>	<b>25,678,225</b>	<b>5,879,505</b>

See accompanying notes to financial statements.

CONTINUED



**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONCLUDED)  
DECEMBER 31, 2023**

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor	Total	Insurance and Benefits
			Parking System		
<b>LIABILITIES (CONCLUDED)</b>					
Noncurrent liabilities					
Net other post-employment benefits liability	\$ 2,563,596	\$ 2,100,796	\$ -	\$ 4,664,392	\$ -
Noncurrent portion of compensated absences	192,610	89,311	-	281,921	-
Noncurrent portion of lease obligations	84,792	112,416	-	197,208	86,691
Noncurrent portion of subscription obligations	44,821	57,465	-	102,286	-
Noncurrent portion of long-term debt	83,999,066	138,937,651	-	222,936,717	-
Noncurrent portion of uninsured claim liability	-	-	-	-	559,508
<b>Total noncurrent liabilities</b>	<b>86,884,885</b>	<b>141,297,639</b>	<b>-</b>	<b>228,182,524</b>	<b>646,199</b>
<b>TOTAL LIABILITIES</b>	<b>98,382,362</b>	<b>154,418,727</b>	<b>1,059,660</b>	<b>253,860,749</b>	<b>6,525,704</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred sales of future revenues	-	-	-	-	3,444,368
Deferred amounts on refunding	521	-	-	521	-
Lease related	-	34,657	-	34,657	-
Deferred inflows of resources related to pensions	75,324	61,846	-	137,170	-
Deferred inflows of resources related to OPEB	602,469	535,935	-	1,138,404	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>678,314</b>	<b>632,438</b>	<b>-</b>	<b>1,310,752</b>	<b>3,444,368</b>
<b>NET POSITION</b>					
Net investment in capital assets	47,209,228	129,554,051	138,812	176,902,091	(6,749)
Restricted for bond reserves	6,511,104	9,844,899	-	16,356,003	-
Restricted for pensions	15,449,494	12,684,904	-	28,134,398	-
Unrestricted	12,156,331	25,588,786	2,705,837	40,450,954	18,266,311
<b>TOTAL NET POSITION</b>	<b>\$ 81,326,157</b>	<b>\$ 177,672,640</b>	<b>\$ 2,844,649</b>	<b>\$ 261,843,446</b>	<b>\$ 18,259,562</b>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds			Internal Service Fund	
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
OPERATING REVENUES					
Charges for services	\$ 38,142,454	\$ 34,723,819	\$ 573,222	\$ 73,439,495	\$ 16,645,385
Other	33,069	-	-	33,069	83,163
<b>TOTAL OPERATING REVENUES</b>	<b>38,175,523</b>	<b>34,723,819</b>	<b>573,222</b>	<b>73,472,564</b>	<b>16,728,548</b>
OPERATING EXPENSES					
Operation and maintenance	25,745,664	11,726,267	1,235,648	38,707,579	-
Risk management	-	-	-	-	14,947,195
Depreciation/amortization	4,839,870	6,053,076	11,310	10,904,256	39,680
<b>TOTAL OPERATING EXPENSES</b>	<b>30,585,534</b>	<b>17,779,343</b>	<b>1,246,958</b>	<b>49,611,835</b>	<b>14,986,875</b>
<b>OPERATING INCOME (LOSS)</b>	<b>7,589,989</b>	<b>16,944,476</b>	<b>(673,736)</b>	<b>23,860,729</b>	<b>1,741,673</b>

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor	Total	Insurance and Benefits
			Parking System		
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	\$ -	\$ 576,283	\$ -	\$ 576,283	\$ -
Investment earnings (losses)	1,349,013	1,700,592	(157)	3,049,448	840,209
Other	29,015	23,681	-	52,696	-
Legal settlement	-	17,414	-	17,414	-
(Loss) on sale of capital assets	-	(10,094)	-	(10,094)	-
Amortization of:					
Bond defeasance expenses	-	(7,728)	-	(7,728)	-
Bond premiums and discounts	200,028	207,028	-	407,056	-
Interest expense and fiscal charges	(2,691,644)	(3,999,779)	-	(6,691,423)	(2,643)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(1,113,588)</b>	<b>(1,492,603)</b>	<b>(157)</b>	<b>(2,606,348)</b>	<b>837,566</b>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, SPECIAL ITEM, AND TRANSFERS</b>	<b>6,476,401</b>	<b>15,451,873</b>	<b>(673,893)</b>	<b>21,254,381</b>	<b>2,579,239</b>
CAPITAL CONTRIBUTIONS	569,340	17,508,641	-	18,077,981	-
SPECIAL ITEM - TRANSFER OF NET POSITION	-	-	1,768,869	1,768,869	-
TRANSFERS IN	216,000	162,000	1,749,673	2,127,673	-
TRANSFERS OUT	-	-	-	-	(1,449,996)
<b>CHANGE IN NET POSITION</b>	<b>7,261,741</b>	<b>33,122,514</b>	<b>2,844,649</b>	<b>43,228,904</b>	<b>1,129,243</b>
Net position, beginning of year	74,064,416	144,550,126	-	218,614,542	17,130,319
Net position, end of year	<u>\$ 81,326,157</u>	<u>\$ 177,672,640</u>	<u>\$ 2,844,649</u>	<u>\$ 261,843,446</u>	<u>\$ 18,259,562</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor	Total	Insurance and Benefits
			Parking System		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts from customers	\$ 40,238,501	\$ 38,225,331	\$ 488,759	\$ 78,952,591	\$ -
Cash received from interfund services provided	121,768	-	944,986	1,066,754	11,689,752
Cash paid for interfund services provided	-	(75,616)	-	(75,616)	-
Cash paid to suppliers	(23,690,270)	(9,609,746)	(1,120,974)	(34,420,990)	-
Cash paid to employees	(5,086,186)	(5,158,605)	-	(10,244,791)	-
Cash paid for employee benefits	(2,127,944)	(2,015,955)	-	(4,143,899)	(14,418,721)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>9,455,869</b>	<b>21,365,409</b>	<b>312,771</b>	<b>31,134,049</b>	<b>(2,728,969)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental grant	-	576,283	-	576,283	-
Tax liens and reimbursements	29,015	23,681	-	52,696	-
Interest paid on OPEB bonds	(363,241)	(359,985)	-	(723,226)	-
Payments on OPEB bonds	(238,483)	(218,519)	-	(457,002)	-
Special item - transfer of fund balance	-	-	1,618,747	1,618,747	-
Transfer in	216,000	162,000	1,749,673	2,127,673	-
Transfer out	-	-	-	-	(1,449,996)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(356,709)</b>	<b>183,460</b>	<b>3,368,420</b>	<b>3,195,171</b>	<b>(1,449,996)</b>

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds			Internal Service Fund	
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	\$ (16,953,022)	\$ (31,685,275)	\$ -	\$ (48,638,297)	\$ -
Contributions received	569,340	3,939,411	-	4,508,751	-
Cash received for disposal of capital assets	-	435	-	435	-
Interest paid	(2,103,442)	(3,340,526)	-	(5,443,968)	(2,643)
Proceeds from debt issuance	18,520,928	30,418,571	-	48,939,499	-
Payments on borrowings	(1,749,163)	(3,754,011)	-	(5,503,174)	(37,218)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,715,359)</u>	<u>(4,421,395)</u>	<u>-</u>	<u>(6,136,754)</u>	<u>(39,861)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(2,349,830)	(5,392,667)	-	(7,742,497)	(8,665,710)
Maturity of investments	3,692,844	4,038,445	-	7,731,289	7,372,334
Interest received	1,114,021	1,738,114	(157)	2,851,978	676,696
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>2,457,035</u>	<u>383,892</u>	<u>(157)</u>	<u>2,840,770</u>	<u>(616,680)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,840,836	17,511,366	3,681,034	31,033,236	(4,835,506)
Cash and cash equivalents, beginning of year	29,439,425	42,504,442	-	71,943,867	14,343,154
Cash and cash equivalents, end of year	<u>\$ 39,280,261</u>	<u>\$ 60,015,808</u>	<u>\$ 3,681,034</u>	<u>\$ 102,977,103</u>	<u>\$ 9,507,648</u>

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor	Total	Insurance and Benefits
			Parking System		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 7,589,989	\$ 16,944,476	\$ (673,736)	\$ 23,860,729	\$ 1,741,673
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation/amortization	4,839,870	6,053,076	11,310	10,904,256	39,680
(Increase) decrease in:					
Accounts receivable	(510,695)	(421,049)	(84,463)	(1,016,207)	12,502
Due from other funds	40,981	(106,381)	-	(65,400)	(4,944,722)
Due from other governmental units	2,573,673	3,974,044	-	6,547,717	(11,710)
Inventories	(14,248)	(518,947)	-	(533,195)	-
Prepays	(26,309)	(29,428)	-	(55,737)	2,013
Net pension asset	(4,065,892)	(3,444,052)	-	(7,509,944)	-
Deferred outflows of resources related to pensions	3,843,813	3,186,440	-	7,030,253	-
Deferred outflows of resources related to OPEB	(432,925)	(349,667)	-	(782,592)	-
Increase (decrease) in:					
Accounts payable	2,057,092	499,373	82,410	2,638,875	(73,723)
Accrued liabilities	(98)	5,120	-	5,022	205,873
Due to other funds	80,787	30,765	944,986	1,056,538	(11,703)
Unearned revenue	-	-	32,264	32,264	-
Due to other governmental units	-	(17,254)	-	(17,254)	-
Deposits payable	-	(51,483)	-	(51,483)	-
Unavailable sales of future revenues	-	-	-	-	(83,163)
Compensated absences	28,085	(42,705)	-	(14,620)	-
Uninsured claim liability	-	-	-	-	394,311
Net other post-employment benefits liability	1,100,355	876,401	-	1,976,756	-
Deferred inflows of resources related to leases	-	(11,553)	-	(11,553)	-
Deferred inflows of resources related to pensions	(93,314)	(75,049)	-	(168,363)	-
Deferred inflows of resources related to OPEB	(7,555,295)	(5,136,718)	-	(12,692,013)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 9,455,869</b>	<b>\$ 21,365,409</b>	<b>\$ 312,771</b>	<b>\$ 31,134,049</b>	<b>\$ (2,728,969)</b>
<b>NONCASH FINANCING ACTIVITIES</b>					
Contributions of capital assets	\$ -	\$ 13,569,230	\$ -	\$ 13,569,230	\$ -
Net capital assets transferred from DDA	-	-	150,122	150,122	-
<b>TOTAL NONCASH FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 13,569,230</b>	<b>\$ 150,122</b>	<b>\$ 13,719,352</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2023**

	Pension and Other Post-Employment Benefits Trusts	General Private Purpose Trust Fund	Tax Collector's Custodial Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 230,800	\$ 253,010	\$ 11,254,517
Investments			
U.S. Treasuries	60,075,110	-	-
Corporate bonds	81,249,368	-	-
Municipal bonds	173,022	-	-
Collateralized mortgage obligations	68,514,832	-	-
Equity mutual funds	603,228,680	-	-
Real estate mutual funds	40,839,230	-	-
Receivables			
Interest and dividends	1,456,704	-	-
Investments sold	575,014	-	-
	<u>856,342,760</u>	<u>253,010</u>	<u>11,254,517</u>
<b>LIABILITIES</b>			
Accounts payable	676,516	-	-
Undistributed tax collections	-	-	11,254,517
Due to individuals and agencies	-	57,837	-
	<u>676,516</u>	<u>57,837</u>	<u>11,254,517</u>
<b>NET POSITION</b>			
Restricted for:			
Pension	741,876,098	-	-
OPEB	113,790,146	-	-
Individuals, organizations, and other governments	-	195,173	-
	<u>\$ 855,666,244</u>	<u>\$ 195,173</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED DECEMBER 31, 2023**

	Pension and Other Post-Employment Benefits Trusts	General Private Purpose Trust	Tax Collector's Custodial Fund
<b>ADDITIONS TO NET POSITION</b>			
Investment income			
Change in fair value of investments	\$ 96,581,175	\$ -	\$ -
Interest	7,473,761	6,728	-
Dividends	15,807,870	-	-
	<u>119,862,806</u>	<u>6,728</u>	<u>-</u>
Total investment income	119,862,806	6,728	-
Less investment expense	<u>(2,197,570)</u>	<u>-</u>	<u>-</u>
Net investment income	<u>117,665,236</u>	<u>6,728</u>	<u>-</u>
Contributions			
Employer	3,500,000	-	-
Plan members	2,536,345	-	-
Other	-	181,272	-
	<u>6,036,345</u>	<u>181,272</u>	<u>-</u>
Total contributions	6,036,345	181,272	-
Other additions			
Tax collections for other governments	-	-	68,876,155
	<u>-</u>	<u>-</u>	<u>68,876,155</u>
<b>TOTAL ADDITIONS TO NET POSITION</b>	<u>123,701,581</u>	<u>188,000</u>	<u>68,876,155</u>



**CITY OF KALAMAZOO  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2023**

	Pension and Other Post-Employment Benefits Trusts	General Private Purpose Trust	Tax Collector's Custodial Fund
DEDUCTIONS FROM NET POSITION			
Benefits	\$ 42,761,806	\$ -	\$ -
Refunds of contributions	132,567	-	-
Administrative expenses	489,525	126,267	-
Payment of taxes collected for other governments	-	-	68,876,155
Miscellaneous expenses	273,261	-	-
	<u>43,657,159</u>	<u>126,267</u>	<u>68,876,155</u>
TOTAL DEDUCTIONS			
	43,657,159	126,267	68,876,155
CHANGE IN NET POSITION	80,044,422	61,733	-
Net position, beginning of year	<u>775,621,822</u>	<u>133,440</u>	<u>-</u>
Net position, end of year	<u>\$ 855,666,244</u>	<u>\$ 195,173</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Northside Cultural Business District Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Discretely Presented Component Units
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$ 644,070	\$ 460,982	\$ 3,283,154	\$ -	\$ 2,153	\$ 156,685	\$ 4,547,044
Investments	-	-	2,262,669	-	-	-	2,262,669
Accounts receivable	26,487	-	-	-	-	3,235	29,722
Taxes receivable	9,432	-	1,518,002	11,515	-	626,200	2,165,149
Due from other governmental units	-	411,021	297,780	-	-	16,169	724,970
Current portion of contributions receivable, net	-	-	-	-	37,793,597	-	37,793,597
Current portion of notes receivable	-	7,183	38,897	-	-	-	46,080
<b>Total current assets</b>	<b>679,989</b>	<b>879,186</b>	<b>7,400,502</b>	<b>11,515</b>	<b>37,795,750</b>	<b>802,289</b>	<b>47,569,231</b>
Noncurrent assets							
Noncurrent investments	-	-	-	-	220,340,643	-	220,340,643
Noncurrent portion of contributions receivable, net	-	-	-	-	212,338,000	-	212,338,000
Noncurrent portion of notes receivable	-	242,817	609,805	-	-	-	852,622
Advance to developers	-	-	650,000	-	-	-	650,000
Capital assets not being depreciated	58,162	-	-	-	-	-	58,162
Capital assets, net of accumulated depreciation	50,850	-	-	-	-	-	50,850
<b>Total noncurrent assets</b>	<b>109,012</b>	<b>242,817</b>	<b>1,259,805</b>	<b>-</b>	<b>432,678,643</b>	<b>-</b>	<b>434,290,277</b>
<b>TOTAL ASSETS</b>	<b>789,001</b>	<b>1,122,003</b>	<b>8,660,307</b>	<b>11,515</b>	<b>470,474,393</b>	<b>802,289</b>	<b>481,859,508</b>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION (CONCLUDED)  
DECEMBER 31, 2023**

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Northside Cultural Business District Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Discretely Presented Component Units
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable	\$ 13,414	\$ 159,089	\$ 535,020	\$ -	\$ 49,690	\$ 29,071	\$ 786,284
Accrued interest payable	6,727	-	-	-	-	10,000	16,727
Due to other governmental units	687,326	56,640	9,097	-	183,850	43,455	980,368
Due to developers	440,100	-	-	-	-	-	440,100
Current portion of compensated absences	-	116	4,468	-	-	-	4,584
Current portion of long-term debt	249,863	-	16,226	-	-	300,000	566,089
<b>Total current liabilities</b>	<b>1,397,430</b>	<b>215,845</b>	<b>564,811</b>	<b>-</b>	<b>233,540</b>	<b>382,526</b>	<b>2,794,152</b>
Noncurrent liabilities							
Noncurrent portion of compensated absences	-	34	3,352	-	-	-	3,386
Noncurrent portion of long-term debt	624,528	-	106,579	-	-	700,000	1,431,107
Noncurrent portion of advances from other governmental units	459,000	250,000	549,175	-	-	-	1,258,175
<b>Total noncurrent liabilities</b>	<b>1,083,528</b>	<b>250,034</b>	<b>659,106</b>	<b>-</b>	<b>-</b>	<b>700,000</b>	<b>2,692,668</b>
<b>TOTAL LIABILITIES</b>	<b>2,480,958</b>	<b>465,879</b>	<b>1,223,917</b>	<b>-</b>	<b>233,540</b>	<b>1,082,526</b>	<b>5,486,820</b>
<b>NET POSITION (DEFICIT)</b>							
Investment in capital assets	109,012	-	-	-	-	-	109,012
Restricted	-	364,545	-	-	250,131,000	-	250,495,545
Unrestricted	(1,800,969)	291,579	7,436,390	11,515	220,109,853	(280,237)	225,768,131
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (1,691,957)</b>	<b>\$ 656,124</b>	<b>\$ 7,436,390</b>	<b>\$ 11,515</b>	<b>\$ 470,240,853</b>	<b>\$ (280,237)</b>	<b>\$ 476,372,688</b>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Northside Cultural Business District Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Component Units
Downtown Development Authority	\$ 1,315,933	\$ 1,154,520	\$ 59,210	\$ (102,203)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (102,203)
Economic Development Corporation	608,123	1,000	686,865	-	79,742	-	-	-	-	79,742
Brownfield Redevelopment Authority	3,299,774	-	410,250	-	-	(2,889,524)	-	-	-	(2,889,524)
Northside Cultural Business District Authority	-	-	-	-	-	-	-	-	-	-
Kalamazoo Foundation For Excellence	19,010,365	-	4,005,169	-	-	-	-	(15,005,196)	-	(15,005,196)
Downtown Economic Growth Authority	667,165	8,500	202,000	-	-	-	-	-	(456,665)	(456,665)
<b>TOTALS</b>	<b>\$ 24,901,360</b>	<b>\$ 1,164,020</b>	<b>\$ 5,363,494</b>	<b>(102,203)</b>	<b>79,742</b>	<b>(2,889,524)</b>	<b>-</b>	<b>(15,005,196)</b>	<b>(456,665)</b>	<b>(18,373,846)</b>
General revenues										
Property taxes				272,830	-	3,128,972	11,515	-	626,200	4,039,517
Investment earnings				15,881	1,181	305,483	-	35,982,623	105	36,305,273
Miscellaneous				-	-	5,850	-	-	345	6,195
Special item - transfer of net position				(1,768,869)	-	-	-	-	-	(1,768,869)
Total general revenues and special item				(1,480,158)	1,181	3,440,305	11,515	35,982,623	626,650	38,582,116
Change in net position				(1,582,361)	80,923	550,781	11,515	20,977,427	169,985	20,208,270
Net position (deficit), beginning of year				(109,596)	575,201	6,885,609	-	449,263,426	(450,222)	456,164,418
Net position (deficit), end of year				\$ (1,691,957)	\$ 656,124	\$ 7,436,390	\$ 11,515	\$ 470,240,853	\$ (280,237)	\$ 476,372,688

See accompanying notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

The City of Kalamazoo (the City) is the county seat for Kalamazoo County, Michigan, and has a population of approximately 73,500. The City is home to Western Michigan University and Kalamazoo College.

The City operates under the commission-manager form of government. The policy and legislative authority are vested in a seven-member City Commission, all serving part-time. The Mayor is elected on a non-partisan basis to serve a two-year term. The remaining six City Commissioners are elected at large, on a non-partisan basis to serve four year-terms. The terms of the commissioners are staggered, with three commissioners elected every two years. The City Commission Candidate that receives the most votes at each election will serve as Vice Mayor for the first two years of the term, and then as a City Commissioner for the remaining two years. The City Commission appoints the City Manager, Assessor, Attorney, Clerk, and Internal Auditor. The City Manager is the Chief Administrative Officer of the City, responsible for administering the policies and ordinances of the City Commission, for appointing directors of the City's various departments, and overseeing day-to-day operations of the City. The City Commission also appoints boards and commissions to serve as advisors to the Commission.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City of Kalamazoo (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

Blended Component Unit

The Kalamazoo Building Authority has been blended into the City's financial statements as debt service and capital project fund types. The Authority is governed by a three-member board consisting of the City Manager, City Attorney, and Management Services Director. Its purpose is to provide for the acquisition and construction of certain public buildings.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Discretely Presented Component Units

The governing bodies of all of the City's discretely presented component units are appointed by the Mayor of the City of Kalamazoo with the approval of the City Commission.

The Downtown Development Authority was created as a tax-increment financing (TIF) district to correct and prevent deterioration in the downtown district, encourage historic preservation and to promote economic growth within the downtown district. The Authority's budget is subject to approval by the City Commission.

The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities to the residents of the City. In certain situations, members of the Board of Directors may be removed by a majority of the Kalamazoo City Commission.

The Brownfield Redevelopment Authority was established pursuant to Act 381 of the Public Acts of 1996, as amended. The purpose of the Authority is to treat and revitalize environmentally distressed Brownfield zones. The Authority is financed by tax increment financing and State grants and has named the City of Kalamazoo as its fiscal agent. The Authority is governed by the Board of the Economic Development Corporation.

The Hospital Finance Authority's purpose is to construct, acquire, reconstruct, remodel, improve, add to, enlarge, repair, own, and lease hospital facilities for the use of any nonprofit hospital inside or outside the boundaries of the City of Kalamazoo, Michigan. The Authority's budget is subject to approval by the City Commission. The Authority had no activity during the year ended December 31, 2023.

The Foundation For Excellence was created to help the City of Kalamazoo accomplish priorities established, from time to time, by the City Commission to set the course for the City of Kalamazoo's future direction, to provide budget stability to the City resulting from the City's reduction of the ad valorem tax rate on property in addition to the reduction of payments received from the State, to provide for aspirational projects which the City of Kalamazoo wishes to undertake, and to perform any activities that may assist in exploring budgetary savings of the City or assisting the City which would be the best way to utilize the grants transferred to the City from the Foundation. The majority of the Foundation's revenue is from donations received from the general public.

The Downtown Economic Growth Authority was created as a tax-increment financing (TIF) district to replace and reset the existing DDA TIF funding model to enable key investments to be made in downtown infrastructure. The Authority's budget is subject to approval by the City Commission.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Discretely Presented Component Units (concluded)

The Northside Cultural Business District Authority was created in 2022 as a tax-increment financing (TIF) district under the State of Michigan Corridor Improvement Authority pursuant to public act 57 of 2018. The Authority will focus on economic development to support the expansion of local, minority, and low-income owned businesses. Its goal is to enhance the district to becoming an active, mixed-use area to support the commercial and residential needs of the Northside residents. The Authority's budget is subject to approval by the City Commission.

Complete financial statements of the Downtown Development Authority, the Downtown Economic Growth Authority, and the Kalamazoo Foundation for Excellence may be obtained at their administrative office: 241 West South Street, Kalamazoo, MI 49007. The Economic Development Corporation, the Brownfield Redevelopment Authority, and the Northside Cultural Business District Authority's financial statements are included in the City's audited financial statements and are not audited separately.

Fiduciary Component Units

The Employees' Retirement System Trust Fund was established to account for the assets set aside to fund the City's Employees' Retirement System. The primary purpose of the System is to provide the necessary funding for the pension benefits provided to eligible City employees and their beneficiaries during retirement. The System is administered by the City of Kalamazoo Employees' Retirement System Pension Board of Trustees. The assets of the System are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purpose prior to the satisfaction of all liabilities. The assets are protected from any of the City's creditors.

The Other Post-Employment Benefits Trust Fund was established to account for the assets set aside from multiple employers to fund the City's Other Post-Employment Benefits Plan. The primary purpose of the Plan is to provide the necessary funding for the medical insurance benefits provided to eligible City employees and their beneficiaries during retirement. The Plan is a cost sharing multiple-employer plan with the City as the fiduciary. The Plan is administered by the City of Kalamazoo Other Post-Employment Benefits Fund trustee. The assets of the Plan are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purpose prior to the satisfaction of all liabilities. The assets are protected from any of the City's creditors.

Complete financial statements of the Employees' Retirement System and the Other Post-Employment Benefits Trust Fund may be obtained at their administrative office: 241 West South Street, Kalamazoo, MI 49007.



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them, demonstrating how governmental functions are either self-financing or supported by general revenues. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. General revenues include all taxes, interest, unrestricted State revenue sharing payments, and other revenues that are not required to be presented as program revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following *Major Governmental Funds*:

- a. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The *Grants and Donations Fund* is used to account for a variant of award programs, most notably the Justice Assistance grants (JAG), COPS Hiring Program Grants (CHP), and the Coronavirus State and Local Fiscal Recover Funds (SLFRF) under the American Recue Plan Act (ARPA).

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

The City reports the following *Major Enterprise Funds*:

- a. The *Wastewater Fund* is used to account for the operations and maintenance of the wastewater treatment system, capital additions, and improvements to the system, and retirement of revenue bonds. It is financed primarily by user charges, state grants, and contributions from other municipalities and customers.
- b. The *Water Fund* is used to account for the operations and maintenance of the water supply system, capital additions, and improvements to the system, and retirement of revenue bonds. It is financed primarily by user charges, state grants, and contributions from other municipalities and customers.

Additionally, the City reports the following *Fund Types*:

- a. *Special Revenue Funds* account for revenue sources that are restricted or committed to expenditures for specific purposes other than capital projects or permanent funds.
- b. *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.
- d. *Permanent Funds* account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support specified government programs.
- e. *Enterprise Funds* account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.
- f. The *Internal Service Fund* accounts for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes employee benefits and insurance programs.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation (concluded)

FUND FINANCIAL STATEMENTS (CONCLUDED)

- g. *Pension and Other Post-employment Benefits Trust Funds* account for the activities of the Employees' Retirement System, a defined-benefit pension plan, and Other Post-Employment Benefits Plan, which accumulates resources for retirement and other post-employment benefit payments to qualified employees.
- h. The *Private Purpose Trust Fund* accounts for assets of non-profit organizations held for outside parties in a trustee capacity for purposes other than those that support the government's programs.
- i. The *Custodial Fund* accounts for taxes collected and distributed to other governments.

Measurement Focus

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Accounting (concluded)

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and a deferred inflow of resources. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The City adopts a formal budget for the General and Special Revenue funds. The City Charter requires that the City Manager submit to the City Commission an estimate of revenues and contemplate expenditures for the following calendar year by December 1. An interim appropriation is authorized by City budget policy to continue normal operations and by February 1 of each year the City Commission passes an annual appropriation resolution approving the estimated expenditures. The City Manager is authorized to transfer budgeted amounts between expenditure control accounts within a department as long as appropriations stay constant. The City Manager is authorized to accept grants and donations under \$25,000. The acceptance of grants shall be considered as authority to expend funds for those purposes. A summary of grants and donations accepted by the City Manager will be presented to the City Commission twice a year as an information item. Transfers that result in a change in appropriations, use of contingency funds and position classification changes require prior City Commission approval. The budgets are legally adopted at the fund level for the General Fund and Special Revenue funds.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Budgets and Budgetary Accounting (concluded)

Formal budgetary integration is employed as a management control device during the year. Supplemental appropriations were approved by the City Commission in the form of budget amendment resolutions or as part of special authorizing motions for grants, bonds, or notes, the total of which was not significant in relation to the original budget appropriation valuations. Appropriations lapse at each year end, except for those approved for carry forward by the City Commission.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental funds.

The budget has been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of various checking, savings, money market, and investment trust fund accounts and cash on hand. The cash and cash equivalents are recorded at cost, which approximates fair value. Restricted cash and cash equivalents in the governmental activities and the business-type activities relate to the Cork Street environmental clean-up project, capital funding, and wastewater and water bonds reserves.

Investments are reported at fair value. Investments consist of pension fund securities, mutual funds, and U.S. government securities with an original maturity of over 90 days.

In accordance with Michigan Compiled Laws, the City 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 State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. The United States government or federal agency obligations repurchase agreements.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Cash, Cash Equivalents, and Investments (concluded)

- d. 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.
- 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.

Restricted Cash and Cash Equivalents

Cash and cash equivalents are reported as restricted when external restrictions are imposed by creditors, grantors, contributions, or laws and regulations of other governments. The City reports the following restricted cash and cash equivalents for the year ended December 31, 2023:

Nonmajor governmental funds: \$17,600,974 of unspent bond proceeds is restricted for capital improvement, \$698,153 is restricted for future debt service payments, and \$531,240 is restricted for the Cork Street Landfill environmental clean-up project.

Wastewater Fund: \$17,306,722 of unspent bond proceeds is restricted for capital improvements and \$6,511,104 is restricted for revenue bond escrow requirements.

Water Fund: \$25,894,010 of unspent bond proceeds is restricted for capital improvements and \$9,844,899 is restricted for revenue bond escrow requirements.

Receivables

Receivables consist of amounts due from various governmental units, individuals, and businesses related to charges for services, amounts owed to the City from special assessments, and taxes levied that have not been collected.

Inventories

Inventories are valued at cost using the first in-first out method. Inventories in the enterprise funds consist of wastewater and water system supplies. Inventories in the governmental funds consist of fuel, parts, and supplies and are reported using the consumption method.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Prepays

Prepaid expenditures/expenses in the governmental and proprietary funds, such as memberships, software agreements and insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute “available spendable resources” even though they are a component of net current assets. Prepaid expenditures in the governmental funds are reported using the consumption method.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activity and component units columns in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The measurement of intangible right-to-use assets is discussed below under the heading “leases”. Donated capital assets are valued at their estimated acquisition cost on the date received. In accordance with the provisions of GASB Statement No. 34, the government has only capitalized infrastructure assets acquired or constructed since 1980. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Right-to-use assets are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 50 years
Buildings and improvements	50 years
Right-to-use - buildings	50 years
Water and wastewater system infrastructure	25 - 50 years
Vehicles	7 - 10 years
Right-to-use - vehicles	7 - 10 years
Office equipment	6 - 10 years
Right-to-use - equipment	6 - 10 years
Machinery and equipment	3 - 10 years
Intangibles	3 - 10 years

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Capital Assets (concluded)

Public infrastructure	50 years
Right-to-use - infrastructure	50 years
Right-to-use - subscriptions	3 - 10 years

Compensated Absences

Amounts of vested or accumulated vacation leave and compensated time are accrued in the government-wide and proprietary fund financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “termination leave” prior to retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from debt proceeds received, are reported as expenses.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. 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.

Unearned Revenue

Unearned revenues are reported for resources that have been received, but not yet earned.



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Leases and Subscription Based IT Arrangements (SBITA)

Lessee/subscriber: The City is a lessee/subscriber for noncancelable leases/SBITAs of building space, vehicles, equipment, infrastructure, and subscriptions. The City recognizes lease/SBITA liabilities and intangible right-to-use lease assets in the government-wide and proprietary fund financial statements. The City recognizes lease/SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease/subscription, the City 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 the shorter of the lease/SBITA period or the estimated useful life.

Key estimates and judgements related to leases/SBITA include how the City 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 City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City 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/SBITA. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases/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.

Lessor: The City is a lessor for noncancelable leases of building space and wellfield land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, General Fund, and Water Fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Leases and Subscription Based IT Arrangements (SBITA) (concluded)

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position, in the governmental funds balance sheet, or in the proprietary funds statement of net position.

The City reports items in both categories, deferred outflows and inflows of resources, which correspond to the City's net pension asset and net OPEB liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual plan investment earnings, and contributions subsequent to the measurement date. The City also reports deferred outflows of resources in governmental activities, business-type activities, and certain funds for deferred charges on refunding. The City reports deferred inflows of resources in certain governmental funds for lease related receivables and long-term receivables that are not available to pay for current period expenditures. The City reports deferred inflows of resources for the lease related items, sale of future revenues on cell tower leases, and deferred charges on refunding in the statement of net position.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Net Pension Asset

A net pension liability is calculated by subtracting the pension net position from the total pension liability. Because net position is greater than the total pension liability, this results in a net pension asset to the City. The net pension asset is deemed to be a noncurrent asset and is recognized in the government-wide financial statements as well as the enterprise funds. The General Fund, Grants and Donations, nonmajor governmental, Wastewater, and Water funds contribute to the Employees' Retirement System, as necessary.

Net OPEB Liability

A net OPEB liability is calculated by subtracting the OPEB net position from the total OPEB liability. Because net position is less than the total OPEB liability, this results in a net OPEB liability to the City. The net OPEB liability is deemed to be a noncurrent liability and is recognized in the government-wide financial statements as well as the enterprise funds. The General Fund, Grants and Donations, nonmajor governmental, Wastewater, and Water funds contribute to the Other Post-Employment Benefits Trust, as necessary.

Property Taxes

The City of Kalamazoo bills and collects its own property taxes and taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the City of Kalamazoo on July 1(lien date) on the taxable valuation of property as of the preceding December 31 and are payable without penalty through August 14. After August 14, unpaid property taxes are considered past due, and the applicable property is subject to lien. The July 1 levy was composed of the County's levy, the State Education Tax assessment and the City's millage and assessments. The City bills and collects its own property taxes for general governmental services, solid waste collection, and downtown development and also collects taxes for Kalamazoo County, Kalamazoo Valley Community College, the District Library, and various authorities and school districts. Collections of property taxes and remittances of them to the appropriate authorities are accounted for in the Tax Collector's Custodial Fund.

The City is permitted by state statute to levy taxes up to 20 mills (\$20 per \$1,000 of assessed valuation) for general governmental services other than the payment of principal and interest on long-term debt. They are also permitted to levy additional mills specifically designated for waste collection. For the year ended December 31, 2023, the City levied 12.0000 mills for general governmental services and 1.8000 mills for waste collection. The total taxable value for the 2023 levy for property within the City was \$1,932,128,815.

The Downtown Development Authority is permitted by P.A. 197 of Michigan to levy taxes up to \$2.00 per \$1,000 of assessed valuation of property in the downtown district. The Authority's current year tax rate was \$1.9638 per \$1,000 of assessed valuation.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Notes Receivable

Notes receivable consist of amounts loaned to entities within the City under various community and economic development programs to finance activities during their operations, capital acquisitions, and other community improvements.

Advances to Other Governmental Units

Long-term advances from the primary government to component units are made to finance activities during their operations and to finance capital acquisitions. The applicable fund balance is reported as nonspendable in the fund financial statements for such advances to reflect the amount of fund balance not currently available for expenditure.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The General Fund records charges for services for centralized services provided to various City departments and funds as charges for services. All City funds record these payments as operating expenses/expenditures.

The Internal Service Fund records charges for insurance and employee benefits services provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses. The net revenues or losses of the Internal Service Fund, as well as the net position are included in the reconciliation to the government-wide financial statements.

Fund Balance Classifications

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Fund Balance Classifications (concluded)

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

For committed fund balance, City of Kalamazoo's highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is a Board Resolution.

For assigned fund balance, the Board of Commissioners has not approved a policy indicating who is to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Commissioners.

For the classification of fund balances, City of Kalamazoo considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions imposed by the funding source or some other outside source, which precludes their use for unrestricted purposes.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Net Investment in Capital Assets

Net investment in capital assets represents the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Capital assets, net	\$ 218,589,074	\$ 350,633,675	\$ 109,012
Outstanding principal of capital related debt	(93,397,824)	(215,898,560)	-
Retainage payable	(213,266)	(1,124,978)	-
Unspent bond proceeds	17,600,974	43,200,732	-
Deferred charges on refunding	<u>193,891</u>	<u>91,222</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 142,772,849</u></u>	<u><u>\$ 176,902,091</u></u>	<u><u>\$ 109,012</u></u>

Federal Programs

Federal programs are accounted for in the funds to which the programs pertain. The single audit reports and financial data will be issued under separate cover as supplementary information to the basic financial statements.

Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

CITY AND COMPONENT UNITS (EXCEPT EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST)

Custodial Credit Risk - Deposits

There is a custodial credit risk related to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At December 31, 2023, \$165,539,009 of the City's bank balance of \$168,195,777 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount on the books for deposits at the end of the year was \$179,555,411. The financial statements include \$5,600 of imprest cash.

The City's banking and investment policy does not specifically address custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

As permitted by State statutes, the City has placed monies for investment with the Kalamazoo Community Foundation (KCF) and Michigan Municipal Risk Management Authority (MMRMA). These monies, amounting to \$3,492,704 and \$221,957, respectively, as of December 31, 2023, are pooled with other KCF funds and MMRMA funds and invested at the discretion of KCF and MMRMA, which for purposes of the City essentially functions as an external investment pool. Investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of December 31, 2023, none of the City's investments, excluding the mutual funds which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

CITY AND COMPONENT UNITS (EXCEPT EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST) (CONTINUED)

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2023, the City investment in the Michigan CLASS investments was rated AAA by S&P Global Ratings and the City's investments in the U.S. Agencies investments were rated AA+ by Standard and Poor's. All of the City's investments comply with its policy regarding the types of investments it may hold.

Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the fair value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics. The City's policy provides that the maximum weighted average maturity will be limited to 18 months. As of December 31, 2023, the City's investment in the Michigan CLASS investments had a weighted average maturity of 70 days.

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by security type and institution. Among other provisions, the City's investment policy permits the entire portfolio to be invested in obligations of U.S. agencies with the limitation that no more than 35% may be placed with a single institution. In addition, the investment policy limits commercial paper to 10% of the total portfolio. The policy neither provides for nor prohibits the placement of funds with community foundations.

Foreign Currency Risk

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



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

CITY AND COMPONENT UNITS (EXCEPT EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST) (CONTINUED)

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

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 quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period).

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

As of December 31, 2023, the carrying amounts and fair values for the investments are as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Standard & Poor's Rating	Weighted Average Maturity
Federal Home Loan Bank	\$ -	\$ 2,498,602	\$ -	\$ 2,498,602	AA+	726 days
Freddie Mac	-	5,808,715	-	5,808,715	AA+	669 days
Fannie Mae	-	935,674	-	935,674	AA+	594 days
Farm Credit	-	5,338,130	-	5,338,130	AA+	1,406 days
Treasury bills	-	19,203,693	-	19,203,693	AA+	896 days
Governments and agencies	-	36,978,198	-	36,978,198	AA+	7.125 days
Municipal bonds	-	1,960,863	-	1,960,863	Not Rated	250 days
Corporate bonds	-	15,646,502	-	15,646,502	Not Rated	3,295 days
Equity mutual funds	171,131,341	-	-	171,131,341	Not Rated	N/A
	<u>\$ 171,131,341</u>	<u>\$ 88,370,377</u>	<u>\$ -</u>	<u>\$ 259,501,718</u>		

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

CITY AND COMPONENT UNITS (EXCEPT EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST) (CONCLUDED)

Investments in Entities that Calculate Net Asset Value Per Share

The City holds shares or interests in an investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
Michigan CLASS	\$ 30,747,248	\$ -	No restrictions	None

**EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST**

The deposits and investments of the Other Post-Employment Benefits Trust (the Trust) have been pooled with those of the City of Kalamazoo Employees' Retirement System (the System) and the Central County Transportation Authority (CCTA) Pension Plan. The Trust has effectively adopted the investment policies and strategies of the System. The purchases, maturities, and investment performance are allocated between the System, the Trust, and the CCTA Pension Plan based on the fair value of their respective investments. As of December 31, 2023, the System's investments represented approximately 83.1% of the portfolio and the Trust's investments represented approximately 12.8% of the portfolio.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

Deposits

Checking or other demand/time deposit accounts are not maintained. Amounts reported as cash and cash equivalents in the statement of plan net position include cash and short-term investments in money market accounts held by the investment managers. These accounts are insured by the Securities Investors Protection Corporation for up to \$500,000 each. The carrying amount of these accounts as of December 31, 2023, was \$230,800. These amounts were fully insured as of December 31, 2023.

Investments

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The System's Investment Committee is responsible for recommending to the City Commission the investment policies and strategies, and retaining/monitoring the various investment managers, trustees, advisors, actuaries, and other fiduciaries utilized by the System and Trust. The City Commission is responsible for approving the recommendations of the Investment Committee. All investment decisions are subject to Michigan law and the investment policy established by the City Commission.

The adopted asset allocation policy as of December 31, 2023, is as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Long Term Expected Rate of Return</u>
U.S. Small Cap (Manager 1)	5.00%	5.84%
U.S. Small Cap (Manager 2)	10.00%	5.84%
International Developed Equity	10.00%	4.14%
U.S. Large Cap (Manager 1)	30.00%	5.24%
U.S. Large Cap (Manager 2)	5.00%	5.24%
Emerging Markets	10.00%	5.14%
Domestic Fixed Income	25.00%	2.64%
Real Estate (Manager 1)	2.50%	4.54%
Real Estate (Manager 2)	2.50%	4.54%

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

Investments (concluded)

The System's and Trust's investments are held in nine portfolios administered by five investment managers. Following is a summary of the portfolio's investments as of December 31, 2023:

U.S. Treasuries	\$ 60,075,110
Corporate bonds	81,249,368
Municipal bonds	173,022
Collateralized mortgage obligations	68,514,832
Equity mutual funds	603,228,680
Real estate mutual funds	<u>40,839,230</u>
Total investments	<u><u>\$ 854,080,242</u></u>

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

- 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 quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

Fair Value Measurements (concluded)

As of December 31, 2023, the carrying amount and fair value for each investment are as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Federal Home Loan	\$ -	\$ 25,296,711	\$ -	\$ 25,296,711
Fannie Mae	-	42,876,702	-	42,876,702
Ginnie Mae	-	341,419	-	341,419
U.S. Treasury Notes	-	60,075,110	-	60,075,110
Corporate bonds	-	81,249,368	-	81,249,368
Municipal bonds	-	173,022	-	173,022
Equity mutual funds	603,228,680	-	-	603,228,680
Real estate mutual funds	40,839,230	-	-	40,839,230
	<u>\$ 644,067,910</u>	<u>\$ 210,012,332</u>	<u>\$ -</u>	<u>\$ 854,080,242</u>

Custodial Credit Risk

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System and Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy does not address custodial credit risk. Although uninsured and unregistered, the portfolio's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the System's name. Short-term investments in money market funds and investments in mutual funds are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

Credit Risk

The System's investment policy provides that its investments in bonds must be rated in the top four major investment grades as determined by two nationally recognized statistical rating organizations. As of December 31, 2023, the portfolio's investments in fixed income securities were rated by Standard & Poor's and Moody's as follows:

<u>Standard &amp; Poor's</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>	<u>CMO</u>
AAA	\$ 14,632,345	\$ 173,022	\$ -
AA	3,102,322	-	68,514,832
A	29,015,870	-	-
BBB	28,496,748	-	-
Not rated	6,002,083	-	-
	<u>\$ 81,249,368</u>	<u>\$ 173,022</u>	<u>\$ 68,514,832</u>
<u>Moody's</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>	<u>CMO</u>
Aaa	\$ 15,956,151	\$ 173,022	\$ 68,514,832
Aa	5,231,736	-	-
A	35,704,588	-	-
Baa	19,391,556	-	-
Ba	152,191	-	-
Not rated	4,813,146	-	-
	<u>\$ 81,249,368</u>	<u>\$ 173,022</u>	<u>\$ 68,514,832</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

Concentration of Credit Risk

The System's investment policy requires that the securities of any one company or government agency should not exceed 5% of the total fund. At December 31, 2023, the portfolio's investments were within that range.

The System's investment policy and State statutes provide that no more than 70% of the total investments may be in equity holdings and no more than 5% in real estate. As of December 31, 2023, equity holdings accounted for 70% of the total investment portfolio; the holdings in real estate were 5% at December 31, 2023.

Interest Rate Risk

For investments, the risk that changes in interest rates will adversely affect the fair value of the investment is known as interest rate risk. The System's investment policy does not address interest rate risk. As of December 31, 2023, maturities of the portfolio's debt securities were as follows:

	Fair Value	Investment Maturities (Fair Value by Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 60,075,110	\$ -	\$ 24,324,492	\$ 12,527,432	\$ 23,223,186
Corporate bonds	81,249,368	-	36,913,067	24,863,837	19,472,464
Municipal bonds	173,022	-	-	-	173,022
Collateralized mortgage obligations	68,514,832	-	389,047	391,930	67,733,855
	<u>\$ 210,012,332</u>	<u>\$ -</u>	<u>\$ 61,626,606</u>	<u>\$ 37,783,199</u>	<u>\$ 110,602,527</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

EMPLOYEES' RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFITS TRUST (CONCLUDED)

Derivatives

The System's investment policy permits the prudent use of derivatives to reduce portfolio risk and enhance investment return. Under the terms of the investment agreements, portfolio managers are required to report all derivative holdings on a quarterly basis. The Investment Committee monitors these reports to evaluate the System's exposure to credit, market, and legal risk.

The portfolios managed by Jennison Associates have utilized U.S. currency futures contracts, a type of derivative, to reduce overall portfolio volatility caused by interest rate risk. At December 31, 2023, the portfolio had no U.S. currency futures contracts.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The System's exposure to foreign currency risk derives from its positions in foreign currency-denominated fixed-income investments. The System's investment policy permits it to invest up to 10% of total investments in foreign currency-denominated investments.

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2023, is summarized below:

<u>Currency</u>	<u>Fixed Income</u>
Canadian Dollar	\$ 1,015,289
Euro	2,757,254
Singaporean Dollar	1,047,735
British Pound Sterling	<u>2,237,968</u>
	<u>\$ 7,058,246</u>



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investments captions in the basic financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of December 31, 2023:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	\$ 97,888,660	\$ 4,547,044	\$ 11,738,327	\$ 114,174,031
Cash and cash equivalents - restricted	78,387,102	-	-	78,387,102
Investments	54,876,332	222,603,312	854,080,242	1,131,559,886
Investments with agents	3,714,661	-	-	3,714,661
	<u>\$ 234,866,755</u>	<u>\$ 227,150,356</u>	<u>\$ 865,818,569</u>	<u>\$ 1,327,835,680</u>

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at December 31, 2023, are as follows:

Fund	Due From	Due To
General Fund	\$ 6,236,391	\$ (3,934,369)
Grants and Donations Fund	113,632	(1,100,909)
Wastewater Fund	525,507	(813,241)
Water Fund	244,834	(755,508)
Nonmajor enterprise fund	-	(944,986)
Nonmajor governmental funds	2,453,757	(10,752,276)
Internal service fund	8,857,329	(130,161)
	<u>\$ 18,431,450</u>	<u>\$ (18,431,450)</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONCLUDED)**

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transactions that have not cleared as of the balance sheet date.

**NOTE 4 - INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business type funds, and component units have been eliminated.

Fund	Transfers In	Transfers Out
General Fund	\$ 2,194,877	\$ (8,891,881)
Grants and Donations Fund	27,847	(3,188,825)
Wastewater Fund	216,000	-
Water Fund	162,000	-
Nonmajor enterprise fund	1,749,673	-
Nonmajor governmental funds	23,013,315	(13,833,010)
Internal service fund	-	(1,449,996)
	\$ 27,363,712	\$ (27,363,712)

Transfers are used to move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In 2023, the Internal Service Fund transferred excess net position to the General Fund, nonmajor governmental funds, Wastewater Fund, and Water Fund. The General Fund transferred funding for debt service payments to the nonmajor governmental funds and matching grant contributions to the Grants and Donations Fund. The Grants and Donations Fund transferred revenue replacement funding to the General Fund and nonmajor governmental funds. The nonmajor governmental funds transferred streets operations, capital project, and debt service funding to other nonmajor governmental funds.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LEASES RECEIVABLE**

PRIMARY GOVERNMENT

Governmental Activities

The City leases athletic fields to a third-party. The lease is for three years, and the City will receive annual payments of \$5,800. The City recognized \$5,596 in lease revenue and \$204 in interest revenue during the current fiscal year related to this lease. As of December 31, 2023, the City's receivable for lease payments was \$5,697. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$5,596.

The City leases space on a cell tower to a third-party. The lease is for five years, and the City will receive monthly payments of \$1,104. The City recognized \$12,606 in lease revenue and \$886 in interest revenue during the current fiscal year related to this lease. As of December 31, 2023, the City's receivable for lease payments was \$42,083. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$40,522.

The City leases building space to a third-party. The lease is for twenty-five years, and the City will receive quarterly payments of \$25,000. The City recognized \$98,683 in lease revenue and \$1,317 in interest revenue during the current fiscal year related to this lease. As of December 31, 2023, the term of the lease was complete and was not renewed. Therefore, there was no receivable or deferred inflow of resources for this agreement at the end of the year.

Business-type Activities

The City leases land to a third-party. The lease is for five years, and the City will receive annual payments of \$10,463. The City recognized \$9,685 in lease revenue and \$778 in interest revenue during the current fiscal year related to this lease. As of December 31, 2023, the City's receivable for lease payments was \$30,203. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$30,210.

The City leases land to a third-party. The lease is for five years, and the City will receive annual payments of \$1,540. The City recognized \$1,426 in lease revenue and \$114 in interest revenue during the current fiscal year related to this lease. As of December 31, 2023, the City's receivable for lease payments was \$4,446. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$4,447.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS**

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

**PRIMARY GOVERNMENT**

	Restated Balance Jan. 1, 2023	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 29,966,986	\$ -	\$ (505)	\$ 29,966,481
Rights to liquor license	139,200	-	-	139,200
Construction in progress	<u>31,215,395</u>	<u>18,292,815</u>	<u>(30,310,680)</u>	<u>19,197,530</u>
Subtotal	<u>61,321,581</u>	<u>18,292,815</u>	<u>(30,311,185)</u>	<u>49,303,211</u>
Capital assets being depreciated/amortized				
Land improvements	35,538,516	9,920,577	-	45,459,093
Buildings and improvements	52,055,709	9,802,804	-	61,858,513
Right to use - building	556,763	332,570	-	889,333
Vehicles	16,963,792	2,939,480	(560,763)	19,342,509
Right to use - vehicles	1,422,716	404,899	(32,927)	1,794,688
Machinery and equipment	26,645,995	2,438,108	(18,756)	29,065,347
Right to use - equipment	203,143	33,468	-	236,611
Intangible assets	2,949,858	-	-	2,949,858
Infrastructure	234,701,107	6,042,474	(80,198)	240,663,383
Right to use - infrastructure	600,540	650,526	-	1,251,066
Right to use - subscription	<u>932,668</u>	<u>613,032</u>	<u>-</u>	<u>1,545,700</u>
Subtotal	<u>372,570,807</u>	<u>33,177,938</u>	<u>(692,644)</u>	<u>405,056,101</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

PRIMARY GOVERNMENT (CONTINUED)

	Restated Balance Jan. 1, 2023	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2023
<b>Governmental Activities (concluded)</b>				
Less accumulated depreciation/amortization for:				
Land improvements	\$ (13,832,772)	\$ (1,531,434)	\$ -	\$ (15,364,206)
Buildings and improvements	(24,213,475)	(1,150,080)	-	(25,363,555)
Right to use - building	(155,763)	(265,725)	-	(421,488)
Vehicles	(12,127,714)	(931,968)	534,861	(12,524,821)
Right to use - vehicles	(431,335)	(455,703)	16,709	(870,329)
Machinery and equipment	(19,117,037)	(1,443,673)	18,756	(20,541,954)
Right to use - equipment	(43,070)	(57,946)	-	(101,016)
Intangible assets	(2,889,062)	(23,045)	-	(2,912,107)
Infrastructure	(153,149,355)	(3,830,709)	43,042	(156,937,022)
Right to use - infrastructure	(26,488)	(66,959)	-	(93,447)
Right to use - subscription	-	(640,293)	-	(640,293)
	<u>(225,986,071)</u>	<u>(10,397,535)</u>	<u>613,368</u>	<u>(235,770,238)</u>
Subtotal				
Net capital assets being depreciated/amortized	<u>146,584,736</u>	<u>22,780,403</u>	<u>(79,276)</u>	<u>169,285,863</u>
Capital assets, net	<u>\$ 207,906,317</u>	<u>\$ 41,073,218</u>	<u>\$ (30,390,461)</u>	<u>\$ 218,589,074</u>

Depreciation/amortization expense was charged to the following governmental activities:

General government	\$ 2,276,929
Public safety	1,977,738
Public works	4,846,728
Community and economic development	138,154
Recreation and culture	<u>1,157,986</u>
Total depreciation/amortization expense	<u>\$ 10,397,535</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

	Restated Balance Jan. 1, 2023	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2023
<b>Business-Type Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 3,293,620	\$ 5,000	\$ -	\$ 3,298,620
Construction in progress	<u>73,572,444</u>	<u>47,248,163</u>	<u>(27,170,925)</u>	<u>93,649,682</u>
Subtotal	<u>76,866,064</u>	<u>47,253,163</u>	<u>(27,170,925)</u>	<u>96,948,302</u>
Capital assets being depreciated/amortized				
Land improvements	14,865,053	721,103	-	15,586,156
Building and improvements	108,947,513	1,453,949	-	110,401,462
Vehicles	7,754,677	1,003,238	(128,597)	8,629,318
Right to use - vehicles	284,451	311,682	(11,965)	584,168
Machinery and equipment	75,765,743	1,314,534	-	77,080,277
Right to use - equipment	32,341	-	-	32,341
Infrastructure	257,989,159	38,367,396	(18,356)	296,338,199
Intangible assets	1,836,698	75,283	-	1,911,981
Right to use - subscription	<u>119,044</u>	<u>219,827</u>	<u>-</u>	<u>338,871</u>
Subtotal	<u>467,594,679</u>	<u>43,467,012</u>	<u>(158,918)</u>	<u>510,902,773</u>
Less accumulated depreciation/amortization for:				
Land improvements	(12,506,904)	(897,051)	-	(13,403,955)
Building and improvements	(60,708,205)	(2,109,975)	-	(62,818,180)
Vehicles	(3,696,348)	(532,165)	128,597	(4,099,916)
Right to use - vehicles	(189,789)	(142,499)	11,965	(320,323)
Machinery and equipment	(59,899,799)	(2,585,217)	-	(62,485,016)
Right to use - equipment	(7,921)	(7,920)	-	(15,841)
Infrastructure	(106,487,075)	(5,608,427)	7,827	(112,087,675)
Intangible assets	(1,773,891)	(91,549)	-	(1,865,440)
Right to use - subscription	<u>-</u>	<u>(121,054)</u>	<u>-</u>	<u>(121,054)</u>
Subtotal	<u>(245,269,932)</u>	<u>(12,095,857)</u>	<u>148,389</u>	<u>(257,217,400)</u>
Net capital assets being depreciated/amortized	<u>222,324,747</u>	<u>31,371,155</u>	<u>(10,529)</u>	<u>253,685,373</u>
Capital assets, net	<u>\$ 299,190,811</u>	<u>\$ 78,624,318</u>	<u>\$ (27,181,454)</u>	<u>\$ 350,633,675</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

PRIMARY GOVERNMENT (CONCLUDED)

Depreciation/amortization expense was charged to the following business-type activities:

Wastewater	\$ 4,839,870
Water	6,053,076
Nonmajor enterprise fund	<u>11,310</u>
Total depreciation/amortization expense	<u><u>\$ 10,904,256</u></u>

Note: Additions to accumulated depreciation includes \$1,191,601 of accumulated depreciation on parking system assets transferred to the City by the Downtown Development Authority.

COMPONENT UNITS

Downtown Development Authority

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 58,162	\$ -	\$ -	\$ 58,162
Capital assets being depreciated				
Land improvements	201,517	56,500	-	258,017
Machinery and equipment	<u>9,206</u>	<u>-</u>	<u>-</u>	<u>9,206</u>
Subtotal	<u>210,723</u>	<u>56,500</u>	<u>-</u>	<u>267,223</u>
Less accumulated depreciation for:				
Land improvements	(201,517)	(5,650)	-	(207,167)
Machinery and equipment	<u>(9,206)</u>	<u>-</u>	<u>-</u>	<u>(9,206)</u>
Subtotal	<u>(210,723)</u>	<u>(5,650)</u>	<u>-</u>	<u>(216,373)</u>
Net capital assets being depreciated	<u>-</u>	<u>50,850</u>	<u>-</u>	<u>50,850</u>
Capital assets, net	<u>\$ 58,162</u>	<u>\$ 50,850</u>	<u>\$ -</u>	<u>\$ 109,012</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (CONCLUDED)**

COMPONENT UNITS (CONCLUDED)

Downtown Development Authority (concluded)

	Balance Jan. 1, 2023	Additions	Transfers	Balance Dec. 31, 2023
<b>Business-type Activities</b>				
Capital assets being depreciated				
Land improvements	\$ 721,103	\$ -	\$ (721,103)	\$ -
Machinery and equipment	545,337	-	(545,337)	-
Intangible assets	75,283	-	(75,283)	-
Subtotal	<u>1,341,723</u>	<u>-</u>	<u>(1,341,723)</u>	<u>-</u>
Less accumulated depreciation for:				
Land improvements	(552,844)	(21,333)	574,177	-
Machinery and equipment	(541,448)	(1,080)	542,528	-
Intangible assets	(74,683)	(213)	74,896	-
Subtotal	<u>(1,168,975)</u>	<u>(22,626)</u>	<u>1,191,601</u>	<u>-</u>
Net capital assets being depreciated	<u>172,748</u>	<u>(22,626)</u>	<u>(150,122)</u>	<u>-</u>
Total net capital assets	<u>\$ 172,748</u>	<u>\$ (22,626)</u>	<u>\$ (150,122)</u>	<u>\$ -</u>

Assets of the parking system reported in the business-type activities were transferred to the City of Kalamazoo on August 31, 2023. The assets are included in the additions to the City's business-type activities for the year ended December 31, 2023.



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the City for the year ended December 31, 2023:

**PRIMARY GOVERNMENT**

	Restated Balance <u>Jan. 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2023</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities</b>					
Direct borrowing/placements					
Leases payable	\$ 2,015,893	\$ 913,924	\$ (762,969)	\$ 2,166,848	\$ 635,126
Subscriptions payable	799,086	613,033	(531,440)	880,679	421,524
Equipment acquisitions	808,086	-	(121,344)	686,742	111,433
<b>Total direct borrowings/placements</b>	<u>3,623,065</u>	<u>1,526,957</u>	<u>(1,415,753)</u>	<u>3,734,269</u>	<u>1,168,083</u>
Other debt					
General obligation bonds	135,078,410	13,510,000	(9,352,998)	139,235,412	9,938,256
Bond premiums/discounts	7,517,024	1,182,119	(660,588)	8,038,555	719,694
<b>Total other debt</b>	<u>142,595,434</u>	<u>14,692,119</u>	<u>(10,013,586)</u>	<u>147,273,967</u>	<u>10,657,950</u>
Other long-term obligations					
Compensated absences	8,346,504	4,675,639	(5,328,168)	7,693,975	2,918,367
Environmental matters	1,051,006	57,115	-	1,108,121	-
Uninsured claim liability	1,942,265	8,819,831	(8,425,520)	2,336,576	1,777,068
<b>Total other long-term obligations</b>	<u>11,339,775</u>	<u>13,552,585</u>	<u>(13,753,688)</u>	<u>11,138,672</u>	<u>4,695,435</u>
<b>Total Governmental Activities</b>	<u>157,558,274</u>	<u>29,771,661</u>	<u>(25,183,027)</u>	<u>162,146,908</u>	<u>16,521,468</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7- LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT (CONCLUDED)

	Restated Balance <u>Jan. 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2023</u>	Amounts Due Within <u>One Year</u>
Business-type Activities					
Direct borrowing/placements					
Leases payable	\$ 122,061	\$ 311,681	\$ (151,012)	\$ 282,730	\$ 85,522
Subscriptions payable	96,861	219,826	(95,496)	221,191	118,905
DWSRF loans	21,937,055	1,809,972	(920,294)	22,826,733	1,135,000
CWSRF loan	-	2,018,173	-	2,018,173	-
Total direct borrowings/placements	<u>22,155,977</u>	<u>4,359,652</u>	<u>(1,166,802)</u>	<u>25,348,827</u>	<u>1,339,427</u>
Other debt					
General obligation bonds	15,826,590	-	(457,002)	15,369,588	471,744
Revenue bonds	136,175,000	46,400,000	(4,375,000)	178,200,000	5,665,000
Bond premiums/discounts	9,400,202	3,356,587	(407,056)	12,349,733	555,766
Total other debt	<u>161,401,792</u>	<u>49,756,587</u>	<u>(5,239,058)</u>	<u>205,919,321</u>	<u>6,692,510</u>
Other long-term obligations					
Compensated absences	<u>1,079,379</u>	<u>1,199,574</u>	<u>(1,214,194)</u>	<u>1,064,759</u>	<u>782,838</u>
Total Business-type Activities	<u>184,637,148</u>	<u>55,315,813</u>	<u>(7,620,054)</u>	<u>232,332,907</u>	<u>8,814,775</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 342,195,422</u>	<u>\$ 85,087,474</u>	<u>\$ (32,803,081)</u>	<u>\$ 394,479,815</u>	<u>\$ 25,336,243</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

COMPONENT UNITS

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amounts Due Within One Year
Downtown Development Authority					
Direct borrowing/placements					
Notes and agreements payable	\$ 1,123,068	\$ -	\$ (248,677)	\$ 874,391	\$ 249,863
Economic Development Corporation					
Other long-term obligations					
Compensated absences	\$ 1,536	\$ -	\$ (1,386)	\$ 150	\$ 116
Brownfield Redevelopment Authority					
Direct borrowing/placements					
Loans payable	\$ 468,203	\$ -	\$ (345,398)	\$ 122,805	\$ 16,226
Other long-term obligations					
Compensated absences	8,846	-	(1,026)	7,820	4,468
Total Brownfield Redevelopment Authority	\$ 477,049	\$ -	\$ (346,424)	\$ 130,625	\$ 20,694
Downtown Economic Growth Authority					
Direct borrowing/placements					
Notes payable	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 300,000

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, infrastructure, and equipment. General obligation bonds have been issued to refund both general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are issued as serial bonds with varying amounts of principal maturing each year. The original amount of the general obligation bonds issued was \$189,985,000. General obligation bonds currently outstanding are as follows:

	Issuance Date	Interest Rates	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amounts Due Within One Year
<b>Governmental Activities</b>							
2013 Capital Improvement Bonds	4/11/2013	2.00%-2.75%	\$ 1,805,000	\$ -	\$ (285,000)	\$ 1,520,000	\$ 290,000
2015 Capital Improvement Bonds	6/2/2015	2.00%-3.375%	2,970,000	-	(335,000)	2,635,000	345,000
2016 Capital Improvement Refunding Bonds	6/28/2016	2.00% - 4.00%	3,665,000	-	(365,000)	3,300,000	385,000
2017 Capital Improvement Bonds	5/2/2017	3.00%-5.00%	5,445,000	-	(505,000)	4,940,000	525,000
2018 Capital Improvement Bonds	5/23/2018	2.00%-5.00%	6,130,000	-	(450,000)	5,680,000	470,000
2019 Capital Improvement Bonds	12/11/2019	5.00%	6,390,000	-	(785,000)	5,605,000	825,000
2020 Capital Improvement Bonds	9/10/2020	5.00%	10,965,000	-	(880,000)	10,085,000	920,000
2021 Capital Improvement Refunding Bonds	4/27/2021	1.85%	2,320,000	-	(330,000)	1,990,000	330,000
2021 Capital Improvement Refunding Bonds	9/16/2021	4.00%	13,530,000	-	(1,085,000)	12,445,000	1,130,000
2022 Capital Improvement Bonds	9/20/2022	4.00%-5.00%	13,510,000	-	(520,000)	12,990,000	575,000
2023 Capital Improvement Bonds	10/5/2023	5.00%	-	13,510,000	-	13,510,000	570,000
2015 OPEB Bonds	1/7/2015	0.75%-4.67%	59,323,410	-	(1,712,998)	57,610,412	1,768,256
2015A Refunding Bonds	8/4/2015	2.00%-5.00%	3,185,000	-	(745,000)	2,440,000	775,000
2015 B Refunding Bonds	8/4/2015	5.00%-5.250%	4,660,000	-	(590,000)	4,070,000	615,000
2017 Refunding Bond	8/29/2017	1.89%	1,180,000	-	(765,000)	415,000	415,000
<b>Total Governmental Activities</b>			<b>135,078,410</b>	<b>13,510,000</b>	<b>(9,352,998)</b>	<b>139,235,412</b>	<b>9,938,256</b>
<b>Business-type Activities</b>							
2015 OPEB Bonds	1/7/2015	0.75%-4.67%	15,826,590	-	(457,002)	15,369,588	471,744
<b>Total General Obligation Bonds</b>			<b>\$ 150,905,000</b>	<b>\$ 13,510,000</b>	<b>\$ (9,810,000)</b>	<b>\$ 154,605,000</b>	<b>\$ 10,410,000</b>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT (CONTINUED)

Revenue Bonds

The original amount of revenue bonds issued was \$188,560,000 for business-type activities. The revenue from Water and Wastewater system usage net of operating expense, maintenance, and administration of the system, or the “net revenue” as defined in Michigan Public Act 94 of 1933 Section 3, as well as investment income is pledged for payment of the business-type activity bonds through 2048. In 2023 pledged revenues of \$25,824,483 funded debt service of \$9,513,758. Revenue bonds outstanding at year end are as follows:

	Issuance Date	Interest Rates	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amounts Due Within One Year
<b>Business-type Activities</b>							
2015 Water Supply System	12/10/2015	2.00%-3.375%	\$ 2,380,000	\$ -	\$ (95,000)	\$ 2,285,000	\$ 100,000
2017 Water Supply System Refunding	5/2/2017	3.00%-5.00%	5,860,000	-	(380,000)	5,480,000	395,000
2018 Wastewater System	5/23/2018	3.125%-5.00%	5,250,000	-	(165,000)	5,085,000	170,000
2018 Water Supply System	5/23/2018	3.00%-5.00%	8,410,000	-	(270,000)	8,140,000	285,000
2019 Water Supply System	6/25/2019	3.00%-5.00%	9,515,000	-	(280,000)	9,235,000	290,000
2018 Wastewater System	6/25/2019	3.00%-5.00%	8,900,000	-	(255,000)	8,645,000	270,000
2020 Water System	6/25/2019	3.00%-5.00%	19,330,000	-	(535,000)	18,795,000	560,000
2020 Wastewater System	6/25/2019	3.00%-5.00%	9,840,000	-	(285,000)	9,555,000	300,000
2021 Wastewater System Refunding	4/27/2021	2.42%	1,550,000	-	(115,000)	1,435,000	115,000
2021 Water Supply System Refunding	4/27/2021	2.75%	8,365,000	-	(525,000)	7,840,000	540,000
2022 Wastewater System Refunding Bond	4/14/2022	4.00%-5.00%	3,295,000	-	(280,000)	3,015,000	290,000
2022 Wastewater System Revenue Bond	4/14/2022	4.00%-5.00%	24,000,000	-	(545,000)	23,455,000	570,000
2022 Water Supply System Revenue Bond	5/3/2022	4.00%-5.00%	29,480,000	-	(645,000)	28,835,000	680,000
2023 Water Supply System Revenue Bond	10/5/2023	5.00%	-	19,930,000	-	19,930,000	430,000
2023 Wastewater System Revenue Bond	10/5/2023	5.00%	-	26,470,000	-	26,470,000	670,000
<b>Total Business-type Activities</b>			<b>136,175,000</b>	<b>46,400,000</b>	<b>(4,375,000)</b>	<b>178,200,000</b>	<b>5,665,000</b>
<b>Total Revenue Bonds</b>			<b>\$ 136,175,000</b>	<b>\$ 46,400,000</b>	<b>\$ (4,375,000)</b>	<b>\$ 178,200,000</b>	<b>\$ 5,665,000</b>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT (CONTINUED)

Environmental Matters

Environmental matters represent the City's share of estimated costs associated with the cleanup of certain sites with soil contamination for which the City is named as a potentially responsible party.

Uninsured Claim Liability

The City estimates the liability for its self-insured coverage and includes both those claims that have been reported as well as those that have not yet been reported. These estimates are prepared with the assistance of the City's third-party administrators for claims management and are recorded in the Insurance and Benefits internal service fund. The long-term portion of the workers' compensation liability has been discounted at a 6% present value factor. Changes in the estimated liability are as follows:

	2023	2022
Estimated liability, beginning of year	\$ 1,942,265	\$ 2,297,646
Estimated claims incurred, including changes in estimates	8,819,831	10,080,398
Claim payments	(8,425,520)	(10,435,779)
Estimated liability, end of year	\$ 2,336,576	\$ 1,942,265

The Insurance and Benefits internal service fund is used to liquidate the uninsured claims liabilities, which recovers the cost of liabilities through charges for services to other funds. The General Fund, Water, Wastewater, Major Streets, Local Streets, Cemeteries, and Solid Waste funds pay an indirect general insurance fee. In addition, all City departments and funds with employees pay a worker's compensation fee as a personnel benefit cost.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

**PRIMARY GOVERNMENT (CONTINUED)**

Leases Payable

	Issuance Date	Interest Rates	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amounts Due Within One Year
<b>Governmental Activities</b>							
Direct borrowings/placements							
Building - 1631 S. Westnedge	1/1/2020	1.81%	\$ 163,008	\$ -	\$ (37,218)	\$ 125,790	\$ 39,099
Building - 245 N. Rose	9/1/2019	1.81%	195,039	-	(115,535)	79,504	79,504
Building - 248 N. Kalamazoo	12/1/2022	3.89%	51,213	-	(16,346)	34,867	17,604
Building - 3003 S. Burdick Storage	3/1/2023	4.31%	-	128,474	(41,299)	87,175	51,553
Equipment - Copiers	11/2/2020	1.81%	89,727	-	(28,554)	61,173	29,076
Equipment - Turf Tank	6/8/2022	2.91%	68,872	-	(12,995)	55,877	13,374
Equipment - Kronos UKG	1/1/2023	3.06%	-	33,469	(14,190)	19,279	15,239
Vehicles - Enterprise	Various	Various	1,010,792	349,430	(448,253)	911,969	326,385
Vehicles - KDPS Motorcycles	4/1/2023	4.45%	-	54,824	(13,029)	41,795	18,061
Infrastructure - Dark Fiber	Various	2.13%	437,242	347,727	(35,550)	749,419	45,231
Total Governmental Activities			<u>2,015,893</u>	<u>913,924</u>	<u>(762,969)</u>	<u>2,166,848</u>	<u>635,126</u>
<b>Business-type Activities</b>							
Direct borrowings/placements							
Equipment - Copiers	11/2/2020	1.81%	24,640	-	(7,841)	16,799	7,984
Vehicles - Enterprise	Various	Various	97,421	311,681	(143,171)	265,931	77,538
Total Business-type Activities			<u>122,061</u>	<u>311,681</u>	<u>(151,012)</u>	<u>282,730</u>	<u>85,522</u>
Total Leases Payable			<u>\$ 2,137,954</u>	<u>\$ 1,225,605</u>	<u>\$ (913,981)</u>	<u>\$ 2,449,578</u>	<u>\$ 720,648</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT (CONTINUED)

Subscriptions Payable

	Issuance Date	Interest Rates	Restated Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amounts Due Within One Year
<b>Governmental Activities</b>							
Direct borrowings/placements							
Emergency Management	3/1/2021	1.99%	\$ 24,517	\$ -	\$ (4,712)	\$ 19,805	\$ 4,806
ASANA	9/10/2020	1.81%	100,302	-	(32,837)	67,465	33,430
Fleet Management Upgrade	8/1/2021	1.81%	130,262	-	(42,645)	87,617	43,416
Antigena Email	9/1/2020	1.81%	23,680	-	(23,680)	-	-
Go Live Plan	1/1/2023	4.17%	-	125,122	(29,391)	95,731	30,616
Granicus Upgrade	12/27/2022	4.17%	15,203	-	(2,366)	12,837	2,674
Kronos SaaS	3/18/2019	3.06%	271,234	-	(118,249)	152,985	121,919
Neogov Onboard	6/29/2017	4.73%	63,754	-	(8,630)	55,124	10,424
Neogov Insight	8/2/2011	4.73%	67,053	-	(10,278)	56,775	11,705
Opengov Inc.	6/30/2021	1.81%	103,081	-	(103,081)	-	-
KnowBe4	3/6/2023	4.31%	-	27,468	(8,772)	18,696	9,151
Trace3 Cisco Flex	5/7/2023	4.59%	-	77,111	(24,559)	52,552	25,687
Trace3 UCCX 311	5/7/2023	4.59%	-	39,387	(12,545)	26,842	13,120
Fusus Video and Data	6/5/2023	4.45%	-	343,945	(109,695)	234,250	114,576
Total Governmental Activities			799,086	613,033	(531,440)	880,679	421,524
<b>Business-type Activities</b>							
Direct borrowings/placements							
Go Live Plan	1/1/2023	4.17%	-	140,914	(33,100)	107,814	34,481
SCADA Software	12/31/2023	4.73%	-	78,912	(23,768)	55,144	26,191
ArcGIS GeoEvent Server	12/8/2022	3.89%	96,861	-	(38,628)	58,233	58,233
Total Business-type Activities			96,861	219,826	(95,496)	221,191	118,905
Total Subscriptions Payable			\$ 895,947	\$ 832,859	\$ (626,936)	\$ 1,101,870	\$ 540,429



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT (CONTINUED)

Equipment Acquisitions

	Issuance Date	Interest Rates	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amounts Due Within One Year
Governmental Activities							
Direct borrowings/placements							
2018 Toro installment purchase	9/20/2018	5.50%	\$ 26,822	\$ -	\$ (19,932)	\$ 6,890	\$ 6,890
2020 De Lage installment purchase	8/15/2020	3.72%	35,805	-	(7,511)	28,294	7,795
2022 De Lage installment purchase	3/1/2022	2.99%	745,459	-	(93,901)	651,558	96,748
Total Equipment Acquisitions			<u>\$ 808,086</u>	<u>\$ -</u>	<u>\$ (121,344)</u>	<u>\$ 686,742</u>	<u>\$ 111,433</u>

Michigan Drinking Water State Revolving Fund (DWSRF) Loans

Michigan's Drinking Water State Revolving Fund (DWSRF) program assists public water suppliers in meeting the requirements of the Safe Drinking Water Act and address environmental or public health concerns by offering low-interest loans with potential principal forgiveness.

Under these agreements, principal is drawn on a reimbursement basis for eligible expenditures under the agreement and interest accrues for the amount drawn. Principal is payable in annual installments based on the total loan awarded with interest paid semi-annually. Principal forgiveness, if any, is recognized annually over the life of the loan and is included in Intergovernmental Revenues of the Water Fund. The additions to the loan payable are accrued as eligible expenditures are incurred and payable. The final loan amounts may vary based on final disbursements from the State.

	Issuance Date	Interest Rates	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amounts Due Within One Year
Business-type Activities							
Direct borrowings/placements							
2019 DWSRF loan	8/22/2019	2.00%	\$ 793,776	\$ -	\$ (35,294)	\$ 758,482	\$ 30,000
2020 DWSRF loan	8/7/2020	2.00%	18,328,440	25,467	(885,000)	17,468,907	900,000
2022 DWSRF loan	6/6/2022	1.88%	2,814,839	1,408,638	-	4,223,477	205,000
2023 DWSRF loan	10/5/2023	1.88%	-	375,867	-	375,867	-
Total DWSRF loans			<u>\$ 21,937,055</u>	<u>\$ 1,809,972</u>	<u>\$ (920,294)</u>	<u>\$ 22,826,733</u>	<u>\$ 1,135,000</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT (CONTINUED)

Michigan Drinking Water State Revolving Fund (DWSRF) Loans (concluded)

2019 DWSRF Loan draws are complete, with a total final loan of \$923,191 and principal forgiven of \$138,479. Annual installments of principal range from \$30,000 to \$54,712 through October 1, 2039. \$5,294 of principal was forgiven in 2023.

2020 DWSRF Loan awarded a total loan of \$21,095,000 with \$1,265,235 of forgiven principal. Total life to date disbursements of \$19,097,874 have been received through December 31, 2023 and the agreement remained open for additional disbursements. Principal is payable in annual installment ranging from \$865,000 to \$1,270,000 through April 1, 2041. \$55,000 of principal was forgiven in 2023.

2022 DWSRF Loan awarded a total loan of \$4,890,000 with 100% loan forgiveness. Total life to date disbursements of \$2,814,473 have been received through December 31, 2023 and the agreement remained open for additional disbursements. The loan has structured principal payments in annual installments beginning April 1, 2024 through April 1, 2043, with payments ranging from \$205,000 to \$290,000, all of which will be forgiven under this agreement. There was no principal forgiven in 2023.

2023 DWSRF Loan awarded a total loan of \$13,184,598 with \$8,134,598 of forgiven principal. There were no disbursements of this loan as of December 31, 2023 and the agreement remained open for additional disbursements. Principal is payable in annual installments ranging from \$549,598 to \$780,000 with payments beginning October 1, 2026 through 2045. There was no principal forgiven in 2023.

Michigan Clean Water State Revolving Fund (CWSRF) Loans

Michigan's Drinking Water State Revolving Fund (CWSRF) program is a low interest loan financing program that assists qualified local municipalities with the construction of necessary wastewater and storm water infrastructure projects to improve water quality, the environment, and protect public health.

Under these agreements, principal is drawn on a reimbursement basis for eligible expenditures under the agreement and interest accrues for the amount drawn. Principal is payable in annual installments based on the total loan awarded with interest paid semi-annually. Principal forgiveness, if any, is recognized annually over the life of the loan and is included in intergovernmental revenues of the Wastewater Fund. The additions to the loan payable are accrued as eligible expenditures are incurred and payable. The final loan amounts may vary based on final disbursements from the State.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT (CONTINUED)

Michigan Clean Water State Revolving Fund (CWSRF) Loans (concluded)

2023 CWSRF Loan dated April 7, 2023 awarded a total loan of \$7,445,000 with no forgiven principal. There were no disbursements of this loan as of December 31, 2023 and the agreement remained open for additional disbursements. There were \$2,018,173 of accrued eligible expenditures as of December 31, 2023. Principal is payable in annual installments ranging from \$310,000 to \$440,000 with payments beginning April 1, 2025 through 2044. Interest of 1.875% is payable semi-annually beginning October 1, 2023.

Compensated Absences

In accordance with City personnel policies and/or contracts negotiated with various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$7,693,975 and \$1,064,759 for vacation and sick for governmental and business-type activities, respectively, at December 31, 2023. Of those amounts, \$2,918,367 and \$782,838 have been recorded as current liabilities for governmental and business-type activities, respectively.

The General Fund, Grants and Donations, nonmajor governmental funds, Water Fund, and Wastewater Fund liquidate vacation, compensated absences, and normal sick leave as a direct payout. The Water, Wastewater, and Insurance and Benefits internal service funds are used to liquidate sick leave payouts for retiring employees. The General Fund, Donations and Grants, and nonmajor governmental funds contribute to the Insurance and Benefits internal service fund through a fringe fee charged to departments as a personnel benefit cost.

No Commitment Debt

The City of Kalamazoo Hospital Finance Authority has issued revenue bonds to provide financial assistance to nonprofit sector entities for the acquisition and construction of hospital facilities deemed to be in the public interest. The bonds are secured by property financed and are payable solely from payments received from revenues of the obligated parties. The Hospital Finance Authority has not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the payments from the nonprofit sector entities and maintenance of the tax-exempt status of the conduit debt obligation. Accordingly, the bonds are not reported as liabilities in the financial statements. As of December 31, 2023, there were three series of Hospital Finance Authority revenue bonds outstanding with a total principal amount of \$126,805,000.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

PRIMARY GOVERNMENT (CONCLUDED)

No Commitment Debt (concluded)

The City of Kalamazoo Economic Development Corporation has issued revenue bonds to provide financial assistance to nonprofit sector entities for the acquisition and construction of residential facilities deemed to be in the public interest. The bonds are secured by property financed and are payable solely from payments received from revenues of the obligated parties. The Economic Development Corporation has not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the payments from the nonprofit sector entities and maintenance of the tax-exempt status of the conduit debt obligation. Accordingly, the bonds are not reported as liabilities in the financial statements. As of December 31, 2023, there were five series of Economic Development Corporation revenue bonds outstanding with a total principal amount of \$67,345,000.

COMPONENT UNITS

Downtown Development Authority

Long-term notes at December 31, 2023, are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance
The City of Kalamazoo Note	7/2/2024	2.59%	\$ 66,608
Note payable - Arcadia Creek	3/11/2025	1.50%	269,883
Developer payable - TIF agreement	10/27/2034	0.00%	253,000
Developer payable - grants	10/27/2034	0.00%	284,900
			\$ 874,391

Economic Development Corporation

In accordance with City personnel policies and/or contracts negotiated with various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. As a component unit of the City, the EDC follows those policies. The dollar amount of these vested rights, including related payroll taxes, amounted to \$150 for vacation and sick at December 31, 2023. Of that total amount, \$116 has been recorded as a current liability.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

COMPONENT UNITS (CONCLUDED)

Brownfield Redevelopment Authority

In accordance with City personnel policies and/or contracts negotiated with various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. As a component unit of the City, the BRDA follows those policies. The dollar amount of these vested rights, including related payroll taxes, amounted to \$7,820 for vacation and sick at December 31, 2023. Of that total amount, \$4,468 has been recorded as a current liability.

Brownfield Redevelopment Loan Contract dated June 23, 2016, is due in annual installments of \$16,226 to \$18,008 through June 23, 2031, with interest of 1.50%.

Downtown Economic Growth Authority

Long-term notes at December 31, 2023, are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance
The City of Kalamazoo Note	7/1/2024	2.00%	\$ 300,000
The City of Kalamazoo Note	7/1/2029	2.00%	700,000
			\$ 1,000,000

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONCLUDED)**

The annual requirements to pay the debt principal and interest outstanding for long-term obligations are as follows:

Year Ending Dec. 31,	Primary Government							
	Direct Borrowings/Placements				Other Debt			
	Governmental Activities		Business-Type Activities		Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,168,083	\$ 137,349	\$ 234,427	\$ 40,865	\$ 9,938,256	\$ 5,895,987	\$ 6,136,744	\$ 7,816,786
2025	903,667	96,989	150,974	31,067	9,877,461	5,505,767	6,277,540	7,686,287
2026	493,649	63,507	119,815	23,770	10,054,560	5,095,420	6,545,440	7,410,360
2027	564,403	43,363	91,665	17,539	8,951,659	4,673,505	6,848,342	7,124,448
2028	100,097	24,299	89,980	12,427	8,955,599	4,307,413	7,129,402	6,831,426
2029-2033	299,310	74,550	241,176	40,770	35,364,710	16,831,202	39,470,292	29,498,069
2034-2038	205,060	13,026	264,705	36,670	28,339,506	10,079,721	40,933,974	21,760,802
2039-2043	-	-	69,661	32,370	22,559,631	4,266,307	47,510,372	13,174,846
2044-2048	-	-	-	-	5,194,030	300,588	32,717,482	3,886,286
	<u>\$ 3,734,269</u>	<u>\$ 453,083</u>	<u>\$ 1,262,403</u>	<u>\$ 235,478</u>	<u>\$ 139,235,412</u>	<u>\$ 56,955,910</u>	<u>\$ 193,569,588</u>	<u>\$ 105,189,310</u>

Year Ending Dec. 31,	Component Units					
	Direct Borrowing/Placements					
	Downtown Development Authority		Brownfield Redevelopment Authority		Downtown Economic Growth Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 249,863	\$ 12,254	\$ 16,226	\$ 2,052	\$ 300,000	\$ 20,000
2025	184,428	1,228	16,469	1,809	134,511	14,000
2026	48,900	-	16,716	1,562	137,201	11,310
2027	48,900	-	16,967	1,311	139,945	8,566
2028	48,900	-	17,221	1,057	142,744	5,767
2029-2033	244,500	-	39,206	1,604	145,599	2,912
2034-2038	48,900	-	-	-	-	-
2039-2043	-	-	-	-	-	-
2044-2048	-	-	-	-	-	-
	<u>\$ 874,391</u>	<u>\$ 13,482</u>	<u>\$ 122,805</u>	<u>\$ 9,395</u>	<u>\$ 1,000,000</u>	<u>\$ 62,555</u>

Outstanding principal and interest on the 2020, 2022 and 2023 State DWSRF loans as well as the 2023 CWSRF loan have been excluded from the schedules above because the loans have not been drawn in full. Amortization schedules will be determined at the completion of the project.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

Plan Description

The Employees' Retirement System (the System) is a single-employer defined benefit contributory plan which provides pension, disability, and death benefits to all full-time employees and some part-time employees of the City.

The System was originally established by City ordinance on February 5, 1952, and is maintained as a Pension Trust Fund in the accompanying financial statements. The System is administered by the City of Kalamazoo Employees' Retirement System Pension Board of Trustees. The Board consists of five individual trustees either elected or appointed in accordance with the City Ordinance. One member is a City Commissioner, and one member is the City Manager. The remaining three members, including one Public Safety representative and one General Member representative, are elected by active members of the retirement system. All elected terms are three years. Plan benefit provisions were established and may be amended under the authority of City Ordinances. Employee contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the City Commission of the City of Kalamazoo. The System issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained by writing to the City of Kalamazoo Employees' Retirement System, 241 W. South Street, Kalamazoo, MI 49007.

Plan Membership

At December 31, 2023, pension plan membership consisted of the following:

Inactive employees or beneficiaries receiving benefits	941
Inactive employees entitled to but not yet receiving benefits	76
Active employees	<u>623</u>
 Total employees covered by the Plan	 <u><u>1,640</u></u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Benefits Provided

The System provides retirement, death and disability benefits to plan members and their beneficiaries as follows:

*Regular Retirement* - General members are eligible for benefits at age 57 with 25 or more years of service or age 62 with 10 or more years of service. American Federation of State, County and Municipal Employees (AFSCME) members are eligible for benefits at age 60 with 20 or more years of service. Exempt members are eligible for benefits at age 62 with 5 years of service. Public safety members are eligible for benefits with 25 years of service or at age 50 with 10 or more years of service. Retirement benefits are calculated as final average compensation (highest 3 consecutive years out of the last 10) times 2.1% for each year of service for general plan members, Kalamazoo Municipal Employee's Association (KMEA) members, and AFSCME members, non-sworn public safety members, 2.3% for each year of service for exempt members, and 2.7% for each year of service for the general member administrator, City manager, and sworn public safety members. The maximum benefit for exempt members hired on or before March 1, 1999, is equal to 92% of final average compensation; if hired after March 1, 1999, the maximum benefit is equal to 70% of final average compensation. The maximum benefit is 70.2% of final average compensation for sworn public safety members.

*Early Retirement* - General members are eligible for benefits at age 55 with 15 or more years of service. Sworn public safety members are eligible for benefits with 20 years of service. Retirement benefits are calculated as regular retirement but reduced by 4/10 of 1% for each month and fraction of a month by which retirement precedes age 62 if less than 25 years of service or age 57 if 25 or more years of service for general plan members and 2% of final average compensation multiplied by years of credited service for sworn public safety members.

*Deferred Retirement* - Members are eligible for benefits with 10 years of service for most members, 5 years for exempt members, 9 years for AFSCME members hired before October 2, 2016, and 8 years for KMEA members hired before January 1, 2009. Benefits begin at age 62 for general members. For sworn public safety members, benefits begin when the member would have first been eligible had they remained employed (at age 50 with 10 years of service or when they would have reached 25 years of service. Retirement benefits are calculated as regular or early retirement but based upon service and final average compensation at termination date for general members and as early retirement for sworn public safety members.

*Death and Disability* - Members are eligible for benefits, in accordance with plan provisions, after 10 years of service for most members, 5 years for exempt members, 9 years for AFSCME members hired before October 2, 2016, and 8 years for KMEA members hired before January 1, 2009. Service requirements are waived for duty disability and death benefits.



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Benefits Provided (concluded)

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. Pensions of AFSCME members who retire on or after October 25, 1999, are increased 1% per year, compounded annually, beginning 1 year after retirement and 2% per year, compounded annually, beginning at age 75. Pensions of KMEA members are increased 1.5% per year, compounded annually, beginning the latter of the retirees' 64<sup>th</sup> birthday and 1 year after retirement and 2% per year, compounded annually, beginning at age 75. Pensions of public safety members who retire on and after January 1, 1995, with 25 or more years of service, are increased 2% per year, compounded annually. Pensions of exempt members are increased 1.5% per year, compounded annually, beginning 1 year after retirement for members who elected to contribute by May 2006. Pensions of exempt members who retire on and after January 15, 2024, are increased 2% per year, compounded annually. Pensions of non-sworn public safety members who retire on and after January 1, 2022 are increased 1.5% per year, compounded annually, and 2% per year, compounded annually, beginning at age 75. Pensions of the City manager and general member administrators who retire on and after June 1, 2020 are increased 2% per year, compounded annually. Annual costs-of-living adjustments do not apply to deferred retirements.

Deferred Retirement Option Program

Public safety administrators meeting relevant provisions for an unreduced retirement allowance, authorization by the City Manager, and approval of the City Commission are eligible for the deferred retirement option program (DROP). The annual benefit is computed as regular retirement but is frozen at date of DROP election. For the year ended December 31, 2023, the balance of amounts held by the Plan pursuant to the DROP is \$623,773.

Sworn public safety members who obtain 25 or more years of credited service on or after May 1, 2022, through December 31, 2026, may elect to participate in a deferred retirement option program (DROP). The employee must be in good standing with the City and the City may consider staffing level needs and the employee's disciplinary and performance review histories in determining whether to accept the employee into the DROP. The employee's application must indicate the number of whole years that they want to participate in DROP, up to a maximum of three (3) years. As a condition of participation, the employee agrees to retire at the conclusion of their participation in the DROP. An employee who has elected to participate for one (1) or two (2) years may request, which is to required to be granted by the City, an extension in whole years at least 90 days prior to the employee's anticipated DROP end date. The annual benefit is computed as regular retirement but is frozen at date of DROP election.

Contributions

System members are required to contribute between 1.0% to 6.5% of annual compensation to the System for pension benefits, depending on bargaining unit. The City is required to contribute such additional amounts, as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. No employer contributions were required for year ended December 31, 2023.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset

The net pension asset reported at December 31, 2023 was determined using a measure of the total pension liability and the pension net position as of December 31, 2023 and an actuarial valuation date of December 31, 2022. Changes in the net pension asset during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a)-(b)
<u>Changes in Net Pension (Asset)</u>			
Balances at December 31, 2022	\$ 545,652,122	\$ 673,730,455	\$ (128,078,333)
Changes for the Year			
Service cost	7,709,111	-	7,709,111
Interest on total pension liability	38,580,767	-	38,580,767
Change of benefit terms	5,402,558	-	5,402,558
Difference between expected and actual experience	2,257,460	-	2,257,460
Employee contributions	-	1,475,439	(1,475,439)
Net investment income	-	102,031,275	(102,031,275)
Benefit payments, including refunds of employee contributions	(34,716,343)	(34,716,343)	-
Administrative expense	-	(371,467)	371,467
Other	-	(273,261)	273,261
Net changes	19,233,553	68,145,643	(48,912,090)
Balances as of December 31, 2023	\$ 564,885,675	\$ 741,876,098	\$ (176,990,423)

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the City recognized pension benefit of \$8,103,276. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,718,293	\$ 862,921
Changes in proportion and differences between employer contributions and share of contributions	811,618	811,616
Net difference between projected and actual earnings on pension plan investments	15,045,761	-
Total	\$ 18,575,672	\$ 1,674,537

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

Years Ending December 31,	Pension Expense
2024	\$ 2,911,274
2025	3,850,196
2026	21,011,546
2027	(10,871,881)
	\$ 16,901,135

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Actuarial Assumptions

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

The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Open Period
Remaining Amortization Period	10 years
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.5% (which includes price inflation of 2.25%)
Salary Increases	3.5% to 15.5% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	The Pub-2010 Amount-Weighted, Safety, Employee, Male and Female tables with future mortality improvements projected to 2025 using scale MP-2019.

The actuarial assumptions used in the December 31, 2022, valuation were based upon the results of an actuarial experience study for the period January 1, 2014 through December 31, 2018.

Changes in Assumptions

No changes in assumptions noted for plan year 2023.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Changes in Benefit Terms

Exempt members who retire on/after 1/15/2024 get a 2% COLA in January of each year.

Exempt members previously contributing 3.5% of annual compensation now contribute 1.5% of pay.

Public safety members deferred retirement benefits begin when the member would have first been eligible had they remained employed (at age 50 with 10 years of service or when they would have reached 25 years of service).

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Small Cap (Manager 1)	5.00%	5.84%
U.S. Small Cap (Manager 2)	10.00%	5.84%
International Developed Equity	10.00%	4.14%
U.S. Large Cap (Manager 1)	30.00%	5.24%
U.S. Large Cap (Manager 2)	5.00%	5.24%
Emerging Markets	10.00%	5.14%
Domestic Fixed Income	25.00%	2.64%
Real Estate (Manager 1)	2.50%	4.54%
Real Estate (Manager 2)	2.50%	4.54%

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONCLUDED)**

Sensitivity of the Net Pension (Asset) to Changes in the Discount Rate

The following presents the City's net pension (asset), calculated using the discount rate of 7.25%, as well as what the City's net pension (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease Rate 6.25%	Current Discount Rate 7.25%	1% Increase Rate 8.25%
Total pension liability	\$ 631,989,618	\$ 564,885,675	\$ 509,048,591
Plan fiduciary net position	741,876,098	741,876,098	741,876,098
City's net pension (asset)	\$ (109,886,480)	\$ (176,990,423)	\$ (232,827,507)

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

The City of Kalamazoo Postretirement Welfare Benefits Plan (the "Plan") is a cost sharing multiple-employer defined benefit other post-employment benefit plan. The Plan is administered by the City of Kalamazoo Other Post-Employment Benefits Trust Fund Trustee. Employee contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the respective employers. Plan benefit provisions were established and may be amended under the authority of the respective employers. The Plan issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained by writing to the City of Kalamazoo Postretirement Welfare Benefits Plan, 241 W. South Street, Kalamazoo, MI 49007.

Benefits Provided

The Plan provides medical insurance benefits to eligible retirees and their spouses. The Plan purchases Medicare supplemental insurance for retirees eligible for Medicare.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Contributions

The employers contribute such amounts, as necessary, to provide assets sufficient to pay for member benefits. For the year ended December 31, 2023, the actuarially determined contributions for the employers were \$966,755 and actual employer contributions were \$3,500,000. The City's share of the actuarially determined contributions was \$911,055 and actual City contributions were \$3,292,700.

Investment Policy

The Michigan Public Employees Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes the Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Plan's Trustee is responsible for recommending to the respective governing bodies the investment policies and strategies, and retaining/monitoring the various investment managers, trustees, advisors, actuaries, and other fiduciaries utilized by the Plan. The respective governing bodies are responsible for approving the recommendations of the Plan's Trustee. All investment decisions are subject to Michigan law and the investment policy established by the respective governing bodies. As City of Kalamazoo OPEB Trust Fund and Employees' Retirement System assets are commingled for investment purposes, the Plan's Trustee has adopted the policies, strategies, and approaches used by the Employees' Retirement System's Investment Committee.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Small Cap (Manager 1)	5.00%	5.84%
U.S. Small Cap (Manager 2)	10.00%	5.84%
International Developed Equity	10.00%	4.14%
U.S. Large Cap (Manager 1)	30.00%	5.24%
U.S. Large Cap (Manager 2)	5.00%	5.24%
Emerging Markets	10.00%	5.14%
Domestic Fixed Income	25.00%	2.64%
Real Estate (Manager 1)	2.50%	4.54%
Real Estate (Manager 2)	2.50%	4.54%

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Summary of Significant Accounting Policies

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported for the Plan. 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.

Actuarial Assumptions

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Individual entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	5 years smoothed fair value
Inflation	3.50% (which includes price inflation of 2.25%)
Projected salary increases	3.50% to 15.50% (includes inflation)
Investment rate of return	7.25%, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality rates	Pub-2010 Amount-Weighted, Male and Female tables for General and Safety 7 years for disabled members
Health care trend rates	Pre-65: 7.50% for the first year, gradually decreasing to 3.50% in year 12
Aging factors	Post-65: 6.25% for the first year, gradually decreasing to 3.50% in year 12 Based on the 2013 SOA study "Health Care Costs - From Birth to Death"

Changes in Assumptions

No significant changes in assumptions noted for plan year 2023.



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Changes in Benefit Terms

AFSCME members retiring after January 1, 2024 will pay the same increases as an active employee to a maximum of 80% above the contributions the retiree paid during the last month of the retiree's employment.

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

At December 31, 2023, the City reported a liability of \$28,432,772 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of December 31, 2021 and rolled-forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on present value of future benefits.

At December 31, 2022, the City's proportion was 93.752%.

	December 31, 2022	
	Plan	City's Share
Total OPEB Liability	\$ 132,219,010	\$ 123,957,966
Plan Fiduciary Net Position	101,891,367	95,525,194
Net OPEB Liability	30,327,643	28,432,772
Proportionate Share	N/A	93.752%

For the year ended December 31, 2023, the City recognized OPEB benefit of \$48,613,978. The net OPEB liability is generally liquidated by the General, Major Street, Local Street, Solid Waste, Wastewater, and Water funds.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

At December 31, 2023, the City 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 in assumptions	\$ 2,906,290	\$ -
Differences between expected and actual experience	-	5,676,487
Net difference between projected and actual earnings on plan investments	8,221,580	-
Changes in proportion and differences between employer contributions and share of contributions	54,784	207,178
Contributions subsequent to the measurement date*	3,292,700	-
Total	\$ 14,475,354	\$ 5,883,665

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending December 31, 2024.

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 December 31,	OPEB Expense
2024	\$ (3,060,602)
2025	1,842,989
2026	2,081,488
2027	4,435,114
	\$ 5,298,989

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)**

Discount Rate

A single discount rate of 7.25% was used to measure the total OPEB liability. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to \$3,500,000 per year. 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.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	<u>\$ 40,122,628</u>	<u>\$ 28,432,772</u>	<u>\$ 18,373,815</u>

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

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

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	<u>\$ 16,225,962</u>	<u>\$ 28,432,772</u>	<u>\$ 42,753,897</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for excess claims for workers' compensation, medical claims, general and auto liability, auto physical damage, and property loss claims. The City is primarily self-insured for workers' compensation, medical claims, general liability, and property damage claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The City participates in the Michigan Municipal Risk Management Authority (the Authority) risk pool for claims relating to general and auto liability including medical malpractice, auto physical damage, and property loss claims. The Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for the losses in excess of member retention amounts. Although premiums are paid annually to the Authority that is used to pay claims to the retention limits, the ultimate liability for those claims remains with the City.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

Legal Contingencies

Contingent liabilities represent items that are not recognized in the Statement of Net Position at December 31, 2023 because there is significant uncertainty as to the outcome of a future event. Contingent liabilities are recorded in the Statement of Net Position only when the contingency is probable, and the amount can be estimated. In the opinion of the City Attorney and management, the potential uninsured liability that may result from legal actions should not exceed amounts either reserved in the Insurance and Benefits Fund (an internal service fund) or included in funds maintained by the City's claims administrators.

Environmental Contingencies

The City of Kalamazoo has identified a number of sites within its boundaries that are in need of environmental remediation. Some are privately-held properties, and some are owned by the County and/or the City of Kalamazoo. The City of Kalamazoo has been named as a Potentially-Responsible Party (PRP) by the U.S. Environmental Protection Agency (EPA) in two such sites: the Cork Street Landfill and the Auto Ion site. The City has also entered into cleanup agreements, although not named as a PRP, for two other sites. Based on currently available information, the City has recorded liabilities for the net present value of estimated response costs for these sites in the amount of \$1,108,121 in the government-wide financial statements. The landfills do not accept municipal waste as defined by the EPA; therefore, the Government Accounting Standard Board rules on closure and post-closure care costs do not apply.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)**

Environmental Contingencies (concluded)

The City has entered into trust agreements for three of the above referenced sites. It acts as Executive Agent for the Cork Street Landfill Trust; the other two trusts being administered by other parties. The Cork Street Landfill Trust is recorded in the Cork Street Landfill Cap Construction Fund.

Commitments

The City has approximately \$140,189,238 in various contractual commitments and agreements at December 31, 2023. Commitments include obligations for various goods and services, including approximately \$54,250,637 for construction contracts on various construction projects, \$6,315,515 for equipment purchases and inventory contracts, and \$28,435,588 for various other goods and services. The City also has term contracts for agreements for goods and services expiring between one and five years, totaling \$51,187,498. These commitments are not susceptible to accrual. Accordingly, no liabilities have been recorded in the basic financial statements. A portion of these commitments were encumbered in the Governmental funds at the end of the year. The General Fund encumbered \$557,498, the Grants and Donations Fund encumbered \$7,959,767, and the nonmajor governmental funds encumbered \$12,822,308.

True-Up Settlement

A 1988 legal settlement with Wastewater customers outside the City limits requires a true-up calculation to compare the projected revenue requirements to actual results. The difference between projected and actual results can result in either a receivable from outside city customers or a payable to outside city customers. While the agreement requires the calculation to be performed at least every two years, the City was in negotiations with the townships and has put true-up calculations on hold pending negotiations and a determination if this settlement is still legally in effect. A true-up of the 2017 through 2023 results cannot be reasonably estimated at the time of this report.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - RESTRICTED NET POSITION**

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which preclude their use for unrestricted purposes. The following are the various net position restrictions as of December 31, 2023:

<b>PRIMARY GOVERNMENT</b>	
Governmental Activities	
Nonexpendable	\$ 3,627,564
Expendable	
Major and local street projects	10,906,747
FFE aspirational projects	5,971,342
Solid waste program	3,540,357
Parks and recreation	1,457,921
Neighborhood and community development	4,770,023
Pensions	148,856,025
Other purposes	
Drug enforcement	345,292
Opioid settlement	163,471
Cemetery perpetual care	1,769,465
Capital improvements	8,475,226
Grants and donations	2,487,700
	<u>\$ 192,371,133</u>
Business-type Activities	
Restricted for bond reserves	
Wastewater Fund	\$ 6,511,104
Water Fund	9,844,899
Restricted for pensions	
Wastewater Fund	15,449,494
Water Fund	12,684,904
	<u>\$ 44,490,401</u>
<b>COMPONENT UNITS</b>	
Restricted for:	
Downtown Development Authority	\$ 364,545
Kalamazoo Foundation for Excellence	250,131,000
	<u>\$ 250,495,545</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - TAX ABATEMENTS**

**INDUSTRIAL FACILITIES EXEMPTION**

The City has entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. The IFT on a new plant and non-industrial property, such as high-tech personal property, is computed at 50% of the property tax millage rate for new property. For rehabilitation purposes, the taxable values can be frozen.

For the year ended December 31, 2023, the City abated property tax revenues totaling \$28,964 under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

**NEIGHBORHOOD ENTERPRISE (NEZ) ZONE ACT**

The City has entered into property tax abatement agreements with property owners under the Neighborhood Enterprise Zone Act, PA 147 of 1992, as amended. A Neighborhood Enterprise Zone Act certificate entitles the property owner to exemption from ad valorem real and/or personal property taxes for a term of 6-15 years as determined by the local unit of government. The tax abatement on a rehabilitated facility, is computed by multiplying the total mills levied as ad valorem taxes by the taxable value of the rehabilitated facility, not including land, for the tax year immediately preceding the effective date of the certificate until the certificate expires.

For the year ended December 31, 2023, the City abated property tax revenues totaling \$65,906, under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - FUND BALANCE CLASSIFICATIONS**

The following are the various fund balance classifications as of December 31, 2023:

Fund Balances	General Fund	Grants and Donations Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	\$ 94,917	\$ -	\$ 409,524	\$ 504,441
Prepays	95,547	-	16,463	112,010
Notes receivable	1,646,427	-	-	1,646,427
Advances	459,000	-	799,175	1,258,175
Cemetery perpetual care	-	-	1,735,160	1,735,160
Endowments	-	-	1,892,404	1,892,404
Restricted				
Highways	-	-	21,779,358	21,779,358
Solid waste	-	-	3,540,357	3,540,357
Grants and donations	104,227	2,383,473	4,766,263	7,253,963
FFE aspirational projects	-	-	5,971,342	5,971,342
Drug enforcement	-	-	345,292	345,292
Recreation activities	-	-	923,991	923,991
Park activities	-	-	708,138	708,138
Cemetery perpetual care	-	-	1,769,465	1,769,465
Opioid settlement	-	-	163,471	163,471
Debt service	-	-	106,990	106,990
Capital improvements	-	-	14,607,154	14,607,154
Committed				
Economic development programs	-	-	1,213,087	1,213,087
Recreation activities	-	-	58,153	58,153
Social equity	273,980	-	-	273,980
Cemeteries	-	-	151,542	151,542
Assigned				
Subsequent year's expenditures	1,799,147	-	-	1,799,147
Parks and recreation	66,499	-	-	66,499
Unassigned	12,057,488	-	-	12,057,488
<b>TOTAL FUND BALANCES</b>	<b>\$ 16,597,232</b>	<b>\$ 2,383,473</b>	<b>\$ 60,957,329</b>	<b>\$ 79,938,034</b>



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2023, the City implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, which was issued in May 2020.

**Summary:**

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The effect of the change on beginning of year balances were as follows:

	Prepays	Right-to-use Assets	SBITA Obligations	Fund Balance/Net Position
General Fund	\$ (133,582)	\$ -	\$ -	\$ (133,582)
Water Fund	(22,183)	119,044	96,861	-
Governmental activities	(133,582)	932,668	799,086	-
Business-type activities	(22,183)	119,044	96,861	-

**NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. 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 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 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. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact has occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

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

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS (CONCLUDED)**

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

**NOTE 17 - SUBSEQUENT EVENTS**

On March 4, 2024 and June 4, 2024, the City's General Fund received contributions of \$7,866,034 each from the Foundation of Excellence Endowment in support of the 2024 General Fund operations.

On April 15, 2024, the City Commission approved to contribute \$403,052 to the Downtown Development Authority's (DDA) Settlement Agreement and Mutual Release. The contribution will result in a payment in full of a long term debt obligation on behalf of the DDA to a third party. The City will also assume the maintenance responsibilities of the downtown Arcadia Creek Festival site in the General Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF KALAMAZOO  
DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION ASSET AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>CHANGE IN TOTAL PENSION LIABILITY</b>										
Service cost	\$ 7,709,111	\$ 7,562,395	\$ 7,116,766	\$ 7,038,828	\$ 6,377,103	\$ 5,894,750	\$ 5,604,960	\$ 5,683,351	\$ 6,187,334	\$ 6,259,728
Interest	38,580,767	37,769,183	36,676,997	36,008,134	34,448,827	33,674,057	32,746,676	33,892,669	32,334,356	31,603,299
Changes of benefit terms	5,402,558	1,650,511	-	875,728	-	279,702	-	(23,809,450)	-	-
Difference between expected and actual experience	2,257,460	(1,715,651)	4,367,838	(2,647,268)	4,007,357	313,218	3,079,970	(2,513,167)	(1,574,739)	-
Changes of assumptions	-	-	-	-	22,845,295	-	-	-	12,509,343	-
Benefit payments, including employee refunds	(34,716,343)	(33,574,723)	(33,064,845)	(31,112,544)	(30,213,896)	(29,931,417)	(28,491,380)	(28,496,870)	(28,356,700)	(27,802,129)
<b>Net Change in Total Pension Liability</b>	<b>19,233,553</b>	<b>11,691,715</b>	<b>15,096,756</b>	<b>10,162,878</b>	<b>37,464,686</b>	<b>10,230,310</b>	<b>12,940,226</b>	<b>(15,243,467)</b>	<b>21,099,594</b>	<b>10,060,898</b>
Total Pension Liability, beginning	545,652,122	533,960,407	518,863,651	508,700,773	471,236,087	461,005,777	448,065,551	463,309,018	442,209,424	432,148,526
<b>Total Pension Liability, ending</b>	<b>\$ 564,885,675</b>	<b>\$ 545,652,122</b>	<b>\$ 533,960,407</b>	<b>\$ 518,863,651</b>	<b>\$ 508,700,773</b>	<b>\$ 471,236,087</b>	<b>\$ 461,005,777</b>	<b>\$ 448,065,551</b>	<b>\$ 463,309,018</b>	<b>\$ 442,209,424</b>
<b>CHANGE IN PLAN FIDUCIARY NET POSITION</b>										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,602,053	\$ 760,912
Contributions - employee	1,475,439	1,443,448	1,345,658	1,285,845	1,238,420	1,209,623	1,086,257	1,085,940	1,084,798	1,067,029
Net investment income (loss)	102,031,275	(99,471,376)	133,637,208	57,798,914	112,193,170	(47,440,721)	94,301,279	72,939,990	(9,974,517)	41,065,447
Benefit payments, including employee refunds	(34,716,343)	(33,574,723)	(33,064,845)	(31,112,544)	(30,213,896)	(29,931,417)	(28,491,380)	(28,496,870)	(28,356,700)	(27,802,131)
Administrative expenses	(371,467)	(302,840)	(236,148)	(224,903)	(220,934)	(147,100)	(147,099)	(153,024)	(125,770)	(122,107)
Other	(273,261)	(288,849)	(333,861)	(309,797)	(228,905)	(246,932)	(8,848,472)	(21,875,722)	(174,885)	(110,326)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>68,145,643</b>	<b>(132,194,340)</b>	<b>101,348,012</b>	<b>27,437,515</b>	<b>82,767,855</b>	<b>(76,556,547)</b>	<b>57,900,585</b>	<b>23,500,314</b>	<b>(35,945,021)</b>	<b>14,858,824</b>
Plan Fiduciary Net Position, beginning	673,730,455	805,924,795	704,576,783	677,139,268	594,371,413	670,927,960	613,027,375	589,527,061	625,472,082	610,613,258
<b>Plan Fiduciary Net Position, ending</b>	<b>\$ 741,876,098</b>	<b>\$ 673,730,455</b>	<b>\$ 805,924,795</b>	<b>\$ 704,576,783</b>	<b>\$ 677,139,268</b>	<b>\$ 594,371,413</b>	<b>\$ 670,927,960</b>	<b>\$ 613,027,375</b>	<b>\$ 589,527,061</b>	<b>\$ 625,472,082</b>
<b>City's Net Pension (Asset)</b>	<b>\$ (176,990,423)</b>	<b>\$ (128,078,333)</b>	<b>\$ (271,964,388)</b>	<b>\$ (185,713,132)</b>	<b>\$ (168,438,495)</b>	<b>\$ (123,135,326)</b>	<b>\$ (209,922,183)</b>	<b>\$ (164,961,824)</b>	<b>\$ (126,218,043)</b>	<b>\$ (183,262,658)</b>
Plan fiduciary net position as a percentage of the total pension liability	131.33%	123.47%	150.93%	135.79%	133.11%	126.13%	145.54%	136.82%	127.24%	141.44%
Covered payroll	\$ 43,891,903	\$ 42,632,621	\$ 39,983,168	\$ 39,215,899	\$ 37,425,219	\$ 34,999,543	\$ 32,780,965	\$ 37,291,474	\$ 37,198,788	\$ 36,331,892
City's net pension asset as a percentage of covered payroll	(403.24%)	(300.42%)	(680.20%)	(473.57%)	(450.07%)	(351.82%)	(640.38%)	(442.36%)	(339.31%)	(504.41%)



**CITY OF KALAMAZOO  
DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF INVESTMENT RETURNS  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	15.49%	-12.59%	19.36%	8.71%	19.30%	-7.22%	15.72%	12.64%	-1.62%	6.82%

**CITY OF KALAMAZOO  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
SCHEDULE OF CHANGES IN THE PLAN'S NET OPEB LIABILITY AND RELATED RATIOS  
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**

	2022	2021	2020	2019	2018	2017
<b>CHANGE IN TOTAL OPEB LIABILITY</b>						
Service cost	\$ 845,695	\$ 4,388,941	\$ 3,521,372	\$ 2,734,661	\$ 2,740,829	\$ 1,490,221
Interest	9,732,130	9,573,919	10,492,915	11,124,987	10,773,588	12,162,956
Change of benefit terms	-	(71,389,507)	-	-	(3,068,315)	-
Difference between expected and actual experience	(17,567,990)	8,939,601	(3,102,684)	(17,999,270)	8,398,776	(45,814)
Changes of assumptions	8,994,589	(144,053,838)	48,509,288	47,299,449	6,299,583	67,099,621
Benefit payments, including refunds of member contributions	(7,197,691)	(7,558,698)	(9,018,385)	(9,365,696)	(9,334,535)	(9,258,659)
<b>Net Change in Total OPEB Liability</b>	(5,193,267)	(200,099,582)	50,402,506	33,794,131	15,809,926	71,448,325
<b>Total OPEB Liability, beginning</b>	<u>137,412,277</u>	<u>337,511,859</u>	<u>287,109,353</u>	<u>253,315,222</u>	<u>237,505,296</u>	<u>166,056,971</u>
<b>Total OPEB Liability, ending</b>	<u>\$ 132,219,010</u>	<u>\$ 137,412,277</u>	<u>\$ 337,511,859</u>	<u>\$ 287,109,353</u>	<u>\$ 253,315,222</u>	<u>\$ 237,505,296</u>
<b>CHANGE IN PLAN FIDUCIARY NET POSITION</b>						
Employer contributions	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Employee contributions	992,253	979,659	999,874	978,010	970,429	920,121
OPEB plan net investment income	(15,037,749)	20,007,295	8,469,461	17,160,651	(7,353,500)	14,711,769
Benefit payments, including refunds of member contributions	(8,189,944)	(8,538,357)	(10,018,259)	(10,343,706)	(10,304,964)	(10,178,780)
Administrative expenses	(117,962)	(119,115)	(141,174)	(125,815)	(106,986)	(100,922)
<b>Net Change in Plan Fiduciary Net Position</b>	(18,853,402)	15,829,482	2,809,902	11,169,140	(13,295,021)	8,852,188
<b>Plan Fiduciary Net Position, beginning</b>	<u>120,744,769</u>	<u>104,915,287</u>	<u>102,105,385</u>	<u>90,936,245</u>	<u>104,231,266</u>	<u>95,379,078</u>
<b>Plan Fiduciary Net Position, ending</b>	<u>\$ 101,891,367</u>	<u>\$ 120,744,769</u>	<u>\$ 104,915,287</u>	<u>\$ 102,105,385</u>	<u>\$ 90,936,245</u>	<u>\$ 104,231,266</u>
<b>Plan's Net OPEB Liability</b>	<u>\$ 30,327,643</u>	<u>\$ 16,667,508</u>	<u>\$ 232,596,572</u>	<u>\$ 185,003,968</u>	<u>\$ 162,378,977</u>	<u>\$ 133,274,030</u>
Plan fiduciary net position as a percentage of the total OPEB liability	77.06%	87.87%	31.08%	35.56%	35.90%	43.89%
Covered payroll	\$ 17,360,357	\$ 18,758,015	\$ 21,057,232	\$ 22,773,155	\$ 39,920,744	\$ 37,363,784
Plan's net OPEB liability as a percentage of covered payroll	174.69%	88.86%	1104.59%	812.38%	406.75%	356.69%





**CITY OF KALAMAZOO  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
SCHEDULE OF INVESTMENT RETURNS  
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	-12.68%	19.53%	8.33%	18.87%	-6.98%	15.81%

**CITY OF KALAMAZOO  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 - DEFINED BENEFIT PENSION AND OPEB PLANS**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, healthcare cost trends, and other factors. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of employer contributions presents trend information about the amounts contributed to the plan by the employer in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

Defined Benefit Pension Plan

Actuarial Assumptions

Actuarial valuation:	
Frequency	Annual
Latest date	December 31, 2023
Basis for contribution	December 31, 2022
Actuarial cost method	Individual entry age
Amortization method	Level percent of payroll on an open basis
Remaining amortization period	Rolling 10-year period
Asset valuation method	5-year smoothed fair value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases	3.5% - 15.5%
*Includes inflation at:	3.5%
Cost-of living adjustments	Determined annually
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality rates	Pub-2010 Amount-Weighted, Male and Female tables, with future mortality improvements projected to 2025 using scale MP-2019

**CITY OF KALAMAZOO  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 - DEFINED BENEFIT PENSION AND OPEB PLANS (CONTINUED)**

Defined Benefit Pension Plan (concluded)

Changes in Assumptions

No changes in assumptions noted for plan year 2023.

Changes in Benefit Terms

Exempt members who retire on/after 1/15/2024 get a 2% COLA in January of each year.  
 Exempt members previously contributing 3.5% of annual compensation now contribute 1.5% of pay.  
 Public safety members deferred retirement benefits begin when the member would have first been eligible had they remained employed (at age 50 with 10 years of service or when they would have reached 25 years of service).

OPEB Plan

Actuarial Assumptions

Actuarial valuation:	
Frequency	Annual
Latest date	January 1, 2023
Basis for contribution	January 1, 2023
Actuarial cost method	Individual entry age
Amortization method	Level dollar on a closed basis
Remaining amortization period	20 Years
Asset valuation method	5-year smoothed fair value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases	3.5% - 15.5%
*Includes inflation at:	3.5%
Healthcare cost trend rate	3.5% - 7.50%

Changes in Assumptions

No significant changes in assumptions noted for plan year 2023.

**CITY OF KALAMAZOO  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 - DEFINED BENEFIT PENSION AND OPEB PLANS (CONCLUDED)**

OPEB Plan (concluded)

Changes in Benefit Terms

AFSCME members retiring after January 1, 2024, will pay the same increases as an active employee to a maximum of 80% above the contributions the retiree paid during the last month of the retiree's employment.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF KALAMAZOO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 28,221,313	\$ 108,307	\$ 5,771,063	\$ 93,689	\$ 34,194,372
Cash and cash equivalents - restricted	11,469,046	-	7,361,321	-	18,830,367
Investments	1,551,809	-	3,438,094	3,415,398	8,405,301
Investments with agents	-	-	-	3,350,325	3,350,325
Receivables					
Accounts	732,526	-	66,692	3,873	803,091
Interest	-	-	8,878	-	8,878
Taxes	144,348	-	-	-	144,348
Notes and settlements	5,308,739	-	-	-	5,308,739
Due from other funds	1,779,850	-	673,907	-	2,453,757
Due from other governmental units	2,984,620	3,546,828	-	-	6,531,448
Advances to other governmental units	799,175	-	-	-	799,175
Inventories	409,524	-	-	-	409,524
Prepays	16,463	-	-	-	16,463
<b>TOTAL ASSETS</b>	<b>\$ 53,417,413</b>	<b>\$ 3,655,135</b>	<b>\$ 17,319,955</b>	<b>\$ 6,863,285</b>	<b>\$ 81,255,788</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,245,541	\$ -	\$ 406,910	\$ 5,000	\$ 2,657,451
Accrued liabilities	50,695	-	-	-	50,695
Due to other funds	9,493,310	1,317	1,257,649	-	10,752,276
Due to other governmental units	282,000	-	-	-	282,000
Deposits payable	249,889	-	-	-	249,889
Unearned revenue	132,912	-	1,000,000	-	1,132,912
<b>TOTAL LIABILITIES</b>	<b>12,454,347</b>	<b>1,317</b>	<b>2,664,559</b>	<b>5,000</b>	<b>15,125,223</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	1,574,831	3,546,828	48,242	3,335	5,173,236
<b>FUND BALANCES</b>					
Nonspendable	1,225,162	-	-	3,627,564	4,852,726
Restricted	36,740,291	106,990	14,607,154	3,227,386	54,681,821
Committed	1,422,782	-	-	-	1,422,782
<b>TOTAL FUND BALANCES</b>	<b>39,388,235</b>	<b>106,990</b>	<b>14,607,154</b>	<b>6,854,950</b>	<b>60,957,329</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 53,417,413</b>	<b>\$ 3,655,135</b>	<b>\$ 17,319,955</b>	<b>\$ 6,863,285</b>	<b>\$ 81,255,788</b>

**CITY OF KALAMAZOO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
<b>REVENUES</b>					
Property taxes	\$ 3,378,432	\$ -	\$ -	\$ -	\$ 3,378,432
Intergovernmental	17,881,046	-	-	-	17,881,046
Charges for services	3,424,043	-	-	46,612	3,470,655
Fines and forfeits	337,729	-	-	-	337,729
Interest and rents	1,615,742	702,019	893,467	635,540	3,846,768
Other					
Donations and contributions	24,900	-	205,570	-	230,470
Other	342,688	552,392	235,839	-	1,130,919
<b>TOTAL REVENUES</b>	<b>27,004,580</b>	<b>1,254,411</b>	<b>1,334,876</b>	<b>682,152</b>	<b>30,276,019</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Public safety	252,207	-	-	-	252,207
Public works	11,275,297	-	-	20,101	11,295,398
Health and welfare	3,265,561	-	-	-	3,265,561
Community and economic development	5,165,633	-	-	-	5,165,633
Recreation and culture	2,499,880	-	-	145,782	2,645,662
<b>Debt service</b>					
Principal	121,344	9,352,998	-	-	9,474,342
Interest and fiscal charges	23,508	5,612,185	-	-	5,635,693
Capital outlay	7,073,674	-	8,518,565	-	15,592,239
<b>TOTAL EXPENDITURES</b>	<b>29,677,104</b>	<b>14,965,183</b>	<b>8,518,565</b>	<b>165,883</b>	<b>53,326,735</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,672,524)</b>	<b>(13,710,772)</b>	<b>(7,183,689)</b>	<b>516,269</b>	<b>(23,050,716)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	9,735,000	-	3,775,000	-	13,510,000
Bond premium	880,525	-	301,594	-	1,182,119
Transfers in	4,040,677	13,726,331	5,246,307	-	23,013,315
Transfers out	(7,532,444)	-	(5,974,024)	(326,542)	(13,833,010)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>7,123,758</b>	<b>13,726,331</b>	<b>3,348,877</b>	<b>(326,542)</b>	<b>23,872,424</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,451,234</b>	<b>15,559</b>	<b>(3,834,812)</b>	<b>189,727</b>	<b>821,708</b>
Fund balances, beginning of year	34,937,001	91,431	18,441,966	6,665,223	60,135,621
Fund balances, end of year	<b>\$ 39,388,235</b>	<b>\$ 106,990</b>	<b>\$ 14,607,154</b>	<b>\$ 6,854,950</b>	<b>\$ 60,957,329</b>



## NONMAJOR SPECIAL REVENUE FUNDS

**Major Streets** - The Locals Streets Fund accounts for the construction, maintenance, and repairs of all major streets. Financing is provided by state-shared gas and weight taxes, local contributions, etc. This is a Special Revenue Fund because it is used to control the expenditures of motor fuel taxes, which are earmarked by law and the state constitution for street and highway purposes and is required by Act 51 of the Public Acts of 1951, as amended.

**Local Streets** - The Locals Streets Fund accounts for the construction, maintenance, and repairs of all local streets. Financing is provided by state-shared gas and weight taxes, local contributions, etc. This is a Special Revenue Fund because it is used to control the expenditures of motor fuel taxes, which are earmarked by law and the state constitution for street and highway purposes and is required by Act 51 of the Public Acts of 1951, as amended.

**Cemeteries** - The Cemeteries Fund is used to account for the earmarked revenues set aside for the purpose of operating the City's cemeteries. This fund is classified as a Special Revenue Fund because of the comparatively limited usage of the assets in this fund.

**Solid Waste** - The Solid Waste Fund accounts for revenues provided by a special tax millage for the collection and removal of solid waste. This millage was authorized by a vote of the people. This fund is classified as a Special Revenue Fund because of the limited usage of the assets in this fund.

**Neighborhood and Community Development** - The Neighborhood and Community Development Fund is used to account for a variety of federal awards programs, including Community Development Block Grant, housing development, rental assistance, and several other programs.

**Economic Development Programs** - The Economic Development Programs Fund is used to account for monies appropriated by the City Commission for economic development activities, such as business loans and loans to the Economic Development Corporation component unit.

**Foundation For Excellence (FFE) Aspirational Projects** - The FFE Aspirational Projects Fund is used to account for revenues received from private donors to fund aspirational projects based on the results of the Imagine Kalamazoo 2025 plan including generational poverty, youth development, employment, capital and human infrastructure, economic development and inviting public spaces.

**Drug Enforcement** - The Drug Enforcement Fund is used to account for all proceeds of forfeited property seized in connection with a violation of the controlled substance statutes, Public Act 135 of 1985 (MCLA 333, 7521-7524). This fund is classified as a Special Revenue Fund because of the limited usage of its assets.

**Kalamazoo Municipal Golf Association** - The Kalamazoo Municipal Golf Association Fund accounts for monies used for the operation of three golf courses in the City of Kalamazoo.

**Opioid Settlement** - The Opioid Settlement fund is used to account for revenues and expenditures related to the national opioid settlement, which the City has opted into.

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023**

	Major Streets	Local Streets	Cemeteries	Solid Waste	Neighborhood and Community Development	Economic Development Programs	FFE Aspirational Projects	Drug Enforcement	Kalamazoo Municipal Golf Association	Opioid Settlement	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ 6,770,340	\$ 1,532,890	\$ 248,098	\$ 2,300,239	\$ 1,421,633	\$ 1,443,364	\$ 13,969,807	\$ 404,307	\$ 130,635	\$ -	\$ 28,221,313
Cash and cash equivalents - restricted	8,759,719	2,535,119	-	-	-	-	-	-	174,208	-	11,469,046
Investments	-	-	-	1,551,809	-	-	-	-	-	-	1,551,809
Receivables											
Accounts	44,807	303,501	18,638	272,235	34,541	651	-	-	58,153	-	732,526
Taxes	-	-	-	144,348	-	-	-	-	-	-	144,348
Notes and settlements	-	-	-	-	4,147,894	19,072	-	-	-	1,141,773	5,308,739
Due from other funds	716,393	136,287	-	30,250	728,416	-	5,033	-	-	163,471	1,779,850
Due from other governmental units	1,526,253	430,546	-	-	1,027,821	-	-	-	-	-	2,984,620
Advances to other governmental units	-	-	-	-	-	799,175	-	-	-	-	799,175
Inventories	405,764	-	-	-	3,760	-	-	-	-	-	409,524
Prepays	16,463	-	-	-	-	-	-	-	-	-	16,463
<b>TOTAL ASSETS</b>	<b>\$ 18,239,739</b>	<b>\$ 4,938,343</b>	<b>\$ 266,736</b>	<b>\$ 4,298,881</b>	<b>\$ 7,364,065</b>	<b>\$ 2,262,262</b>	<b>\$ 13,974,840</b>	<b>\$ 404,307</b>	<b>\$ 362,996</b>	<b>\$ 1,305,244</b>	<b>\$ 53,417,413</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Accounts payable	\$ 385,002	\$ 49,254	\$ 29,433	\$ 279,925	\$ 557,206	\$ -	\$ 809,715	\$ 4,371	\$ 130,635	\$ -	\$ 2,245,541
Accrued liabilities	-	-	-	-	-	-	-	50,695	-	-	50,695
Due to other funds	300,141	129,998	10,625	99,863	1,755,290	-	7,193,783	3,610	-	-	9,493,310
Due to other governmental units	-	-	-	32,000	-	250,000	-	-	-	-	282,000
Deposits payable	-	-	-	-	249,550	-	-	339	-	-	249,889
Unearned revenue	71,456	-	61,456	-	-	-	-	-	-	-	132,912
<b>TOTAL LIABILITIES</b>	<b>756,599</b>	<b>179,252</b>	<b>101,514</b>	<b>411,788</b>	<b>2,562,046</b>	<b>250,000</b>	<b>8,003,498</b>	<b>59,015</b>	<b>130,635</b>	<b>-</b>	<b>12,454,347</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue	40,646	-	13,680	346,736	31,996	-	-	-	-	1,141,773	1,574,831
<b>FUND BALANCES</b>											
Nonspendable	422,227	-	-	-	3,760	799,175	-	-	-	-	1,225,162
Restricted	17,020,267	4,759,091	-	3,540,357	4,766,263	-	5,971,342	345,292	174,208	163,471	36,740,291
Committed	-	-	151,542	-	-	1,213,087	-	-	58,153	-	1,422,782
<b>TOTAL FUND BALANCES</b>	<b>17,442,494</b>	<b>4,759,091</b>	<b>151,542</b>	<b>3,540,357</b>	<b>4,770,023</b>	<b>2,012,262</b>	<b>5,971,342</b>	<b>345,292</b>	<b>232,361</b>	<b>163,471</b>	<b>39,388,235</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 18,239,739</b>	<b>\$ 4,938,343</b>	<b>\$ 266,736</b>	<b>\$ 4,298,881</b>	<b>\$ 7,364,065</b>	<b>\$ 2,262,262</b>	<b>\$ 13,974,840</b>	<b>\$ 404,307</b>	<b>\$ 362,996</b>	<b>\$ 1,305,244</b>	<b>\$ 53,417,413</b>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	Major Streets	Local Streets	Cemeteries	Solid Waste	Neighborhood and Community Development	Economic Development Programs	FFE Aspirational Projects	Drug Enforcement	Kalamazoo Municipal Golf Association	Opioid Settlement	Total
<b>REVENUES</b>											
Property taxes	\$ -	\$ -	\$ -	\$ 3,378,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,378,432
Intergovernmental	10,840,623	2,547,211	57,145	618,237	3,802,860	-	-	14,970	-	-	17,881,046
Charges for services	151,224	-	210,316	-	69,759	5,898	-	-	2,823,375	163,471	3,424,043
Fines and forfeits	-	-	-	239,497	24,653	-	-	73,579	-	-	337,729
Interest	451,606	194,618	11,600	135,196	13,612	82,104	707,125	19,881	-	-	1,615,742
Other											
Donations and contributions	-	-	-	-	-	-	24,900	-	-	-	24,900
Other	335	337,000	-	-	-	-	5,002	351	-	-	342,688
<b>TOTAL REVENUES</b>	<b>11,443,788</b>	<b>3,078,829</b>	<b>279,061</b>	<b>4,371,362</b>	<b>3,910,884</b>	<b>88,002</b>	<b>737,027</b>	<b>108,781</b>	<b>2,823,375</b>	<b>163,471</b>	<b>27,004,580</b>
<b>EXPENDITURES</b>											
Current											
Public safety	-	-	-	-	-	-	-	252,207	-	-	252,207
Public works	4,455,355	2,605,998	554,559	3,659,385	-	-	-	-	-	-	11,275,297
Health and welfare	-	-	-	-	3,265,561	-	-	-	-	-	3,265,561
Community and economic development	-	-	-	-	11,841	-	5,153,792	-	-	-	5,165,633
Recreation and culture	-	-	-	-	-	-	-	-	2,499,880	-	2,499,880
Debt service											
Principal	-	-	-	-	-	-	-	-	121,344	-	121,344
Interest and fiscal charges	-	-	-	-	-	-	-	-	23,508	-	23,508
Capital outlay	5,773,892	984,487	56,745	-	-	-	-	-	258,550	-	7,073,674
<b>TOTAL EXPENDITURES</b>	<b>10,229,247</b>	<b>3,590,485</b>	<b>611,304</b>	<b>3,659,385</b>	<b>3,277,402</b>	<b>-</b>	<b>5,153,792</b>	<b>252,207</b>	<b>2,903,282</b>	<b>-</b>	<b>29,677,104</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,214,541</b>	<b>(511,656)</b>	<b>(332,243)</b>	<b>711,977</b>	<b>633,482</b>	<b>88,002</b>	<b>(4,416,765)</b>	<b>(143,426)</b>	<b>(79,907)</b>	<b>163,471</b>	<b>(2,672,524)</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Issuance of debt	7,165,000	2,285,000	-	-	-	-	-	-	285,000	-	9,735,000
Bond premium	648,000	206,948	-	-	-	-	-	-	25,577	-	880,525
Transfers in	1,459,504	1,477,631	326,542	27,000	750,000	-	-	-	-	-	4,040,677
Transfers out	(4,814,813)	(1,211,190)	-	(81,580)	(174,627)	-	(1,081,330)	-	(168,904)	-	(7,532,444)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,457,691</b>	<b>2,758,389</b>	<b>326,542</b>	<b>(54,580)</b>	<b>575,373</b>	<b>-</b>	<b>(1,081,330)</b>	<b>-</b>	<b>141,673</b>	<b>-</b>	<b>7,123,758</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,672,232</b>	<b>2,246,733</b>	<b>(5,701)</b>	<b>657,397</b>	<b>1,208,855</b>	<b>88,002</b>	<b>(5,498,095)</b>	<b>(143,426)</b>	<b>61,766</b>	<b>163,471</b>	<b>4,451,234</b>
Fund balances, beginning of year	11,770,262	2,512,358	157,243	2,882,960	3,561,168	1,924,260	11,469,437	488,718	170,595	-	34,937,001
Fund balances, end of year	<u>\$ 17,442,494</u>	<u>\$ 4,759,091</u>	<u>\$ 151,542</u>	<u>\$ 3,540,357</u>	<u>\$ 4,770,023</u>	<u>\$ 2,012,262</u>	<u>\$ 5,971,342</u>	<u>\$ 345,292</u>	<u>\$ 232,361</u>	<u>\$ 163,471</u>	<u>\$ 39,388,235</u>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	<u>Major Streets Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
<b>REVENUES</b>				
Intergovernmental				
Federal revenue	\$ 8,017,999	\$ 3,351,299	\$ -	\$ (3,351,299)
Gas and weight tax distribution	8,196,473	8,196,473	10,471,809	2,275,336
State trunkline maintenance	25,000	25,000	32,909	7,909
Other state revenue	315,056	315,597	335,905	20,308
Local revenue	-	79,602	-	(79,602)
Charges for services	125,000	125,000	151,224	26,224
Interest	25,000	25,000	451,606	426,606
Other	10,000	81,456	335	(81,121)
<b>TOTAL REVENUES</b>	<u>16,714,528</u>	<u>12,199,427</u>	<u>11,443,788</u>	<u>(755,639)</u>
<b>EXPENDITURES</b>				
Current				
Public works				
Administration	1,802,252	1,802,252	1,797,801	4,451
Routine and preventive maintenance	1,447,844	1,447,844	1,038,765	409,079
Winter maintenance	300,955	300,955	253,496	47,459
Traffic services	1,156,124	1,156,124	1,356,494	(200,370)
State trunkline maintenance	18,014	18,014	8,799	9,215
Capital outlay	17,094,810	27,527,744	5,773,892	21,753,852
<b>TOTAL EXPENDITURES</b>	<u>21,819,999</u>	<u>32,252,933</u>	<u>10,229,247</u>	<u>22,023,686</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,105,471)</u>	<u>(20,053,506)</u>	<u>1,214,541</u>	<u>21,268,047</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	6,078,817	6,078,817	7,165,000	1,086,183
Bond premium	648,000	648,000	648,000	-
Transfers in	2,520,202	11,998,228	1,459,504	(10,538,724)
Transfers out	(4,814,884)	(4,814,884)	(4,814,813)	71
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,432,135</u>	<u>13,910,161</u>	<u>4,457,691</u>	<u>(9,452,470)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(673,336)</u>	<u>(6,143,345)</u>	<u>5,672,232</u>	<u>11,815,577</u>
Fund balance, beginning of year	<u>11,770,262</u>	<u>11,770,262</u>	<u>11,770,262</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,096,926</u>	<u>\$ 5,626,917</u>	<u>\$ 17,442,494</u>	<u>\$ 11,815,577</u>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	<u>Local Streets Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
<b>REVENUES</b>				
Intergovernmental				
Gas and weight tax distribution	\$ 2,320,682	\$ 2,320,682	\$ 2,547,211	\$ 226,529
Interest	8,000	8,000	194,618	186,618
Other	-	-	337,000	337,000
<b>TOTAL REVENUES</b>	<u>2,328,682</u>	<u>2,328,682</u>	<u>3,078,829</u>	<u>750,147</u>
<b>EXPENDITURES</b>				
Current				
Public works				
Administration	1,306,665	1,306,665	1,214,539	92,126
Routine and preventive maintenance	938,424	950,276	1,087,355	(137,079)
Winter maintenance	190,017	190,017	142,162	47,855
Traffic services	159,872	159,872	161,942	(2,070)
Capital outlay	4,521,428	4,991,205	984,487	4,006,718
<b>TOTAL EXPENDITURES</b>	<u>7,116,406</u>	<u>7,598,035</u>	<u>3,590,485</u>	<u>4,007,550</u>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<u>(4,787,724)</u>	<u>(5,269,353)</u>	<u>(511,656)</u>	<u>4,757,697</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	4,314,480	4,314,480	2,285,000	(2,029,480)
Bond premium	206,948	206,948	206,948	-
Transfers in	1,477,632	1,477,632	1,477,631	(1)
Transfers out	(1,211,337)	(1,211,337)	(1,211,190)	147
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,787,723</u>	<u>4,787,723</u>	<u>2,758,389</u>	<u>(2,029,334)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1)	(481,630)	2,246,733	2,728,363
Fund balance, beginning of year	2,512,358	2,512,358	2,512,358	-
Fund balance, end of year	<u>\$ 2,512,357</u>	<u>\$ 2,030,728</u>	<u>\$ 4,759,091</u>	<u>\$ 2,728,363</u>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	<u>Cemeteries Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Intergovernmental	\$ -	\$ 118,201	\$ 57,145	\$ (61,056)
Charges for services	241,848	241,848	210,316	(31,532)
Interest	-	-	11,600	11,600
TOTAL REVENUES	<u>241,848</u>	<u>360,049</u>	<u>279,061</u>	<u>(80,988)</u>
EXPENDITURES				
Current				
Public works				
Administration	252,384	252,384	224,462	27,922
Maintenance	347,330	347,330	330,097	17,233
Capital outlay	-	317,424	56,745	260,679
TOTAL EXPENDITURES	<u>599,714</u>	<u>917,138</u>	<u>611,304</u>	<u>305,834</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(357,866)	(557,089)	(332,243)	224,846
OTHER FINANCING SOURCES				
Transfers in	326,542	525,765	326,542	(199,223)
NET CHANGE IN FUND BALANCE	(31,324)	(31,324)	(5,701)	25,623
Fund balance, beginning of year	157,243	157,243	157,243	-
Fund balance, end of year	<u>\$ 125,919</u>	<u>\$ 125,919</u>	<u>\$ 151,542</u>	<u>\$ 25,623</u>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	<u>Solid Waste Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Taxes	\$ 3,330,849	\$ 3,330,849	\$ 3,378,432	\$ 47,583
Intergovernmental	391,769	391,769	618,237	226,468
Fines and forfeits	90,000	90,000	239,497	149,497
Interest	10,000	10,000	135,196	125,196
<b>TOTAL REVENUES</b>	<b>3,822,618</b>	<b>3,822,618</b>	<b>4,371,362</b>	<b>548,744</b>
EXPENDITURES				
Current				
Public works				
Street cleaning	199,364	199,364	283,329	(83,965)
Rubbish collection and disposal	1,966,019	1,966,019	1,829,932	136,087
Natural waste collection and disposal	817,382	817,382	937,308	(119,926)
Property trash violations	509,233	841,518	608,816	232,702
<b>TOTAL EXPENDITURES</b>	<b>3,491,998</b>	<b>3,824,283</b>	<b>3,659,385</b>	<b>164,898</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>330,620</b>	<b>(1,665)</b>	<b>711,977</b>	<b>713,642</b>
OTHER FINANCING SOURCES (USES)				
Transfers in	27,000	27,000	27,000	-
Transfers out	(81,580)	(81,580)	(81,580)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(54,580)</b>	<b>(54,580)</b>	<b>(54,580)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>276,040</b>	<b>(56,245)</b>	<b>657,397</b>	<b>713,642</b>
Fund balance, beginning of year	2,882,960	2,882,960	2,882,960	-
Fund balance, end of year	<u>\$ 3,159,000</u>	<u>\$ 2,826,715</u>	<u>\$ 3,540,357</u>	<u>\$ 713,642</u>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

Neighborhood and Community Development Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 472,991	\$ 9,619,143	\$ 3,802,860	\$ (5,816,283)
Charges for services	-	13,058	69,759	56,701
Fines and forfeitures	-	-	24,653	24,653
Interest	500	500	13,612	13,112
Other	32,900	79,900	-	(79,900)
<b>TOTAL REVENUES</b>	<b>506,391</b>	<b>9,712,601</b>	<b>3,910,884</b>	<b>(5,801,717)</b>
EXPENDITURES				
Current				
Health and welfare				
Program administration services	699,603	699,603	-	699,603
Community Development Block Grant	-	5,787,089	2,999,108	2,787,981
HOME	-	3,406,065	266,453	3,139,612
<b>Total health and welfare</b>	<b>699,603</b>	<b>9,892,757</b>	<b>3,265,561</b>	<b>6,627,196</b>
Community and economic development				
Demolition revolving	1,847	14,905	11,841	3,064
<b>TOTAL EXPENDITURES</b>	<b>701,450</b>	<b>9,907,662</b>	<b>3,277,402</b>	<b>6,630,260</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(195,059)</b>	<b>(195,061)</b>	<b>633,482</b>	<b>828,543</b>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	750,000	740,000
Transfers out	-	-	(174,627)	(174,627)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>10,000</b>	<b>10,000</b>	<b>575,373</b>	<b>565,373</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(185,059)</b>	<b>(185,061)</b>	<b>1,208,855</b>	<b>1,393,916</b>
Fund balance, beginning of year	3,561,168	3,561,168	3,561,168	-
<b>Fund balance, end of year</b>	<b>\$ 3,376,109</b>	<b>\$ 3,376,107</b>	<b>\$ 4,770,023</b>	<b>\$ 1,393,916</b>



**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

<u>Economic Development Programs Fund</u>				
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 5,898	\$ 5,898
Interest	-	-	82,104	82,104
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>88,002</u>	<u>88,002</u>
EXPENDITURES				
Current				
Community and economic development				
Economic initiatives	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCE	(500,000)	(500,000)	88,002	588,002
Fund balance, beginning of year	<u>1,924,260</u>	<u>1,924,260</u>	<u>1,924,260</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,424,260</u>	<u>\$ 1,424,260</u>	<u>\$ 2,012,262</u>	<u>\$ 588,002</u>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	<u>FFE Aspirational Projects</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 707,125	\$ 707,125
Donations and contributions	206,860	231,760	24,900	(206,860)
Miscellaneous	-	-	5,002	5,002
<b>TOTAL REVENUES</b>	<b>206,860</b>	<b>231,760</b>	<b>737,027</b>	<b>505,267</b>
<b>EXPENDITURES</b>				
Current				
Community and economic development				
Operations	282,543	448,610	276,243	172,367
Youth development and employment	1,301,870	1,328,125	1,238,235	89,890
Shared prosperity	91,363	808,163	562,139	246,024
Complete neighborhoods	1,851,536	2,462,080	1,653,876	808,204
Inviting public spaces	150,000	201,127	187,748	13,379
Connected city	-	175,677	53,954	121,723
Economic vitality	630,000	2,501,786	898,272	1,603,514
Environmental responsibility	150,548	406,835	99,656	307,179
Safe community	-	280,942	183,669	97,273
<b>TOTAL EXPENDITURES</b>	<b>4,457,860</b>	<b>8,613,345</b>	<b>5,153,792</b>	<b>3,459,553</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(4,251,000)</b>	<b>(8,381,585)</b>	<b>(4,416,765)</b>	<b>3,964,820</b>
<b>OTHER FINANCING (USES)</b>				
Transfers out for:				
Complete neighborhoods	-	(331,330)	(331,330)	-
Economic vitality	-	-	(750,000)	(750,000)
<b>TOTAL OTHER FINANCING (USES)</b>	<b>-</b>	<b>(331,330)</b>	<b>(1,081,330)</b>	<b>(750,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,251,000)</b>	<b>(8,712,915)</b>	<b>(5,498,095)</b>	<b>3,214,820</b>
Fund balance, beginning of year	11,469,437	11,469,437	11,469,437	-
Fund balance, end of year	<b>\$ 7,218,437</b>	<b>\$ 2,756,522</b>	<b>\$ 5,971,342</b>	<b>\$ 3,214,820</b>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	<u>Drug Enforcement Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 14,970	\$ 14,970
Fines and forfeits	-	-	73,579	73,579
Interest	-	-	19,881	19,881
Other	-	-	351	351
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>108,781</u>	<u>108,781</u>
EXPENDITURES				
Current				
Public safety	<u>279,759</u>	<u>279,759</u>	<u>252,207</u>	<u>27,552</u>
NET CHANGE IN FUND BALANCE	(279,759)	(279,759)	(143,426)	136,333
Fund balance, beginning of year	<u>488,718</u>	<u>488,718</u>	<u>488,718</u>	<u>-</u>
Fund balance, end of year	<u>\$ 208,959</u>	<u>\$ 208,959</u>	<u>\$ 345,292</u>	<u>\$ 136,333</u>

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

<u>Kalamazoo Municipal Golf Association Fund</u>				
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 2,700,000	\$ 2,823,375	\$ 2,823,375	\$ -
EXPENDITURES				
Current				
Recreation and culture	2,510,166	2,499,880	2,499,880	-
Debt service				
Principal	19,950	121,344	121,344	-
Interest and fiscal charges	980	23,508	23,508	-
Capital outlay	-	258,550	258,550	-
TOTAL EXPENDITURES	2,531,096	2,903,282	2,903,282	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	168,904	(79,907)	(79,907)	-
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	285,000	285,000	-
Bond premium	-	25,577	25,577	-
Transfers out	(168,904)	(168,904)	(168,904)	-
TOTAL OTHER FINANCING SOURCES (USES)	(168,904)	141,673	141,673	-
NET CHANGE IN FUND BALANCE	-	61,766	61,766	-
Fund balance, beginning of year	170,595	170,595	170,595	-
Fund balance, end of year	\$ 170,595	\$ 232,361	\$ 232,361	\$ -

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2023**

	<u>Opioid Settlement Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Charges for services	\$ -	\$ -	\$ 163,471	\$ 163,471
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	163,471	163,471
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,471</u>	<u>\$ 163,471</u>

## **NONMAJOR DEBT SERVICE FUNDS**

**Building Authority Debt Service** - The Building Authority Debt Service Fund is used to account for the debt service activity of the Kalamazoo Building Authority, which consists of the collection of lease payments from the Downtown Development Authority and from the general public for facilities improvements and the subsequent debt service expenditures related to the outstanding Building Authority debt issues.

**General Debt Service** - The General Debt Service Fund is used to account for the debt service activity of City's installment obligations. Financing is provided through transfers from other funds and facility rentals.

**OPEB Bond Debt Service** - The OPEB Bond Debt Service Fund is used to account for the debt service activity of OPEB General Obligation bond issue. Financing is provided through transfers from the General Fund and Major Streets, Local Streets, and Solid Waste special revenue funds.

**CITY OF KALAMAZOO  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023**

	Building Authority Debt Service	General Debt Service	OPEB Bond Debt Service	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 108,307	\$ -	\$ -	\$ 108,307
Due from other governmental units	-	-	3,546,828	3,546,828
<b>TOTAL ASSETS</b>	<b>\$ 108,307</b>	<b>\$ -</b>	<b>\$ 3,546,828</b>	<b>\$ 3,655,135</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 1,317	\$ -	\$ -	\$ 1,317
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	3,546,828	3,546,828
<b>FUND BALANCES</b>				
Restricted	106,990	-	-	106,990
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 108,307</b>	<b>\$ -</b>	<b>\$ 3,546,828</b>	<b>\$ 3,655,135</b>

**CITY OF KALAMAZOO  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	Building Authority Debt Service	General Debt Service	OPEB Bond Debt Service	Total
<b>REVENUES</b>				
Interest and rents	\$ 702,019	\$ -	\$ -	\$ 702,019
Other	94,946	191,351	266,095	552,392
<b>TOTAL REVENUES</b>	<b>796,965</b>	<b>191,351</b>	<b>266,095</b>	<b>1,254,411</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	1,335,000	6,305,000	1,712,998	9,352,998
Interest and fiscal charges	349,656	2,652,908	2,609,621	5,612,185
<b>TOTAL EXPENDITURES</b>	<b>1,684,656</b>	<b>8,957,908</b>	<b>4,322,619</b>	<b>14,965,183</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(887,691)</b>	<b>(8,766,557)</b>	<b>(4,056,524)</b>	<b>(13,710,772)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	904,250	8,765,557	4,056,524	13,726,331
<b>NET CHANGE IN FUND BALANCES</b>	<b>16,559</b>	<b>(1,000)</b>	<b>-</b>	<b>15,559</b>
Fund balances, beginning of year	90,431	1,000	-	91,431
Fund balances, end of year	<u>\$ 106,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,990</u>



## NONMAJOR CAPITAL PROJECTS FUNDS

**Cork Street Landfill Cap Construction** - The Cork Street Landfill Cap Construction Fund accounts for earmarked revenue set aside for post closure care and monitoring costs associated with the Cork Street Landfill. Revenue sources from prior years included transfers from other funds and contributions from outside parties identified as potentially responsible parties.

**Capital Improvements Projects** - The Capital Improvements Projects Fund accounts for earmarked revenue set aside for public improvements of a major nature. Revenue sources include General Fund transfers, grants from other units of government, private contributions, and bond proceeds.

**Streets Jurisdiction Transfer** - The Streets Jurisdiction Transfer Fund accounts for earmarked revenue set aside for road projects. Revenue sources include grants from the State of Michigan.

**CITY OF KALAMAZOO  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023**

	<u>Cork Street Landfill Cap Construction</u>	<u>Capital Improvement Projects</u>	<u>Streets Jurisdiction Transfer</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 4,169,368	\$ 1,601,695	\$ 5,771,063
Cash and cash equivalents - restricted	531,240	6,830,081	-	7,361,321
Investments	-	-	3,438,094	3,438,094
Receivables				
Accounts	27,651	39,041	-	66,692
Interest	-	-	8,878	8,878
Due from other funds	-	673,907	-	673,907
	<u>-</u>	<u>673,907</u>	<u>-</u>	<u>673,907</u>
<b>TOTAL ASSETS</b>	<u>\$ 558,891</u>	<u>\$ 11,712,397</u>	<u>\$ 5,048,667</u>	<u>\$ 17,319,955</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 406,910	\$ -	\$ 406,910
Due to other funds	558,891	3,750	695,008	1,257,649
Unearned revenue	-	1,000,000	-	1,000,000
	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
<b>TOTAL LIABILITIES</b>	<u>558,891</u>	<u>1,410,660</u>	<u>695,008</u>	<u>2,664,559</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	48,242	-	48,242
	<u>-</u>	<u>48,242</u>	<u>-</u>	<u>48,242</u>
<b>FUND BALANCES</b>				
Restricted	-	10,253,495	4,353,659	14,607,154
	<u>-</u>	<u>10,253,495</u>	<u>4,353,659</u>	<u>14,607,154</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 558,891</u>	<u>\$ 11,712,397</u>	<u>\$ 5,048,667</u>	<u>\$ 17,319,955</u>

**CITY OF KALAMAZOO  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	Cork Street Landfill Cap Construction	Capital Improvement Projects	Streets Jurisdiction Transfer	Total
REVENUES				
Interest and rents	\$ 16,308	\$ 649,924	\$ 227,235	\$ 893,467
Other				
Donations and contributions	-	205,570	-	205,570
Other	-	235,839	-	235,839
<b>TOTAL REVENUES</b>	<b>16,308</b>	<b>1,091,333</b>	<b>227,235</b>	<b>1,334,876</b>
EXPENDITURES				
Capital outlay	20,195	8,498,370	-	8,518,565
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,887)</b>	<b>(7,407,037)</b>	<b>227,235</b>	<b>(7,183,689)</b>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	3,775,000	-	3,775,000
Bond premium	-	301,594	-	301,594
Transfers in	-	5,246,307	-	5,246,307
Transfers out	-	(5,004,728)	(969,296)	(5,974,024)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>4,318,173</b>	<b>(969,296)</b>	<b>3,348,877</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,887)</b>	<b>(3,088,864)</b>	<b>(742,061)</b>	<b>(3,834,812)</b>
Fund balances, beginning of year	3,887	13,342,359	5,095,720	18,441,966
Fund balances, end of year	\$ -	\$ 10,253,495	\$ 4,353,659	\$ 14,607,154

## NONMAJOR PERMANENT FUNDS

**Cemetery Perpetual Care** - The Cemetery Perpetual Care Fund accounts for money held in trust for the perpetual care of graves in the City cemeteries. Revenues consist of interest earnings from the investments, gain on sale of investments, and charges for services.

**Recreation Endowment** - The Recreation Endowment Fund accounts for monies accumulated for the eventual endowment of recreation activities. Revenues consist of donations and interest earnings of the endowment fund.

**Parks Endowment** - The Parks Endowment Fund accounts for monies accumulated for the eventual endowment of park activities. Revenues consist of donations and interest earnings of the endowment fund.

**CITY OF KALAMAZOO  
NONMAJOR PERMANENT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023**

	<u>Cemetery Perpetual Care</u>	<u>Recreation Endowment</u>	<u>Parks Endowment</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 93,689	\$ -	\$ -	\$ 93,689
Investments	3,415,398	-	-	3,415,398
Investments with agents	-	1,686,989	1,663,336	3,350,325
Accounts receivable	3,873	-	-	3,873
<b>TOTAL ASSETS</b>	<u>\$ 3,512,960</u>	<u>\$ 1,686,989</u>	<u>\$ 1,663,336</u>	<u>\$ 6,863,285</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,000	\$ -	\$ -	\$ 5,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	3,335	-	-	3,335
<b>FUND BALANCES</b>				
Nonspendable	1,735,160	937,206	955,198	3,627,564
Restricted	1,769,465	749,783	708,138	3,227,386
<b>TOTAL FUND BALANCES</b>	<u>3,504,625</u>	<u>1,686,989</u>	<u>1,663,336</u>	<u>6,854,950</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 3,512,960</u>	<u>\$ 1,686,989</u>	<u>\$ 1,663,336</u>	<u>\$ 6,863,285</u>

**CITY OF KALAMAZOO  
NONMAJOR PERMANENT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	Cemetery Perpetual Care	Recreation Endowment	Parks Endowment	Total
REVENUES				
Charges for services	\$ 46,612	\$ -	\$ -	\$ 46,612
Interest and dividends	346,715	143,549	145,276	635,540
<b>TOTAL REVENUES</b>	<b>393,327</b>	<b>143,549</b>	<b>145,276</b>	<b>682,152</b>
EXPENDITURES				
Current				
Public works	20,101	-	-	20,101
Parks and recreation	-	30,625	115,157	145,782
<b>TOTAL EXPENDITURES</b>	<b>20,101</b>	<b>30,625</b>	<b>115,157</b>	<b>165,883</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>373,226</b>	<b>112,924</b>	<b>30,119</b>	<b>516,269</b>
OTHER FINANCING (USES)				
Transfers out	(326,542)	-	-	(326,542)
<b>NET CHANGE IN FUND BALANCES</b>	<b>46,684</b>	<b>112,924</b>	<b>30,119</b>	<b>189,727</b>
Fund balances, beginning of year	3,457,941	1,574,065	1,633,217	6,665,223
Fund balances, end of year	<u>\$ 3,504,625</u>	<u>\$ 1,686,989</u>	<u>\$ 1,663,336</u>	<u>\$ 6,854,950</u>

## **PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS**

**Employees' Retirement System** - The Employees' Retirement System Fund accounts for contributions from the City, invests fund resources, and calculates and pays pension to beneficiaries. The System is administered by the City of Kalamazoo Employees' Retirement System Pension Board of Trustees.

**Other Post-Employment Benefits** - The OPEB Fund accounts for contributions from the multiple employers. As the fiduciary the City, invests fund resources, and calculates and pays retiree healthcare for beneficiaries. The Fund is administered by the City of Kalamazoo Other Post-Employment Benefits (OPEB) Trust Fund Trustee.

**CITY OF KALAMAZOO  
PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	Employees' Retirement System	Other Post- Employment Benefits	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 203,103	\$ 27,697	\$ 230,800
Investments			
U.S. Treasuries	52,046,308	8,028,802	60,075,110
Corporate bonds	70,390,710	10,858,658	81,249,368
Municipal bonds	149,898	23,124	173,022
Collateralized mortgage obligations	59,358,094	9,156,738	68,514,832
Equity mutual funds	522,609,541	80,619,139	603,228,680
Real estate mutual funds	35,381,228	5,458,002	40,839,230
Receivables			
Interest and dividends	1,261,935	194,769	1,456,704
Investments sold	498,166	76,848	575,014
	<b>741,898,983</b>	<b>114,443,777</b>	<b>856,342,760</b>
<b>LIABILITIES</b>			
Accounts payable	22,885	653,631	676,516
	<b>22,885</b>	<b>653,631</b>	<b>676,516</b>
<b>NET POSITION</b>			
Restricted for pension and OPEB	<b>\$ 741,876,098</b>	<b>\$ 113,790,146</b>	<b>\$ 855,666,244</b>



**CITY OF KALAMAZOO  
PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2023**

	Employees' Retirement System	Other Post- Employment Benefits	Total
<b>ADDITIONS TO NET POSITION</b>			
Investment income			
Change in fair value of investments	\$ 83,749,562	\$ 12,831,613	\$ 96,581,175
Interest	6,482,731	991,030	7,473,761
Dividends	13,701,727	2,106,143	15,807,870
	<u>103,934,020</u>	<u>15,928,786</u>	<u>119,862,806</u>
Total investment income			
Less investment expense	<u>(1,902,745)</u>	<u>(294,825)</u>	<u>(2,197,570)</u>
Net investment income	<u>102,031,275</u>	<u>15,633,961</u>	<u>117,665,236</u>
Contributions			
Employer	-	3,500,000	3,500,000
Plan members	1,475,439	1,060,906	2,536,345
	<u>1,475,439</u>	<u>4,560,906</u>	<u>6,036,345</u>
Total contributions			
<b>TOTAL ADDITIONS TO NET POSITION</b>	<u>103,506,714</u>	<u>20,194,867</u>	<u>123,701,581</u>
<b>DEDUCTIONS FROM NET POSITION</b>			
Benefits	34,583,776	8,178,030	42,761,806
Refunds of contributions	132,567	-	132,567
Administrative expenses	371,467	118,058	489,525
Miscellaneous expenses	273,261	-	273,261
	<u>35,361,071</u>	<u>8,296,088</u>	<u>43,657,159</u>
<b>TOTAL DEDUCTIONS</b>			
<b>CHANGE IN NET POSITION</b>	<u>68,145,643</u>	<u>11,898,779</u>	<u>80,044,422</u>
Net position, beginning of year	<u>673,730,455</u>	<u>101,891,367</u>	<u>775,621,822</u>
Net position, end of year	<u>\$ 741,876,098</u>	<u>\$ 113,790,146</u>	<u>\$ 855,666,244</u>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
BALANCE SHEET - ECONOMIC DEVELOPMENT CORPORATION  
DECEMBER 31, 2023**

	General
<b>ASSETS</b>	
Cash and cash equivalents	\$ 460,982
Receivables	
Notes	250,000
Due from other governmental units	411,021
<b>TOTAL ASSETS</b>	<b>\$ 1,122,003</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 159,089
Due to other governmental units	56,640
Advance from other governmental units	250,000
<b>TOTAL LIABILITIES</b>	465,729
<b>FUND BALANCE</b>	
Restricted	364,545
Unassigned	291,729
<b>TOTAL FUND BALANCE</b>	656,274
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,122,003</b>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -  
ECONOMIC DEVELOPMENT CORPORATION  
DECEMBER 31, 2023**

**Total fund balance - governmental fund** \$ 656,274

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

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Compensated absences (150)

**Net position of governmental activities** \$ 656,124

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
ECONOMIC DEVELOPMENT CORPORATION  
YEAR ENDED DECEMBER 31, 2023**

	General
REVENUES	
Intergovernmental	\$ 686,865
Charges for services	1,000
Interest	1,181
TOTAL REVENUES	689,046
EXPENDITURES	
Current	
Community and economic development	609,509
NET CHANGE IN FUND BALANCE	79,537
Fund balance, beginning of year	576,737
Fund balance, end of year	\$ 656,274

**CITY OF KALAMAZOO**  
**DISCRETELY PRESENTED COMPONENT UNIT FUND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES -**  
**ECONOMIC DEVELOPMENT CORPORATION**  
**YEAR ENDED DECEMBER 31, 2023**

<b>Net change in fund balance - governmental fund</b>	\$	79,537
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Amounts reported for governmental activities in the statement of activities are different because:

Some items 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 fund. These activities consist of:

Change in compensated absences		<u>1,386</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u><u>80,923</u></u></b>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
BALANCE SHEET - BROWNFIELD REDEVELOPMENT AUTHORITY  
DECEMBER 31, 2023**

	General
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,283,154
Investments	2,262,669
Receivables	
Taxes	1,518,002
Notes	648,702
Due from other governmental units	297,780
Advance to developers	650,000
<b>TOTAL ASSETS</b>	<b>\$ 8,660,307</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 535,020
Due to other governmental units	9,097
Advance from other governmental units	549,175
<b>TOTAL LIABILITIES</b>	<b>1,093,292</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	113,990
<b>FUND BALANCE</b>	
Nonspendable	1,298,702
Assigned	1,153,063
Unassigned	5,001,260
<b>TOTAL FUND BALANCE</b>	<b>7,453,025</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 8,660,307</b>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -  
BROWNFIELD REDEVELOPMENT AUTHORITY  
DECEMBER 31, 2023**

**Total fund balance - governmental fund** \$ 7,453,025

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

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. These consist of:

Unavailable revenue	113,990
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Loans payable	\$ (122,805)	
Compensated absences	<u>(7,820)</u>	
		<u>(130,625)</u>

**Net position of governmental activities** \$ 7,436,390

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BROWNFIELD REDEVELOPMENT AUTHORITY  
YEAR ENDED DECEMBER 31, 2023**

	General
REVENUES	
Taxes	\$ 3,111,833
Intergovernmental	410,250
Interest	305,483
Other	5,850
TOTAL REVENUES	3,833,416
EXPENDITURES	
Current	
Community and economic development	3,298,508
Debt service	347,690
TOTAL EXPENDITURES	3,646,198
NET CHANGE IN FUND BALANCE	187,218
Fund balance, beginning of year	7,265,807
Fund balance, end of year	\$ 7,453,025



**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES -  
BROWNFIELD REDEVELOPMENT AUTHORITY  
YEAR ENDED DECEMBER 31, 2023**

<b>Net change in fund balance - governmental fund</b>	\$ 187,218
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Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. In the current period, these amounts consist of:

Change in unavailable revenue	17,139
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Loan repayments	345,398
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Some items 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 fund. These activities consist of:

Change in compensated absences	<u>1,026</u>
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<b>Change in net position of governmental activities</b>	<b><u><u>\$ 550,781</u></u></b>
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**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
BALANCE SHEET - NORTHSIDE CULTURAL BUSINESS DISTRICT AUTHORITY  
DECEMBER 31, 2023**

	General
ASSETS	
Receivables	
Taxes	\$ 11,515
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	\$ 11,515
FUND BALANCE	-
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 11,515

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -  
NORTHSIDE CULTURAL BUSINESS DISTRICT AUTHORITY  
DECEMBER 31, 2023**

**Total fund balance - governmental fund** \$ -

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

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. These consist of:

Unavailable revenue 11,515

**Net position of governmental activities** \$ 11,515

**CITY OF KALAMAZOO**  
**DISCRETELY PRESENTED COMPONENT UNIT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**NORTHSIDE CULTURAL BUSINESS DISTRICT AUTHORITY**  
**YEAR ENDED DECEMBER 31, 2023**

	General
REVENUES	\$ -
EXPENDITURES	-
NET CHANGE IN FUND BALANCE	-
Fund balance, beginning of year	-
Fund balance, end of year	\$ -

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES -  
NORTHSIDE CULTURAL BUSINESS DISTRICT AUTHORITY  
YEAR ENDED DECEMBER 31, 2023**

**Net change in fund balance - governmental fund** \$ -

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. In the current period, these amounts consist of:

Change in unavailable revenue	11,515
<b>Change in net position of governmental activities</b>	<b>\$ 11,515</b>

STATISTICAL SECTION

This part of the City of Kalamazoo’s 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 government’s overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends.....	191-195
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	196-199
<i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	
Debt Capacity.....	200-208
<i>These schedules present information to help the reader assess the affordability of the government’s current level of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information .....	209-210
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information.....	211-215
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	
Supplementary Schedules.....	216-251

**TABLE 1**

**CITY OF KALAMAZOO  
NET POSITION BY COMPONENT  
2014-2023  
(UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 122,338,669	\$ 121,402,730	\$ 122,361,164	\$ 120,389,124	\$ 122,213,595	\$ 124,191,725	\$ 126,527,295	\$ 133,948,050	\$ 137,752,770	\$ 142,772,849
Restricted	15,031,494	13,951,012	14,937,512	22,611,812	29,541,823	46,788,941	196,897,575	224,313,087	150,104,809	192,371,133
Unrestricted	(46,283,678)	84,120,446	85,140,274	93,207,875	31,002,648	15,099,509	(145,782,756)	(189,827,472)	(37,683,258)	(26,579,208)
<b>Total governmental activities net position</b>	<b>\$ 91,086,485</b>	<b>\$ 219,474,188</b>	<b>\$ 222,438,950</b>	<b>\$ 236,208,811</b>	<b>\$ 182,758,066</b>	<b>\$ 186,080,175</b>	<b>\$ 177,642,114</b>	<b>\$ 168,433,665</b>	<b>\$ 250,174,321</b>	<b>\$ 308,564,774</b>
Business-type activities										
Net investment in capital assets	\$ 143,182,090	\$ 141,668,888	\$ 140,434,583	\$ 144,557,184	\$ 145,972,507	\$ 148,065,618	\$ 153,783,289	\$ 168,863,713	\$ 165,139,867	\$ 176,902,091
Restricted	2,454,033	2,164,039	2,094,054	2,089,731	2,811,148	4,112,996	38,299,446	41,448,296	33,038,482	44,490,401
Unrestricted	16,092,853	48,245,428	49,851,898	45,467,985	22,705,613	14,617,705	(15,864,683)	(22,290,647)	20,436,193	40,450,954
<b>Total business-type activities net position</b>	<b>\$ 161,728,976</b>	<b>\$ 192,078,355</b>	<b>\$ 192,380,535</b>	<b>\$ 192,114,900</b>	<b>\$ 171,489,268</b>	<b>\$ 166,796,319</b>	<b>\$ 176,218,052</b>	<b>\$ 188,021,362</b>	<b>\$ 218,614,542</b>	<b>\$ 261,843,446</b>
Primary government										
Net investment in capital assets	\$ 265,520,759	\$ 263,071,618	\$ 262,795,747	\$ 264,946,308	\$ 268,186,102	\$ 272,257,343	\$ 280,310,584	\$ 302,811,763	\$ 302,892,637	\$ 319,674,940
Restricted	17,485,527	16,115,051	17,031,566	24,701,543	32,352,971	50,901,937	235,197,021	265,761,383	183,143,291	236,861,534
Unrestricted	(30,190,825)	132,365,874	134,992,172	138,675,860	53,708,261	29,717,214	(161,647,439)	(212,118,119)	(17,247,065)	13,871,746
<b>Total primary government net position</b>	<b>\$ 252,815,461</b>	<b>\$ 411,552,543</b>	<b>\$ 414,819,485</b>	<b>\$ 428,323,711</b>	<b>\$ 354,247,334</b>	<b>\$ 352,876,494</b>	<b>\$ 353,860,166</b>	<b>\$ 356,455,027</b>	<b>\$ 468,788,863</b>	<b>\$ 570,408,220</b>

**TABLE 2**

**CITY OF KALAMAZOO  
CHANGES IN NET POSITION  
2014-2023  
(UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities										
General government	\$ 9,930,643	\$ 8,766,309	\$ 5,721,625	\$ 3,749,149	\$ 14,756,851	\$ 13,337,417	\$ 5,421,764	\$ 13,435,805	\$ 26,339,275	\$ 17,420,939
Public safety	34,662,862	41,688,680	35,180,743	37,129,688	48,251,573	44,946,326	57,333,724	63,817,583	(21,635,209)	8,755,954
Public works	17,534,605	17,745,839	14,953,810	15,533,907	17,056,118	21,434,101	18,381,668	15,924,730	4,271,336	10,633,094
Health and welfare	-	-	-	-	-	-	-	-	3,443,553	4,862,119
Community and economic development	4,718,105	6,429,186	4,500,102	4,536,753	11,683,998	9,779,012	13,505,444	14,348,148	7,179,295	6,621,657
Recreation and culture	3,054,139	2,026,717	2,100,881	3,168,551	4,039,342	6,299,389	4,954,960	909,314	3,281,776	5,804,576
Interest on long-term debt	2,189,831	4,626,913	4,735,609	5,174,409	4,700,844	4,630,744	4,756,337	4,765,099	4,886,375	5,254,080
Total governmental activities expenses	<u>72,090,185</u>	<u>81,283,644</u>	<u>67,192,770</u>	<u>69,292,457</u>	<u>100,488,726</u>	<u>100,426,989</u>	<u>104,353,897</u>	<u>113,200,679</u>	<u>27,766,401</u>	<u>59,352,419</u>
Business-type activities										
Wastewater	22,214,421	21,637,512	21,294,272	21,035,419	26,827,856	29,961,234	32,304,437	32,768,446	19,692,234	33,077,150
Water	14,617,217	16,069,239	15,953,040	15,509,780	19,978,024	21,391,499	23,330,783	26,787,065	16,678,316	21,589,916
Other	1,638,861	1,704,812	1,714,755	1,676,753	-	-	-	-	-	1,246,958
Total business-type activities expenses	<u>38,470,499</u>	<u>39,411,563</u>	<u>38,962,067</u>	<u>38,221,952</u>	<u>46,805,880</u>	<u>51,352,733</u>	<u>55,635,220</u>	<u>59,555,511</u>	<u>36,370,550</u>	<u>55,914,024</u>
Total primary government expenses	<u>\$ 110,560,684</u>	<u>\$ 120,695,207</u>	<u>\$ 106,154,837</u>	<u>\$ 107,514,409</u>	<u>\$ 147,294,606</u>	<u>\$ 151,779,722</u>	<u>\$ 159,989,117</u>	<u>\$ 172,756,190</u>	<u>\$ 64,136,951</u>	<u>\$ 115,266,443</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 11,316,006	\$ 10,972,764	\$ 7,581,047	\$ 7,798,637	\$ 7,020,944	\$ 8,785,840	\$ 9,946,432	\$ 10,336,312	\$ 9,005,465	\$ 9,912,438
Community development and planning	1,471,008	1,668,372	1,573,669	1,686,416	1,955,984	2,072,539	1,741,114	2,142,154	1,836,582	2,145,075
Other	1,052,534	1,241,443	1,805,820	2,653,944	4,682,641	4,485,685	3,470,210	3,976,183	6,943,895	8,319,622
Operating grants and contributions	12,679,339	13,957,992	14,323,779	33,765,675	45,961,378	41,823,581	45,878,127	46,975,411	51,550,791	53,544,698
Capital grants and contributions	6,618	43,390	10,944	18,008	9,077	8,958,293	535,170	1,242,023	1,017,974	457,925
Total governmental activities program revenues	<u>26,525,505</u>	<u>27,883,961</u>	<u>25,295,259</u>	<u>45,922,680</u>	<u>59,630,024</u>	<u>66,125,938</u>	<u>61,571,053</u>	<u>64,672,083</u>	<u>70,354,707</u>	<u>74,379,758</u>
Business-type activities										
Charges for services										
Wastewater	20,758,450	19,819,546	19,599,234	15,736,474	20,836,363	23,805,086	23,954,176	25,836,935	33,208,124	38,142,454
Water	12,948,883	14,348,122	15,451,374	16,726,191	17,471,819	18,616,280	21,938,383	23,993,959	29,498,227	34,723,819
Other	1,566,381	1,695,902	1,674,904	1,706,745	-	-	-	-	-	573,222
Operating grants and contributions	155,215	90,507	131,334	36,855	1,646,220	860,080	2,111,355	118,137	535,666	576,283
Capital grants and contributions	870,240	3,154,597	2,130,600	3,186,467	2,734,745	1,857,181	9,594,948	20,441,810	3,526,902	18,077,981
Total business-type activities program revenues	<u>36,299,169</u>	<u>39,108,674</u>	<u>38,987,446</u>	<u>37,392,732</u>	<u>42,689,147</u>	<u>45,138,627</u>	<u>57,598,862</u>	<u>70,390,841</u>	<u>66,768,919</u>	<u>92,093,759</u>
Total primary government program revenues	<u>\$ 62,824,674</u>	<u>\$ 66,992,635</u>	<u>\$ 64,282,705</u>	<u>\$ 83,315,412</u>	<u>\$ 102,319,171</u>	<u>\$ 111,264,565</u>	<u>\$ 119,169,915</u>	<u>\$ 135,062,924</u>	<u>\$ 137,123,626</u>	<u>\$ 166,473,517</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (45,564,680)	\$ (53,399,683)	\$ (41,046,743)	\$ (23,369,777)	\$ (40,858,702)	\$ (34,301,051)	\$ (42,782,844)	\$ (48,528,596)	\$ 42,588,306	\$ 15,027,339
Business-type activities	(2,171,330)	(302,889)	25,379	(829,220)	(4,116,733)	(6,214,106)	1,963,642	10,835,330	30,398,369	36,179,735
Total primary government net expense	<u>\$ (47,736,010)</u>	<u>\$ (53,702,572)</u>	<u>\$ (41,021,364)</u>	<u>\$ (24,198,997)</u>	<u>\$ (44,975,435)</u>	<u>\$ (40,515,157)</u>	<u>\$ (40,819,202)</u>	<u>\$ (37,693,266)</u>	<u>\$ 72,986,675</u>	<u>\$ 51,207,074</u>



**CITY OF KALAMAZOO  
CHANGES IN NET POSITION (CONCLUDED)  
2014-2023  
(UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
General revenues										
Property taxes	\$ 31,834,240	\$ 32,085,449	\$ 34,350,331	\$ 24,802,341	\$ 22,927,422	\$ 23,498,110	\$ 24,628,307	\$ 25,268,136	\$ 26,706,218	\$ 28,562,231
Grants and contributions not restricted to specific programs	8,441,077	8,505,032	8,563,853	9,046,844	10,355,402	11,303,841	9,115,496	10,442,055	11,237,359	11,316,874
Unrestricted investment earnings	672,910	74,925	997,789	1,913,430	43,192	3,191,077	538,957	1,813,305	843,157	5,068,979
Gain on sale of assets	74,590	31,638	8,850	1,487,317	1,485,625	69,257	14,980	2,961	97,433	357,725
Other	167,497	118,374	90,682	111,987	276,267	213,867	425,043	445,888	196,183	184,978
Transfers - internal activities	-	-	-	(222,281)	(831,618)	(652,992)	(378,000)	(378,000)	(378,000)	(2,127,673)
Total governmental activities	<u>41,190,314</u>	<u>40,815,418</u>	<u>44,011,505</u>	<u>37,139,638</u>	<u>34,256,290</u>	<u>37,623,160</u>	<u>34,344,783</u>	<u>37,594,345</u>	<u>38,702,350</u>	<u>43,363,114</u>
Business-type activities										
Unrestricted investment earnings	56,253	111,566	124,116	182,701	432,037	723,717	280,428	115,869	(245,333)	3,049,448
Gain on sale of assets	(98,631)	-	4,008	25,605	37,839	29,641	38,839	107,726	1,103	-
Legal settlement	-	-	-	-	-	-	5,400,000	-	-	17,414
Other	50,616	105,932	148,677	132,998	166,174	114,807	309,232	366,385	61,041	85,765
Transfers - internal activities	-	-	-	222,281	831,618	652,992	378,000	378,000	378,000	2,127,673
Special item - transfer of net position	-	-	-	-	-	-	-	-	-	1,768,869
Total business-type activities	<u>8,238</u>	<u>217,498</u>	<u>276,801</u>	<u>563,585</u>	<u>1,467,668</u>	<u>1,521,157</u>	<u>6,406,499</u>	<u>967,980</u>	<u>194,811</u>	<u>7,049,169</u>
Total primary government	<u>\$ 41,198,552</u>	<u>\$ 41,032,916</u>	<u>\$ 44,288,306</u>	<u>\$ 37,703,223</u>	<u>\$ 35,723,958</u>	<u>\$ 39,144,317</u>	<u>\$ 40,751,282</u>	<u>\$ 38,562,325</u>	<u>\$ 38,897,161</u>	<u>\$ 50,412,283</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (4,360,616)	\$ (12,584,265)	\$ 2,964,762	\$ 13,769,861	\$ (6,602,412)	\$ 3,322,109	\$ (8,438,061)	\$ (10,934,251)	\$ 81,290,656	\$ 58,390,453
Business-type activities	(2,163,092)	(85,391)	302,180	(265,635)	(2,649,065)	(4,692,949)	8,370,141	11,803,310	30,593,180	43,228,904
Total primary government	<u>\$ (6,523,708)</u>	<u>\$ (12,669,656)</u>	<u>\$ 3,266,942</u>	<u>\$ 13,504,226</u>	<u>\$ (9,251,477)</u>	<u>\$ (1,370,840)</u>	<u>\$ (67,920)</u>	<u>\$ 869,059</u>	<u>\$ 111,883,836</u>	<u>\$ 101,619,357</u>

**TABLE 3**

**CITY OF KALAMAZOO  
FUND BALANCES  
GOVERNMENTAL FUNDS  
2014-2023  
(UNAUDITED)  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund										
Nonspendable	\$ 1,339,401	\$ 1,212,622	\$ 1,145,445	\$ 1,166,644	\$ 1,230,482	\$ 1,230,482	\$ 2,482,065	\$ 2,743,017	\$ 3,014,964	\$ 2,295,891
Restricted	-	-	-	-	-	-	-	-	166,335	104,227
Committed	-	-	-	-	-	-	-	-	202,168	273,980
Assigned	403,248	3,459,061	2,703,090	407,342	1,347,804	1,347,804	1,012,279	2,263,295	2,076,278	1,865,646
Unassigned	<u>5,975,442</u>	<u>6,533,218</u>	<u>8,120,863</u>	<u>10,812,051</u>	<u>9,244,320</u>	<u>9,244,320</u>	<u>12,277,493</u>	<u>12,638,766</u>	<u>11,260,233</u>	<u>12,057,488</u>
Total general fund	<u>\$ 7,718,091</u>	<u>\$ 11,204,901</u>	<u>\$ 11,969,398</u>	<u>\$ 12,386,037</u>	<u>\$ 11,822,606</u>	<u>\$ 11,822,606</u>	<u>\$ 15,771,837</u>	<u>\$ 17,645,078</u>	<u>\$ 16,719,978</u>	<u>\$ 16,597,232</u>
All other governmental funds										
Nonspendable	\$ 7,286,926	\$ 5,628,997	\$ 5,815,832	\$ 3,880,499	\$ 4,708,506	\$ 4,708,506	\$ 4,727,448	\$ 4,210,613	\$ 8,045,457	\$ 4,852,726
Restricted	10,133,623	9,337,109	10,320,453	18,794,512	24,934,188	24,934,188	46,851,013	54,901,201	51,753,103	57,065,294
Committed	<u>1,660,293</u>	<u>1,741,297</u>	<u>841,999</u>	<u>2,002,503</u>	<u>2,037,803</u>	<u>2,037,803</u>	<u>1,396,746</u>	<u>2,123,900</u>	<u>1,532,689</u>	<u>1,422,782</u>
Total all other governmental funds	<u>\$ 19,080,842</u>	<u>\$ 16,707,403</u>	<u>\$ 16,978,284</u>	<u>\$ 24,677,514</u>	<u>\$ 31,680,497</u>	<u>\$ 31,680,497</u>	<u>\$ 52,975,207</u>	<u>\$ 61,235,714</u>	<u>\$ 61,331,249</u>	<u>\$ 63,340,802</u>

**TABLE 4**

**CITY OF KALAMAZOO  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
2014-2023  
(UNAUDITED)  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Property taxes and special assessments	\$ 31,922,256	\$ 32,258,838	\$ 34,350,331	\$ 24,802,341	\$ 22,927,423	\$ 23,836,445	\$ 24,652,041	\$ 25,329,203	\$ 27,418,999	\$ 29,960,516
Licenses and permits	2,183,405	2,464,874	2,401,934	2,467,735	2,709,592	2,786,500	2,460,132	2,844,543	2,751,717	2,744,476
Intergovernmental revenue	19,362,091	20,836,848	21,252,260	23,524,707	26,256,483	35,456,567	28,999,795	30,709,121	34,140,436	45,289,060
Charges for services	9,571,894	10,283,027	10,565,330	9,664,577	11,090,392	11,556,318	11,793,440	12,563,757	12,337,376	12,786,400
Fines and forfeits	529,900	222,239	244,278	154,511	215,587	66,726	126,869	191,048	371,556	552,160
Interest and rents	2,568,116	2,064,308	1,832,803	1,961,057	1,987,803	3,192,420	1,292,139	2,675,019	2,059,744	6,122,891
Net investment earnings	191,328	(349,763)	585,136	840,048	(754,813)	643,463	-	-	-	-
Other revenue										
Donations and contributions	-	-	-	19,775,051	29,094,726	27,253,766	25,502,915	27,634,839	28,593,476	19,167,503
Other	1,434,156	1,363,588	1,257,290	2,505,971	2,613,642	1,415,191	1,366,097	1,358,567	1,287,533	1,423,657
<b>Total revenues</b>	<b>67,763,146</b>	<b>69,143,959</b>	<b>72,489,362</b>	<b>85,695,998</b>	<b>96,140,835</b>	<b>106,207,396</b>	<b>96,193,428</b>	<b>103,306,097</b>	<b>108,960,837</b>	<b>118,046,663</b>
<b>Expenditures</b>										
Current Expenditures										
General government	6,643,957	7,194,591	7,341,895	9,157,348	10,607,154	11,099,230	12,450,620	12,971,708	21,071,594	25,710,185
Public safety	32,709,081	29,206,949	30,528,266	31,105,681	33,482,897	33,488,526	34,087,818	33,137,382	36,531,599	38,311,529
Public works	14,961,783	14,532,464	14,790,370	17,129,352	17,625,761	17,718,363	19,073,957	20,517,972	15,221,020	16,160,431
Health and welfare	-	-	-	-	-	-	-	-	2,794,302	4,267,068
Community and economic development	4,653,737	5,410,168	4,231,956	4,012,858	10,283,249	9,862,013	11,278,596	14,311,847	9,313,320	7,393,412
Recreation and culture	2,222,040	2,133,438	2,412,924	3,300,482	5,033,609	5,819,733	4,627,442	5,843,745	5,457,213	5,816,856
Other	2,254,801	2,261,078	4,789,158	3,660,911	3,694,424	3,882,174	3,795,578	4,055,619	-	-
Debt service										
Principal	5,606,130	6,023,928	6,358,284	6,903,019	6,960,929	6,928,137	7,601,761	8,166,132	9,572,162	10,714,702
Interest and fiscal charges	2,211,867	4,423,291	4,658,360	4,816,081	4,822,209	4,804,497	4,940,694	5,182,682	5,359,101	5,770,849
Capital outlay	1,595,160	2,546,759	2,072,309	6,019,394	5,847,792	5,447,404	4,830,724	5,180,605	22,422,842	17,422,641
<b>Total expenditures</b>	<b>72,858,556</b>	<b>73,732,666</b>	<b>77,183,522</b>	<b>86,105,126</b>	<b>98,358,024</b>	<b>99,050,077</b>	<b>102,687,190</b>	<b>109,367,692</b>	<b>127,743,153</b>	<b>131,567,673</b>
Excess (deficiency) of revenues over expenditures	(5,095,410)	(4,588,707)	(4,694,160)	(409,128)	(2,217,189)	7,157,319	(6,493,762)	(6,061,595)	(18,782,316)	(13,521,010)
<b>Other financing sources (uses)</b>										
Transfers in	11,702,851	13,303,995	13,901,129	14,184,803	21,289,956	21,030,157	21,241,047	23,563,294	24,547,204	25,236,039
Transfers out	(9,389,594)	(12,778,406)	(13,901,129)	(14,407,084)	(20,766,485)	(19,205,149)	(20,169,051)	(22,491,298)	(23,475,208)	(25,913,716)
Issuance of long-term debt	5,510,000	21,035,000	7,135,000	7,895,000	7,750,000	8,688,665	12,600,000	16,885,000	14,409,507	13,510,000
Issuance of refunding debt	-	-	-	3,780,000	-	-	-	-	-	-
Issuance of OPEB debt	-	66,995,633	-	-	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-	-	-	713,168	1,526,957
Payments to advance refunding escrow agent	(1,336,964)	(16,821,549)	(2,156,567)	(3,722,683)	-	-	(2,428,136)	(6,090,000)	-	-
Bond premium (discount)	21,930	933,117	751,105	794,961	383,270	1,580,851	1,242,000	2,602,545	1,380,080	1,182,119
<b>Total other financing sources (uses)</b>	<b>6,508,223</b>	<b>72,667,790</b>	<b>5,729,538</b>	<b>8,524,997</b>	<b>8,656,741</b>	<b>12,094,524</b>	<b>12,485,860</b>	<b>14,469,541</b>	<b>17,574,751</b>	<b>15,541,399</b>
Special items										
Contribution to OPEB trust	-	(66,965,712)	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 1,412,813</b>	<b>\$ 1,113,371</b>	<b>\$ 1,035,378</b>	<b>\$ 8,115,869</b>	<b>\$ 6,439,552</b>	<b>\$ 19,251,843</b>	<b>\$ 5,992,098</b>	<b>\$ 8,407,946</b>	<b>\$ (1,207,565)</b>	<b>\$ 2,020,389</b>
Debt service as a percentage of noncapital expenditures	11.4%	15.6%	15.6%	15.6%	13.4%	13.4%	13.9%	14.3%	14.2%	14.9%

**TABLE 5**

**CITY OF KALAMAZOO  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (UNAUDITED)**

Year	Taxable Assessed Value (A)			Total Taxable Assessed Value (A)	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value
	Real	Personal	Industrial and Commercial Subject to Act 198				
2014	\$ 1,269,889,280	\$ 202,698,640	\$ 53,340,534	\$ 1,525,928,454	21.4205	\$ 3,227,882,104	47.3%
2015	1,293,261,250	209,982,700	53,831,794	1,557,075,744	21.4205	3,310,022,160	47.0%
2016	1,309,987,962	153,133,500	32,866,275	1,495,987,737	21.0705	3,216,646,530	46.5%
2017	1,321,157,164	156,804,200	30,651,422	1,508,612,786	13.8000	3,379,206,496	44.6%
2018	1,378,858,390	153,497,100	22,410,089	1,554,765,579	13.8000	3,458,363,098	45.0%
2019	1,436,532,666	161,537,300	15,894,342	1,613,964,308	13.8000	3,736,212,958	43.2%
2020	1,506,412,301	166,266,600	13,475,178	1,686,154,079	13.8000	4,136,406,164	40.8%
2021	1,573,007,345	170,248,600	7,109,097	1,750,365,042	13.8000	4,411,866,260	39.7%
2022	1,666,450,358	173,854,400	7,058,007	1,847,362,765	13.8000	4,783,746,600	38.6%
2023	1,780,289,410	171,022,200	4,231,386	1,955,542,996	13.8000	5,118,605,828	38.2%

Source: City of Kalamazoo, Management Services Department, Assessor Division

Note: Property in the city is reassessed annually. State statute requires all taxable property to be assessed at 50% of the market value, except certain facilities which are granted exemption certificates under Act 198, Public Acts of Michigan. This Act was designed to provide a stimulus in the form of tax incentives to industrial and commercial enterprises to renovate and expand aging facilities and to build new facilities. However, Proposal A limits the increase of the taxable value to 5% or the Consumer Price Index, whichever is lower. The rates are per \$1,000 of taxable value.

(A) Taxable values include adjustments to the final adopted assessment roll due to Tax Tribunal Judgments, Board of Review decisions and other adjustments affecting the assessment roll or the tax levy as of December 31, 2022. These values do not reflect adjustments for real estate taxes cancelled through foreclosure, or personal property taxes cancelled by the Circuit Court. These adjustments decreased the 2023 roll by \$1,385,838.

**TABLE 6**

**CITY OF KALAMAZOO  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN YEARS  
(UNAUDITED)**

Year Ended December 31,	City of Kalamazoo				Overlapping Rates						Totals	
	Operating	Refuse Collection and Disposal	Mass Transportation (D)	Total City Millage (A)	Kalamazoo Public Schools (B)	County (D)	State Education Tax	Kalamazoo Valley Intermediate School District	Kalamazoo Valley Community College	District Library	Non- Homestead	Homestead (C)
2014	19.2705	1.5500	0.6000	21.4205	24.9500	6.7695	6.0000	4.8916	2.8135	3.9583	70.8034	52.8034
2015	19.2705	1.5500	0.6000	21.4205	24.9500	6.8890	6.0000	6.4066	2.8135	3.9583	72.4379	54.4379
2016	19.2705	1.8000	0.0000	21.0705	24.9500	7.6163	6.0000	6.4066	2.8135	3.9583	72.8152	54.8152
2017	12.0000	1.8000	0.0000	13.8000	24.8204	7.5920	6.0000	6.4028	2.8089	3.9487	65.3728	47.5024
2018	12.0000	1.8000	0.0000	13.8000	26.0704	7.8298	6.0000	6.4028	2.8089	3.9487	66.8606	48.9902
2019	12.0000	1.8000	0.0000	13.8000	26.0489	7.8276	6.0000	6.4028	2.8089	3.9487	66.8369	48.9880
2020	12.0000	1.8000	0.0000	13.8000	25.8757	8.4215	6.0000	6.2935	2.7970	3.9213	67.1090	49.4333
2021	12.0000	1.8000	0.0000	13.8000	25.8757	9.0652	6.0000	6.0187	2.7918	3.9117	67.4631	49.7874
2022	12.0000	1.8000	0.0000	13.8000	25.8757	9.1773	6.0000	6.9853	2.7802	3.8999	68.5184	50.8427
2023	12.0000	1.8000	0.0000	13.8000	25.8757	8.0740	6.0000	6.9935	2.7802	3.8990	67.4224	49.7467

Source: City of Kalamazoo, Management Services Department, Treasury Division

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Kalamazoo. Not all overlapping rates apply to all City of Kalamazoo property owners (e.g., the rates for special districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the special district). Tax rates are expressed as a dollar for each \$1,000 of taxable property value.

- (A) The City's Downtown Development Authority levies an additional \$1.9638 for each \$1,000 of Taxable Value within the City's Downtown Development District.
- (B) Kalamazoo Public Schools is the largest school district within the City. Portions of other school districts overlap the City's boundaries. Of those which do, the millage rates for the fiscal year ended December 31, 2023 ranged from \$24.3395 to \$26.8552 for each \$1,000 of Taxable Value. The total tax rates for property owners in these other school districts would differ accordingly.
- (C) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or entity. Homestead also includes certain agricultural property, registered life care facilities, and property owned by a cooperative housing corporation and occupied as a Homestead.

**TABLE 7**

**CITY OF KALAMAZOO  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)**

Taxpayer	Industry	2023				Rank	(B) Percent of Total	2013		
		Taxable Value of Property			Rank			Taxable Assessed Value	Rank	Percent of Total
		Ad Valorem	Abated (A)	Total						
Consumers Energy Co	Electric and gas utility	\$ 90,388,115	\$ -	\$ 90,388,115	1	4.62%	\$ 36,775,500	3	2.45%	
Zoetis	Pharmaceutical research and manufacturing	38,330,816	1,039,121	39,369,937	2	2.01%	71,405,500	1	4.75%	
Catalyst Development	Real estate development; hospitality and entertainment services	35,302,433	-	35,302,433	3	1.81%	24,538,100	4	1.63%	
Plaza Corp Properties	Real estate development, property holdings	31,874,070	-	31,874,070	4	1.63%	-	-	0.00%	
MIMG LXVI Drakes Pond, LLC	Apartment complexes	28,669,431	-	28,669,431	5	1.47%	10,025,700	8	0.67%	
Lifecare (Friendship Village)	Retirement community	18,295,291	-	18,295,291	6	0.94%	10,334,500	7	0.69%	
Hinman Properties	Real estate development, property holdings	15,169,071	-	15,169,071	7	0.93%	-	-	0.00%	
Knollwood Loft, LLC	Apartment complex	15,553,263	-	15,553,263	8	0.83%	-	-	0.00%	
Graphic Packaging	Paper and paperboard production	8,819,466	3,972,475	12,791,941	9	0.75%	44,667,600	2	2.97%	
Parkway Flats, LLC	Apartment complexes	12,621,655	-	12,621,655	10	0.68%	-	-	0.00%	
Former Top 10 Taxpayers	Various	-	-	-		0.00%	43,305,100	5,6,9,10	2.88%	
		<u>\$ 295,023,611</u>	<u>\$ 5,011,596</u>	<u>\$ 300,035,207</u>		<u>15.34%</u>	<u>\$ 241,052,000</u>		<u>16.03%</u>	

Source: City of Kalamazoo, Management Services Department, Assessor Division

- (A) Represents equivalent taxable value of property granted tax abatement under Acts 198.
- (B) The City's total taxable value of \$1,955,542,996 for the year ending December 31, 2023 includes the taxable value of property granted tax abatement under Act 198 and board adjustments. See Table 5 for data on taxable values.
- (C) Values are the basis for the 2013 Assessment Roll and the 2013 Tax Roll. The City's Total Taxable Valuation, including Act 198 and Act 255 values totaled \$1,503,334,136

TABLE 8

CITY OF KALAMAZOO  
PROPERTY TAX LEVIES AND COLLECTIONS  
GENERAL PROPERTY TAX LEVY  
LAST TEN YEARS  
(UNAUDITED)

Year	(A) Total Adjusted Tax Levy	Collection of Current Year's Taxes During Year Levied	Percent of Levy Collected During Year Levied	(B) Collection Subsequent to the Year of Tax Levy	Total Collections	Percent of Total Collections to Tax Levy
2014	\$ 28,827,524	\$ 27,525,133	95.48%	\$ 1,094,765	\$ 28,619,898	99.28%
2015	29,455,095	28,435,803	96.54%	991,796	29,427,599	99.91%
2016	28,478,647	27,466,876	96.45%	979,189	28,446,065	99.89%
2017	17,919,973	17,441,490	97.33%	454,425	17,895,915	99.87%
2018	18,372,464	17,859,355	97.21%	484,067	18,343,422	99.84%
2019	19,141,882	18,620,712	97.28%	506,856	19,127,568	99.93%
2020	20,036,179	19,557,536	97.61%	460,771	20,018,307	99.91%
2021	20,847,985	19,951,610	95.70%	401,596	20,353,206	97.63%
2022	22,045,564	21,048,148	95.48%	958,757	22,006,905	99.82%
2023	23,398,140	22,483,130	96.09%	889,190	23,372,320	99.89%

Source: City of Kalamazoo, Management Services Department, Treasury Division

(A) Reflects general operating levy only, whereas General Fund property tax revenues in the general purpose financial statements include the general levy, payments in lieu of taxes and special assessments. All total tax levies reflect adjustments for Tax Tribunal consent judgments, Board of Review decisions, real estate taxes cancelled through foreclosure and state scavenger sales, and personal property taxes cancelled by Circuit Court.

**CITY OF KALAMAZOO  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS  
(UNAUDITED)**

Year	Governmental Activities					Business-Type Activities				Total Primary Government (B)	Percentage of Personal Income	Per Capita (C)
	General Obligation Bonds (D)	Revenue Bonds	Installment Purchase Contracts	Leases and Subscriptions	Special Assessment Bonds (A)	General Obligation Bonds (D)	Revenue Bonds	Installment Purchase Contracts	Leases and Subscriptions			
2014	\$ 48,167,205	\$ 3,035,000	\$ -	\$ -	\$ -	\$ 972,795	\$ 28,105,000	\$ -	\$ -	\$ 80,280,000	5.75%	\$ 1,063
2015	120,078,542	2,305,000	-	-	-	19,816,696	28,655,000	-	-	170,855,238	11.80%	2,250
2016	119,915,640	1,920,000	-	-	-	19,477,081	26,755,000	-	-	168,067,721	11.49%	2,210
2017	122,372,761	1,615,000	-	-	-	19,117,993	29,820,000	-	-	172,925,754	11.42%	2,281
2018	124,554,024	1,295,000	-	-	-	18,132,151	43,045,000	-	-	187,026,175	11.42%	2,443
2019	127,939,101	975,000	80,463	-	-	18,731,665	60,540,000	274,304	-	208,540,533	11.95%	2,733
2020	131,756,998	655,000	63,554	-	-	20,540,373	88,800,000	7,718,638	-	249,534,563	14.23%	3,360
2021	136,796,373	330,000	45,691	-	-	19,950,960	85,955,000	16,672,641	-	259,750,665	14.71%	3,529
2022	142,595,434	-	808,086	2,015,893	-	25,226,792	136,175,000	21,937,055	122,061	328,880,321	17.83%	4,513
2022	147,273,967	-	686,742	3,047,527	-	27,719,321	178,200,000	24,844,906	503,921	382,276,384	19.23%	5,228

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (A) Special assessment bonds were issued in 1999.
- (B) The long term debt in the Statement of Net Position is reported net of premiums and discounts. Premiums and discounts are generally associated with the cost of financing (interest rate).
- (C) See the Schedule of Demographic and Economic Statistics at Table 14 for personal income and population data.
- (D) During 2015 a General Obligation Bond was issued in the amount of \$90,955,000 for Other Post Employment Benefits.



**TABLE 10**

**CITY OF KALAMAZOO  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS  
(UNAUDITED)**

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds (A)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Value of Property (B)</u>	<u>Per Capita (C)</u>
2014	\$ 49,140,000	\$ 62,266	\$ 49,077,734	1.36%	\$ 650
2015	139,895,238	59,966	139,835,272	4.06%	1,842
2016	139,392,721	58,232	139,334,489	4.33%	1,832
2017	141,490,754	62,691	141,428,063	4.19%	1,866
2018	142,686,175	60,376	142,625,799	4.12%	1,863
2019	146,670,766	58,947	146,611,819	3.92%	1,924
2020	152,297,371	57,289	152,240,082	3.68%	2,050
2021	156,747,333	56,346	156,690,987	3.55%	2,129
2022	167,822,226	91,431	167,730,795	3.51%	2,302
2023	174,993,288	106,990	174,886,298	3.42%	2,388

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Only General Obligation bonds are reported to show the burden of debt on property tax payers and general revenues of the City.

(A) The net position of the special assessment debt service fund are not available to general obligation bonds and are excluded from the amounts available in debt service funds.

(B) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property at Table 5 for property value data.

(C) Population data can be found in the Schedule of Demographic and Economic Statistics at Table 14.

TABLE 11

**CITY OF KALAMAZOO  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2023  
(UNAUDITED)**

<b>Overlapping</b>			
	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Comstock School District	\$ 59,080,000	11.94%	\$ 7,054,152
Kalamazoo School District	236,088,334	57.48%	135,703,574
Parchment School District	31,643,308	97.00%	30,694,009
Portage School District	202,180,000	1.70%	3,437,060
Kalamazoo County	144,245,000	18.51%	26,699,750
Kalamazoo Intermediate School District	-	20.34%	-
Kalamazoo Community College	5,130,000	18.29%	938,277
<b>Total overlapping debt</b>	<b>\$ 678,366,642</b>		<b>\$ 204,526,822</b>
<b>Direct</b>			
			<b>Gross Debt</b>
General obligation bonds			
Building Authority			\$ 6,510,000
Capital improvement			83,153,555
OPEB			57,610,412
Leases and subscriptions			3,047,527
Equipment acquisitions			686,742
<b>Total direct debt</b>			<b>\$ 151,008,236</b>
<b>Total net direct and overlapping debt of governmental activities</b>			<b>\$ 355,535,058</b>

Sources: City of Kalamazoo, Management Services Department, Accounting Division  
Municipal Advisory Council of Michigan

**CITY OF KALAMAZOO  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2023  
(UNAUDITED)**

State Equalized Value (A)	
Ad valorem property	\$ 2,541,917,714
Tax abated property	8,110,050
Revenue Sharing (B)	936,446,333
LCSA/PPT ( C )	<u>121,151,846</u>
<b>Total State Equalized Value (SEV)</b>	<b><u>\$ 3,607,625,943</u></b>
Limitation per Section 5.2074 of the Home Rule Act of the State of Michigan	<u>10.0%</u>
<b>Legal Limitation</b>	<b><u>\$ 360,762,594</u></b>
Debt Obligations of the Primary Government (B)	\$ 382,276,384
Less debt not subject to limitation:	
Water System and Wastewater System Revenue Bonds	(178,200,000)
Water System DWRP Bonds	<u>(24,844,906)</u>
	<u>(203,044,906)</u>
<b>Total Debt of the City Subject to Limitation</b>	<b><u>\$ 179,231,478</u></b>
<b>LEGAL DEBT MARGIN</b>	<b><u>\$ 181,531,116</u></b>

Note: Under Michigan Home Rule Cities Act, the City of Kalamazoo's outstanding general obligation debt should not exceed 10% of total assessed value of all real and personal property in the City.

Significant exceptions to the debt limitation have been permitted by the Home Rule Cities Act for certain types of indebtedness which include: special assessment bonds and Michigan transportation fund bonds; revenue bonds payable from revenues only; bonds issued or contract obligations assessments incurred to comply with an order of the Water Resources Commission of the State of Michigan; obligations incurred for water supply, sewage, drainage, or refuse disposal or resource recovery projects necessary to protect public health; bonds issued, assessments, or contract obligations incurred for the construction, improvement, or replacement of a combined sewer overflow abatement facility.

(A) State equalized assessed property values are assessed at December 31, 2022 for the basis of the year ending December 31, 2023 tax levy. See supplemental Schedule of State Equalized Value at Table 22 for property value data.

(B) The constitutional and CVTRS State Revenue Sharing payments divided by millage rate.

(C) The Local Community Stabilization Authority (LCSA) was established to administer distribution of the replacement of personal property tax revenues lost by local government.

TABLE 12B

**CITY OF KALAMAZOO  
LEGAL DEBT MARGIN HISTORICAL INFORMATION  
LAST TEN YEARS  
(UNAUDITED)**

Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2014	\$ 197,332,997	\$ 49,140,000	\$ 148,192,997	24.9%
2015	202,333,982	137,575,000	64,758,982	68.0%
2016	199,808,878	139,392,721	60,416,157	69.8%
2017	209,685,061	141,490,754	68,194,307	67.5%
2018	238,356,369	142,686,175	95,670,194	59.9%
2019	254,504,290	146,751,229	107,753,061	57.7%
2020	295,592,596	154,560,523	141,032,073	52.3%
2021	316,942,824	156,793,024	160,149,800	49.5%
2022	338,888,683	170,768,266	168,120,417	50.4%
2023	360,762,594	179,231,478	181,531,116	49.7%

Source: City of Kalamazoo, Management Services Department, Accounting Division

**TABLE 13**

**CITY OF KALAMAZOO  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN YEARS  
 (UNAUDITED)**

<b>Michigan Transportation Revenue Bonds (A)</b>						
Year	Gas and Weight Tax Revenues (A)	Debt Service			Coverage	
		Principal	Interest	Total		
2014	\$ 5,314,650	\$ 1,205,000	\$ 132,808	\$ 1,337,808	3.97	
2015	5,562,139	730,000	104,293	834,293	6.67	
2016	5,718,839	465,000	77,508	542,508	10.54	
2017	7,454,420	305,000	28,947	333,947	22.32	
2018	7,812,157	320,000	20,768	340,768	22.93	
2019	9,095,547	320,000	16,192	336,192	27.05	
2020	8,996,648	320,000	11,655	331,655	27.13	
2021	9,982,172	325,000	7,030	332,030	30.06	
2022	10,240,686	330,000	2,360	332,360	30.81	
2023	13,019,020	-	-	-	-	

<b>Special Assessment Bonds (B)</b>						
Year	Special Assessment Collections	Debt Service			Coverage	
		Principal	Interest	Total		
2014	\$ 237	\$ -	\$ -	\$ -	-	
2015	-	-	-	-	-	
2016	-	-	-	-	-	
2017	-	-	-	-	-	
2018	-	-	-	-	-	
2019	-	-	-	-	-	
2020	-	-	-	-	-	
2021	-	-	-	-	-	
2022	-	-	-	-	-	
2023	-	-	-	-	-	

Note: Detail regarding the government's outstanding debt can be found in the notes to the financial statements.

(A) Gas and weight tax revenues are reported in the Major and Local Streets funds. Amounts required for debt service are transferred to the Michigan Transportation Bond debt service fund for payment. All outstanding MTF bonds were paid in full in 2022.

(B) Special assessment bonds were issued in 1999.

**TABLE 13**

**CITY OF KALAMAZOO  
PLEGGED-REVENUE COVERAGE (CONTINUED)  
LAST TEN YEARS  
(UNAUDITED)**

	<b>Wastewater System Revenue Bonds</b>									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues (B)										
Operating Revenues	\$ 20,758,450	\$ 19,819,546	\$ 19,599,234	\$ 15,748,201	\$ 20,836,520	\$ 23,805,086	\$ 23,965,835	\$ 25,836,935	\$ 33,210,943	\$ 38,175,523
Interest Revenue	41,072	82,258	84,217	105,670	213,890	374,336	217,973	56,376	373,380	943,602
Intergovernmental	19,017	-	-	-	327,025	394,098	673,392	-	-	-
<b>Total Revenues</b>	<b>20,818,539</b>	<b>19,901,804</b>	<b>19,683,451</b>	<b>15,853,871</b>	<b>21,377,435</b>	<b>24,573,520</b>	<b>24,857,200</b>	<b>25,893,311</b>	<b>33,584,323</b>	<b>39,119,125</b>
Direct Operating Expenses (C)										
Operation and Maintenance (O&M)	17,305,246	16,261,847	16,036,230	15,822,715	21,684,795	24,525,759	26,426,771	26,693,797	12,604,913	25,745,664
Other Post Employment Benefits (OPEB)										
OPEB Debt Service										
Principal	-	224,196	204,414	207,162	210,459	214,305	219,251	225,295	231,889	238,483
Interest	-	342,432	397,269	427,638	391,735	387,589	382,617	376,890	370,330	363,241
Add: OPEB Contributions Made (D)			357,700	357,700	357,700	423,390	377,400	371,400	274,800	251,500
Less:										
Payment in Lieu of Taxes	(703,596)	(718,176)	(719,064)	(722,952)	(734,592)	(747,264)	(757,104)	(757,104)	(757,104)	(794,952)
Pension and OPEB (E)	(404,370)	(1,358,067)	(350,037)	78,839	(2,821,842)	(2,923,190)	(3,328,195)	(4,485,536)	11,943,338	7,182,203
<b>Total Direct Operating Expenses</b>	<b>16,197,280</b>	<b>14,752,232</b>	<b>15,926,512</b>	<b>16,171,102</b>	<b>19,088,255</b>	<b>21,880,589</b>	<b>23,320,740</b>	<b>22,424,742</b>	<b>24,668,166</b>	<b>32,986,139</b>
<b>Net Available Revenue</b>	<b>4,621,259</b>	<b>5,149,572</b>	<b>3,756,939</b>	<b>(317,231)</b>	<b>2,289,180</b>	<b>2,692,931</b>	<b>1,536,460</b>	<b>3,468,569</b>	<b>8,916,157</b>	<b>6,132,986</b>
Debt Service										
Principal	595,000	660,000	675,000	680,000	700,000	850,000	1,095,000	1,045,000	1,050,000	1,645,000
Interest	355,092	352,909	295,345	247,449	398,214	645,813	884,533	1,060,300	1,527,939	2,095,764
<b>Total Debt Service</b>	<b>950,092</b>	<b>1,012,909</b>	<b>970,345</b>	<b>927,449</b>	<b>1,098,214</b>	<b>1,495,813</b>	<b>1,979,533</b>	<b>2,105,300</b>	<b>2,577,939</b>	<b>3,740,764</b>
<b>Coverage (A)</b>	<b>4.86</b>	<b>5.08</b>	<b>3.87</b>	<b>-0.34</b>	<b>2.08</b>	<b>1.80</b>	<b>0.78</b>	<b>1.65</b>	<b>3.46</b>	<b>1.64</b>

**TABLE 13**

**CITY OF KALAMAZOO  
PLEDGED-REVENUE COVERAGE (CONCLUDED)  
LAST TEN YEARS  
(UNAUDITED)**

	Water System Revenue Bonds									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues (B)										
Operating Revenues	\$ 12,976,357	\$ 14,402,391	\$ 15,451,374	\$ 16,755,588	\$ 17,550,913	\$ 18,656,544	\$ 21,938,811	\$ 23,993,959	\$ 29,498,424	\$ 34,723,819
Interest Revenue	15,160	29,280	39,851	77,031	218,147	349,381	62,455	59,493	481,531	1,482,500
Intergovernmental	99,309	7,128	131,334	36,855	319,195	73,204	169,755	103,243	374,788	576,284
<b>Total Revenues</b>	<b>13,090,826</b>	<b>14,438,799</b>	<b>15,622,559</b>	<b>16,869,474</b>	<b>18,088,255</b>	<b>19,079,129</b>	<b>22,171,021</b>	<b>24,156,695</b>	<b>30,354,743</b>	<b>36,782,603</b>
Direct Operating Expenses (C)										
Operation and Maintenance (O&M)	10,565,861	11,791,040	11,468,537	11,028,537	15,175,424	16,033,733	17,074,341	19,734,595	8,074,646	11,726,267
Other Post Employment Benefits (OPEB)										
OPEB Debt Service										
Principal	-	205,428	187,302	189,820	192,841	196,365	200,897	206,435	212,477	218,519
Interest	-	313,767	364,013	391,840	375,339	355,143	350,587	345,340	339,329	332,833
Add: OPEB Contributions Made (D)	-	-	298,200	298,200	298,200	315,080	283,600	259,700	219,100	194,200
Less:										
Payment in Lieu of Taxes	(582,900)	(584,724)	(595,716)	(598,188)	(604,560)	(614,988)	(623,088)	(623,088)	(300,000)	(300,000)
Pension and OPEB (E)	(427,422)	(1,085,887)	(315,810)	256,436	(2,161,936)	(2,242,472)	(2,390,454)	(2,648,548)	8,741,552	4,919,300
<b>Total Direct Operating Expenses</b>	<b>9,555,539</b>	<b>10,639,624</b>	<b>11,406,526</b>	<b>11,566,645</b>	<b>13,275,308</b>	<b>14,042,861</b>	<b>14,895,883</b>	<b>17,274,434</b>	<b>17,557,104</b>	<b>17,091,119</b>
<b>Net Available Revenue</b>	<b>3,535,287</b>	<b>3,799,175</b>	<b>4,216,033</b>	<b>5,302,829</b>	<b>4,812,948</b>	<b>5,036,268</b>	<b>7,275,138</b>	<b>6,882,261</b>	<b>12,797,639</b>	<b>19,691,484</b>
Debt Service										
Principal	1,675,000	1,825,000	1,225,000	1,335,000	1,300,000	1,525,000	1,345,000	1,915,000	2,005,000	2,730,000
Interest	798,448	651,950	676,511	720,214	976,017	1,264,192	1,552,119	1,995,408	2,264,476	3,042,994
<b>Total Debt Service</b>	<b>2,473,448</b>	<b>2,476,950</b>	<b>1,901,511</b>	<b>2,055,214</b>	<b>2,276,017</b>	<b>2,789,192</b>	<b>2,897,119</b>	<b>3,910,408</b>	<b>4,269,476</b>	<b>5,772,994</b>
<b>Coverage</b>	<b>1.43</b>	<b>1.53</b>	<b>2.22</b>	<b>2.58</b>	<b>2.11</b>	<b>1.81</b>	<b>2.51</b>	<b>1.76</b>	<b>3.00</b>	<b>3.41</b>

Note: Detail regarding the government's outstanding debt can be found in the notes to the financial statements.

- (A) The Wastewater coverage is artificially low in 2017 due to a true-up adjustment of \$3,155,000 accrued for the 2013-2016 true up settlement to be returned to customers through rate reductions in future years. If this is factored in, the debt service coverage would be 3.08 in 2017.
- (B) Includes charges for services, operating revenues, operating grants and subsidies, and interest earned, excluding capital grant revenues, interest earned on construction bond monies, and capital contributions.
- (C) For the purpose of computing debt service coverage, direct operating expenses exclude non-cash elements including depreciation, amortization, and accrual of other post employment benefits. Operating expenses also exclude payment in lieu of taxes (PILOT) paid to the General Fund, which is subordinate to the payment of debt service. Debt service for the OPEB bond and contributions made to the OPEB Trust are included as expenses for the purpose of calculating debt service coverage.
- (D) In 2015, the City issued a general obligation bond for the purpose of funding OPEB liabilities. For the purpose of debt service coverage, the bond proceeds and associated contribution from proceeds are excluded from this calculation. The City did not have any contractually obligated contributions in 2015. Contributions made prior to 2015 are not considered operating expenses for the purpose of calculating debt service coverage.
- (E) The reduction for Pension and Post Employment benefits was restated in 2016 to include pension adjustment and remove employer contribution from OPEB adjustment.

TABLE 13A

**CITY OF KALAMAZOO  
DOWNTOWN DEVELOPMENT AUTHORITY  
PROJECTED TAX INCREMENT REVENUES AND DEBT SERVICE COVERAGE  
DECEMBER 31, 2023  
(UNAUDITED)**

Year	Tax Increment Revenues Available for Operations and the Bonds	2011 Downtown Development Refunding Bonds			Total Authority Debt Service	Debt Service Coverage
		PRINCIPAL (4/1)	RATE	INTEREST (4/1 & 10/1)		
2014	\$ 1,251,946	\$ 385,000	2.50%	\$ 67,513	\$ 452,513	2.77
2015	1,344,871	400,000	3.00%	56,700	456,700	2.94
2016	1,398,580	420,000	3.50%	43,350	463,350	3.02
2017	787,418	450,000	4.00%	27,000	477,000	1.65
2018	-	450,000	4.00%	9,000	459,000	-
2019	-	-	0.00%	-	-	-
2020	-	-	0.00%	-	-	-
2021	-	-	0.00%	-	-	-
2022	-	-	0.00%	-	-	-
2023	-	-	0.00%	-	-	-
		<u>\$ 2,105,000</u>		<u>\$ 203,563</u>	<u>\$ 2,308,563</u>	

Source: City of Kalamazoo

Note: Note: Tax Increment Revenues for the year December 31, 2017 represent tax year 2016 not available at December 31, 2016. There are no tax increment revenues available for tax year 2017 through 2021 due to a loss in district value. The Downtown Development Refunding Bonds were paid in full in the year 2018 with support from the City of Kalamazoo.



**TABLE 14**

**CITY OF KALAMAZOO  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>(A) Population</u>	<u>(A) Per Capita Income</u>	<u>Personal Income</u>	<u>(A) Median Age</u>	<u>(B) School Enrollment</u>	<u>(C) Unemployment Rate</u>
2014	75,548	\$ 18,468	\$ 1,395,220,464	26.2	12,216	7.4%
2015	75,922	19,064	1,447,377,008	26.2	12,538	5.2%
2016	76,041	19,242	1,463,180,922	25.7	12,764	4.9%
2017	75,807	19,968	1,513,714,176	25.8	12,759	5.1%
2018	76,545	22,146	1,695,165,570	39.8	12,673	4.1%
2019	76,200	22,879	1,743,379,800	26.0	12,880	3.4%
2020	74,262	23,619	1,753,994,178	26.5	12,583	7.5%
2021	73,598	23,999	1,766,278,402	26.4	12,376	6.2%
2022	72,873	25,305	1,844,051,265	26.4	12,300	4.9%
2023	73,126	27,191	1,988,369,066	25.9	12,324	4.0%

Data Sources:

(A) United States Census Bureau. Based on United States Census estimates.

(B) State of Michigan Fall Student Count as reported at Michigan.gov.

(C) Michigan Department of Labor and Economic Growth - Office of Labor Market Information  
See the Schedule of Employment Statistics at Table 27 for employment data.

Note: Population and median age are based on the most current available census data. Personal income information is an estimate based on the per capita income of the Kalamazoo County. Unemployment rate information is an unadjusted annual rate for the City of Kalamazoo as included in Table 27. School enrollment is based on student counts in fall 2021.

**TABLE 15**

**CITY OF KALAMAZOO  
PRINCIPAL EMPLOYERS IN KALAMAZOO COUNTY  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)**

Company	Principal Product or Service	2023			2013		
		Approx. Number of Employees (A)	Rank	Percentage of Employment (B)	Approx. Number of Employees (A)	Rank	Percentage of Employment (B)
Bronson Healthcare Group	Health Care	5,900	1	4.4%	3,400	2	2.7%
Western Michigan University	Education	4,237	2	3.1%	2,657	4	2.1%
Stryker Corporation	Medical Equipment	3,300	3	2.4%	1,750	6	1.4%
Pfizer Corporation	Pharmaceuticals	2,200	4	1.6%	2,685	3	2.2%
Kalamazoo Public Schools	Education	1,800	5	1.3%	4,300	1	3.4%
Borgess Medical Center	Pharmaceuticals	1,400	6	1.0%	2,200	5	1.8%
Meijer, Inc.	Retail Goods	1,200	7	0.9%	1,500	7	1.2%
Kalamazoo Valley CC	Education	1,100	8	0.8%	-	N/A	0.0%
Portage Public Schools	Education	1,000	9	0.7%	1,261	9	1.0%
Parker Hannefin Corp	Aerospace and Aircraft Comp	1,000	10	0.7%	-	N/A	0.0%
<b>Total</b>		<b>23,137</b>		<b>16.9%</b>	<b>19,753</b>		<b>15.8%</b>

Sources:

City of Kalamazoo

Note: Only data for the top ten employers for the respective year are shown above.

(A) The approximate number of employees represents only full time employees.

(B) Percentage of employment from major employers is based on the total labor force for Kalamazoo-Portage Metropolitan Statistical Area (MSA) as employees above are not limited to residents of the City of Kalamazoo.

**TABLE 16**

**CITY OF KALAMAZOO  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN YEARS  
(UNAUDITED)**

Function/Program	Full-time Equivalent Employees (A)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	60	59	61	74	81	92	90	88	94	94
Public safety	257	259	259	270	281	276	293	294	295	295
Economic development	4	4	6	6	7	4	3	2	4	4
Community development and planning	30	30	30	33	34	35	38	37	40	43
Parks and recreation	14	14	13	14	14	15	17	17	18	19
Public works	37	37	39	41	36	32	28	23	30	32
Streets	23	25	25	30	31	30	34	36	33	35
Wastewater	67	68	67	75	73	88	91	85	81	82
Water	51	47	46	57	71	70	68	73	79	93
<b>Total</b>	<b>543</b>	<b>543</b>	<b>546</b>	<b>600</b>	<b>628</b>	<b>642</b>	<b>662</b>	<b>655</b>	<b>674</b>	<b>697</b>

Source: City of Kalamazoo, Management Services Department, Accounting Division

(A) Data represents the number of full-time equivalent positions allocated in the respective year's annual budget.

**TABLE 17**

**CITY OF KALAMAZOO  
OPERATING INDICATORS BY FUNCTION  
LAST TEN YEARS  
(UNAUDITED)**

	2014	2015 (B)	2016 (A)	2017	2018	2019	2020	2021	2022	2023
<b>General Government</b>										
<b>Assessors</b>										
Number of real property parcels	23,788	23,275	23,300	23,840	23,644	23,677	23,658	23,671	23,733	23,557
Cost to assess real property - per parcel	\$18.38	\$17.27	\$17.46	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Revenue gained per real property parcel for new development	\$0.00	\$0.00	(\$0.19)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of personal property accounts	3,243	3,064	3,200	3,073	2,825	2,797	2,777	2,837	2,898	2,572
Cost to assess personal property - per parcel	\$23.79	\$23.15	\$22.43	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New personal property accounts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cost savings due to office realignment - per period	0	\$0.78	\$0.72	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Treasury</b>										
Percent of City operation tax collected at year end	95%	95%	95%	97%	97%	97%	97%	96%	95%	100%
Average rate of return on investments	T-Bill +20 basis points	T-Bill +20 basis points	T-Bill + 15 basis pts	T-Bill + 15 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 2 basis pts	T-Bill + 5 basis pts
<b>Public Safety</b>										
<b>Fire safety</b>										
Number of residential fires/Number of fatal fires	N/A	N/A	N/A	69 / 2	60 / 0	75 / 3	84/2	71/2	91/0	75/1
Number of fire inspections completed	N/A	N/A	N/A	2231	2455	421	9 (C)	260	1,841	2,489
<b>Kalamazoo Valley Enforcement Team (KVET)</b>										
Number of investigations	871	1,000	1,100	404	332	345	228	231	275	346
Number of arrests (includes warrants)	871	800	900	354	200	159	338	349	367	197
<b>Operations</b>										
Number of calls for service	101,000	102,000	102,000	107,797	107,508	114,444	124,766	129,319	127,772	127,417
Number of persons arrested	8,836	8,500	8,200	5,346	5,918	5,422	3,412	3,008	3,521	3,792
Traffic citations issued	17,537	15,000	12,000	6,491	6,414	6,635	5,585	4,974	4,804	3,848
Traffic accidents / OUIL Arrests	2,700	3,000	3,000	3,283/280	3,136/273	3,354/243	2,732 / 220	3,160/171	3,252/157	2863/160
<b>Economic development</b>										
Number of tax abated acres redeveloped	2.62	2.23	7.133	0.21	0.564	11.3	11.49	3.95	16.47	1.796
Private investment leveraged / jobs created	\$12,900,000/47	\$10,100,000/128	\$23,000,000/182	\$8,900,000/45	\$5,375,000/55	\$53,400,000/299	\$39,900,000/47	\$117,000,000/97	\$18,500,000/88	\$47,859,166/59
New taxable value added to the City	\$727,000	\$4,400,000	\$4,400,000	\$1,330,918	\$1,524,906	\$9,718,209	\$5,842,900	\$8,340,000	\$1,638,305	\$2,342,300
<b>Community development and planning</b>										
Number of housing inspections	10,310	12,900	13,000	1,681	1,495	2,046	1,245	1,678	1,281	6,120
Number of rental units inspected/reinspected	N/A	N/A	N/A	7461	6310	6940	2,865	2,931	4,783	4,509
Number of rental units certified	N/A	N/A	N/A	6318	6160	7052	2,519	4,517	7,447	5,904
Zoning enforcement actions	N/A	N/A	N/A	171	159	100	50	140	117	126
Number of persons impacted by housing-related grant award activities	N/A	N/A	N/A	1027	506	2117	1,491	3,164	2,851	4,270
<b>Parks and recreation</b>										
Number of park reservations and public events	180	180	185	1,750	222	222	794	2,321	2,589	1,686
Number of family programs	N/A	N/A	N/A	30	53	53	25	30	30	29
Number of people served through family programs	N/A	N/A	N/A	N/A	N/A	N/A	3,592	9,950	12,550	13,512
Number of youth development programs	N/A	N/A	N/A	41	45	45	16	25	30	43
Number of people served through youth development programs	N/A	N/A	N/A	N/A	547	547	765	1,299	1,804	3,440
Number of youth served through grant programs	-	-	N/A	N/A	N/A	N/A	25	26	53	32

**TABLE 17**

**CITY OF KALAMAZOO  
OPERATING INDICATORS BY FUNCTION (CONCLUDED)  
LAST TEN YEARS  
(UNAUDITED)**

	2014	2015	2015 (B)	2016 (A)	2017	2018	2020	2021	2022	2023
General Government (concluded)										
Public works										
Volume of leaves collected (cubic yards)	90,000	90,000	90,000	90,000	N/A	N/A	N/A	11,375	17,618	18,709
Volume of material recycled (tons)	2,550	2,550	2,550	588	2,140	2,220	2,262	2,216	2,074	2,032
Number of housing units participating in recycling activities	21,700	8,200	8,200	9,500	10,812	11,261	11,290	12,008	12,569	12,827
Volume of solid waste collected (tons)	10,000	17,451	15,625	3,572	1,652	1,035	9,316	1,825	889	879
Water										
Cubic meters of water billed (millions)	22.9	21.4	20.2	22.24	21.14	21.6	21.9	22.2	24	22.9
Average operating cost to produce one cubic meter of water	\$0.510	\$0.500	\$0.800	\$0.496	\$0.718	\$0.758	\$0.971	\$1.102	\$0.562	\$0.774
Number of utility bills mailed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater										
Cubic meters of wastewater treated (millions)	35.2	35.6	36.0	36.054	28.7	30.3	37.8	27.1	28.4	28.7
Average operating cost to treat one cubic meter of wastewater	\$0.610	\$0.500	\$0.660	\$0.572	\$0.755	\$0.703	\$1.123	\$1.156	\$0.604	\$1.065
Number of sanitary main line stoppages	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source:

(A) 2016 has been adopted in conjunction with the 2016 budget. The City is undergoing review of the of performance measures with the implementation of priority based budgeting.

(B) 2015 data is projected in conjunction with the City of Kalamazoo 2016 proposed budget procedures.

(C) Fire inspections were reduced due to the COVID-19 pandemic.

\* Solid waste collected was changed from cubic yards to tons from 2013-2022.

**TABLE 18**

**CITY OF KALAMAZOO  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN YEARS  
(UNAUDITED)**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	4	4	2	2	1
Parking lots	7	12	12	12	12	12	12	11	7	7
Parking ramps	3	3	3	3	3	3	3	3	3	3
Public safety										
Public safety headquarters building	1	1	1	1	1	1	1	1	1	1
Public safety stations	6	6	6	5	5	5	5	5	5	5
Training facility	1	1	1	1	1	1	1	1	1	1
Vehicles	162	161	163	163	163	163	163	170	170	196
Community development and planning										
Vehicles	13	13	13	13	13	13	13	1	1	0
Parks and recreation										
Administration building	1	1	1	1	1	1	1	1	1	1
Youth development center	1	1	1	1	1	1	1	2	2	2
Acreage of parks										
Mini-parks	5.7	5.7	5.7	5.7	5.7	5.7	5.71	5.71	5.71	5.71
Neighborhood parks and playgrounds	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5
Major community parks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Open green space and preserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community parks	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2
Large urban parks	181.0	181.0	181.0	181.0	181.0	181.0	181	181	181	181
Small urban parks	6.1	6.1	6.1	6.1	6.1	6.1	6.14	6.14	6.14	6.14
Sports complex	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1
Natural resources areas	92.6	92.6	92.6	92.6	92.6	92.6	92.61	92.61	92.61	92.61
Green spaces	25.9	25.9	25.9	25.9	25.9	25.9	25.88	25.88	25.88	25.88
Islands and right of ways	182.2	182.2	182.2	182.2	182.2	182.2	182.23	182.23	182.23	182.23
Number of parks (C)										
Mini-parks	8	8	8	8	8	8	8	8	8	8
Neighborhood parks and playgrounds	14	14	14	14	14	14	14	14	14	14
Major community parks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Open green space and preserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community parks	6.0	6.0	6.0	6.0	6	6	6	6	6	6
Large urban parks	1.0	1.0	1.0	1.0	1	1	1	1	1	1
Small urban parks	4.0	4.0	4.0	4.0	4	4	4	4	4	4
Sports complex	1.0	1.0	1.0	1.0	1	1	1	1	1	1
Natural resources areas	2.0	2.0	2.0	2.0	2	2	2	2	2	2
Green spaces	10.0	10.0	10.0	10.0	10	10	10	10	10	10
Islands and right of ways	40.0	40.0	40.0	40.0	40	40	40	40	40	40
Festival site	1	1	1	1	1	1	1	1	1	1
Farmers market	1	1	1	1	1	1	1	1	1	1
Cemeteries	2	2	2	2	2	2	2	2	2	2
Swimming pool	1	1	1	1	1	1	1	1	1	1
Beach	1	1	1	1	1	1	1	1	1	1
Golf courses	3	3	3	3	3	3	3	2	2	2
Vehicles	3	3	3	3	3	3	3	12	12	16

**TABLE 18**

**CITY OF KALAMAZOO  
CAPITAL ASSET STATISTICS BY FUNCTION (CONCLUDED)  
LAST TEN YEARS  
(UNAUDITED)**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Public works										
Gravel pit	1	1	1	1	1	1	1	1	1	1
Salt storage building	1	1	1	1	1	1	1	1	1	1
Streets										
Local streets (miles)	166.38	166.30	166.24	166.25	166.07	166.07	166.07	167.07	167.07	167.07
Major streets (miles)	83.62	83.62	83.62	83.62	83.62	97.27	97.27	97.27	97.27	97.27
Traffic signals	85	85	84	84	84	134	134	134	134	134
Wastewater										
Sanitary sewers (miles)	294	294	295	295	295	295	295	295	295	295
Storm sewers mains (miles)	188.7	188.9	188.9	188.9	188.9	188.9	188.9	189.0	189.1	233.4
Number of lift stations maintained	60	60	62	62	62	62	62	62	64	64
Maximum daily treatment capacity (millions of gallons)	53.5	53.3	53.3	53.3	53.3	53.3	53.3	53.3	53.5	53.5
Water										
Water facility	1	1	1	1	1	1	1	1	1	1
Storage stations	8	8	8	8	8	9	10	9	10	10
Pumping stations	16	17	16	16	16	16	13	13	13	13
Booster/bleeder stations	17	15	19	22	22	25	25	21	21	23
Water mains (miles)	756	758	761	768	771	776	780	767	839	848
Wells in Service	99	98	98	98	98	98	94	92	90	90
Maximum daily well capacity (millions of gallons)	60.00	66.75	71.86	77.00	77.00	77.00	72.00	74.88	72.58	72.58
Storage capacity (millions of gallons)	15.10	15.30	15.10	15.10	15.10	15.30	15.30	17.45	18.95	18.95
Internal service										
Public works equipment (A)										
Utility and other vehicles	99	99	103	103	103	99	99	86	75	95
Public utilities equipment (B)										
Utility and other vehicles	79	86	84	84	84	92	92	91	90	115

Sources: Various city departments.

(A) The Public Works Equipment fund holds assets allocated primarily to general government, community development and planning, parks and recreation, and public works based on actual use.

(B) The Public Utilities Equipment fund holds assets allocated primarily to water and wastewater based on actual use.

**TABLE 19**

**CITY OF KALAMAZOO  
 SCHEDULE OF REVENUES AND EXPENDITURES FOR ACTIVITIES  
 RELATED TO THE STATE CONSTRUCTION CODE ACT  
 MICHIGAN PUBLIC ACT 245  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (UNAUDITED)**

REVENUES	
Building Permits	\$ 489,265
Electrical Permits	285,447
Mechanical Permits	289,759
Plumbing Permits	130,825
Other Permits and License Fees	<u>41,214</u>
TOTAL REVENUES	1,236,510
EXPENDITURES	
Wages, Salaries, and Benefits	769,226
Supplies	4,336
Services	56,915
Administrative Overhead*	<u>312,642</u>
TOTAL EXPENDITURES	<u>1,143,119</u>
EXCESS/(DEFICIT) REVENUES OVER EXPENDITURES	<u><u>\$ 93,391</u></u>

\* Administrative overhead is computed for all City departments using a full cost-allocation plan. However, it is not charged to General Fund departments. Public Act 245 of 1999, which requires the inclusion of this schedule, also includes overhead as part of the expenditures to be reported.



**TABLE 20**

**CITY OF KALAMAZOO  
EMPLOYEES' RETIREMENT SYSTEM  
REVENUE BY SOURCE AND EXPENSES BY TYPE  
LAST TEN YEARS  
(UNAUDITED)**

<b>Revenue by Source</b>					
<u>Year Ended December 31</u>	<u>Employee Contributions</u>	<u>Employer Contributions (B)</u>	<u>Employer Contributions as a % of Covered Payroll</u>	<u>Investment Income (Loss)</u>	<u>Total</u>
2014	\$ 1,067,029	\$ 760,912	2.05%	\$ 41,283,239	\$ 43,111,180
2015	1,084,798	1,602,053	2.05%	(9,974,518)	(7,287,667)
2016	1,085,940	-	0.00%	72,939,990	74,025,930
2017	1,086,258	-	-	94,301,279	95,387,537
2018	1,209,623	-	-	(47,440,721)	(46,231,098)
2019	1,238,420	-	-	112,193,171	113,431,591
2020	1,285,845	-	-	57,798,914	59,084,759
2021	1,345,658	-	-	133,637,208	134,982,866
2022	1,443,447	-	-	(99,471,376)	(98,027,929)
2023	1,475,439	-	-	102,031,275	103,506,714

<b>Expenses by Type</b>				
<u>Year Ended December 31</u>	<u>Benefits</u>	<u>Administrative Expenses (A)</u>	<u>Refunds</u>	<u>Total</u>
2014	\$ 27,775,093	\$ 450,226	\$ 27,035	\$ 28,252,354
2015	28,156,585	300,655	200,115	28,657,355
2016	28,474,218	153,024	22,652	28,649,894
2017	28,407,023	147,099	84,357	28,638,479
2018	29,858,901	147,100	72,516	30,078,517
2019	30,254,967	228,905	179,863	30,663,735
2020	31,375,608	224,903	46,733	31,647,244
2021	33,339,138	236,148	59,568	33,634,854
2022	33,719,767	302,840	143,805	34,166,412
2023	34,857,037	371,467	132,567	35,361,071

(A) Investment advisor fees are reported as a reduction of investment income, rather than as administrative expense.

(B) The City's pension costs were \$0 for 2012 and 2013. Contributions were made as payback for the early retirement incentive program.

**TABLE 21**

**CITY OF KALAMAZOO  
TAXABLE VALUE  
LAST TEN YEARS  
(UNAUDITED)**

<b>TOTAL TAXABLE VALUE</b>						
<u>Taxable Value as of December 31</u>	<u>Year of State Equalization and Tax Levy</u>	<u>Year Ended December 31</u>	<u>Ad Valorem Taxable Value (1)</u>	<u>Abated Taxable Value (2)</u>	<u>Total Taxable Value</u>	<u>Percent Increase over Prior Year</u>
2013	2014	2014	\$ 1,482,368,086	\$ 29,600,663	\$ 1,511,968,749	0.10%
2014	2015	2015	1,506,388,780	30,107,186	1,536,495,966	1.62%
2015	2016	2016	1,462,323,703	19,985,624	1,482,309,327	-3.53%
2016	2017	2017	1,493,291,518	19,211,958	1,512,503,476	2.04%
2017	2018	2018	1,526,454,237	15,000,119	1,541,454,356	1.91%
2018	2019	2019	1,593,012,675	11,435,906	1,604,448,581	4.09%
2019	2020	2020	1,665,092,583	10,866,235	1,675,958,818	4.64%
2020	2021	2021	1,724,739,669	8,752,032	1,733,491,701	3.59%
2021	2022	2022	1,829,118,903	8,674,892	1,837,793,795	6.22%
2022	2023	2023	1,940,315,452	6,880,938	1,947,196,390	5.95%

Per Capita Total Taxable Value for the Fiscal Year Ending December 31, 2023 (3) ..... \$ 26,627.96

Note: The taxable values represent starting taxable property values rendered by the March Board of Review. The taxable values above do not reflect final adjustments of the Tax Tribunal judgments, Board of Review decisions, or other adjustments.

(1) Does not include the value of property located within the City's Renaissance Zone which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376"). Act 376 was designed to stimulate private investment within the Zone through the abatement of certain property, income, and business taxes. For the fiscal year ending December 31, 2023, the Taxable Value of the property located in the Zone totaled \$0.

(2) Abated taxable value is the equivalent taxable value of property granted tax abatement under Act 198.

(3) Based on the City's 2023 census of 73,126.

**TABLE 21**

**CITY OF KALAMAZOO  
TAXABLE VALUE (CONCLUDED)  
LAST TEN YEARS  
(UNAUDITED)**

**TOTAL TAXABLE VALUE BY USE AND CLASS**

Use	Years Ended December 31									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial	\$ 487,837,784	\$ 495,694,299	\$ 497,082,445	\$ 507,506,210	\$ 533,395,918	\$ 563,065,239	\$ 596,480,576	\$ 622,118,583	\$ 654,679,342	\$ 679,068,557
Industrial	251,912,978	252,055,024	170,554,616	166,053,319	138,437,989	128,457,376	123,220,852	119,156,416	119,664,581	121,722,680
Residential	763,340,056	776,157,346	787,374,141	806,386,916	831,394,149	862,339,314	897,626,408	927,899,246	984,194,273	1,060,599,953
Utility	36,559,200	40,787,600	45,404,800	49,645,800	51,298,700	59,728,200	66,715,800	72,081,700	79,255,400	85,805,200
	<u>\$ 1,539,650,018</u>	<u>\$ 1,564,694,269</u>	<u>\$ 1,500,416,002</u>	<u>\$ 1,529,592,245</u>	<u>\$ 1,554,526,756</u>	<u>\$ 1,613,590,129</u>	<u>\$ 1,684,043,636</u>	<u>\$ 1,741,255,945</u>	<u>\$ 1,837,793,596</u>	<u>\$ 1,947,196,390</u>
<b>Class</b>										
Real	\$ 1,297,776,318	\$ 1,321,922,169	\$ 1,330,865,302	\$ 1,357,875,745	\$ 1,390,289,956	\$ 1,443,101,929	\$ 1,511,530,436	\$ 1,573,007,345	\$ 1,663,837,846	\$ 1,776,157,340
Personal	241,873,700	242,772,100	169,550,700	171,716,500	164,236,800	170,488,200	172,513,200	170,248,600	173,955,750	171,039,050
	<u>\$ 1,539,650,018</u>	<u>\$ 1,564,694,269</u>	<u>\$ 1,500,416,002</u>	<u>\$ 1,529,592,245</u>	<u>\$ 1,554,526,756</u>	<u>\$ 1,613,590,129</u>	<u>\$ 1,684,043,636</u>	<u>\$ 1,743,255,945</u>	<u>\$ 1,837,793,596</u>	<u>\$ 1,947,196,390</u>

**PERCENT OF TOTAL TAXABLE VALUE BY USE AND CLASS**

Use	Years Ended December 31									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial	31.68%	31.68%	33.13%	33.18%	34.31%	34.90%	35.42%	35.73%	35.62%	34.87%
Industrial	16.36%	16.11%	11.37%	10.86%	8.91%	7.96%	7.32%	6.84%	6.51%	6.25%
Residential	49.58%	49.60%	52.48%	52.72%	53.48%	53.44%	53.30%	53.29%	53.55%	54.47%
Utility	2.37%	2.61%	3.03%	3.25%	3.30%	3.70%	3.96%	4.14%	4.31%	4.41%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>44.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Class</b>										
Real	84.29%	84.48%	88.70%	88.77%	89.43%	89.43%	89.76%	90.23%	90.53%	91.22%
Personal	15.71%	15.52%	11.30%	11.23%	10.57%	10.57%	10.24%	9.77%	9.47%	8.78%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**TABLE 22**

**CITY OF KALAMAZOO  
STATE EQUALIZED VALUATION  
LAST TEN YEARS  
(UNAUDITED)**

**Total State Equalized Value (SEV)**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Year Ended December 31	Ad Valorem SEV Value (1)	Abated SEV Value (2)	Total SEV Value	Percent Increase
2013	2014	2014	\$ 1,557,339,300	\$ 30,023,505	\$ 1,587,362,805	1.87%
2014	2015	2015	1,603,667,252	30,582,223	1,634,249,475	2.95%
2015	2016	2016	1,573,848,720	20,479,741	1,594,328,461	-2.44%
2016	2017	2017	1,673,583,796	19,949,507	1,693,533,303	6.22%
2017	2018	2018	1,700,749,306	15,553,589	1,716,302,895	1.34%
2018	2019	2019	1,847,688,738	12,385,324	1,860,074,062	8.38%
2019	2020	2020	2,047,236,882	12,076,905	2,059,313,787	10.71%
2020	2021	2021	2,186,104,330	9,584,683	2,195,689,013	6.62%
2021	2022	2022	2,371,934,300	9,789,071	2,381,723,371	8.47%
2022	2023	2023	2,541,917,714	8,110,050	2,550,027,764	16.14%
Per Capita Total SEV for the Fiscal Year Ending December 31, 2023 (3) .....						\$ 34,871.70

(1) Does not include the value of property located within the City's Renaissance Zone which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376") Act 376 was designed to stimulate private investment within the Zone through the abatement of certain property, income, and business taxes. For the fiscal year ending December 31, 2023, the State Equalized Value of the property located in the Zone totaled \$0.

(2) Abated SEV Value is the equivalent state equalized value of property granted tax abatement under Act 198.

(3) Based on the City's 2023 census of 73,126.

**TABLE 22**

**CITY OF KALAMAZOO  
STATE EQUALIZED VALUATION (CONCLUDED)  
LAST TEN YEARS  
(UNAUDITED)**

<b>Total SEV by Use and Class</b>										
Years Ended December 31										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Use</b>										
Commercial	\$ 519,565,900	\$ 530,117,600	\$ 529,093,000	\$ 582,129,960	\$ 607,493,600	\$ 662,546,700	\$ 747,872,400	\$ 807,275,968	\$ 881,614,371	\$ 883,214,375
Industrial	254,342,700	254,647,200	173,331,600	171,329,300	142,322,700	132,570,233	133,000,300	128,190,900	130,334,000	138,494,600
Residential	804,607,000	837,001,552	864,730,520	907,877,736	928,268,606	1,014,914,005	1,120,464,582	1,198,384,562	1,290,519,600	1,442,513,589
Utility	36,559,200	40,787,600	45,404,800	49,645,800	51,298,700	59,728,200	66,715,800	72,081,700	79,255,400	85,805,200
	<u>\$ 1,615,074,800</u>	<u>\$ 1,662,553,952</u>	<u>\$ 1,612,559,920</u>	<u>\$ 1,710,982,796</u>	<u>\$ 1,729,383,606</u>	<u>\$ 1,869,759,138</u>	<u>\$ 2,068,053,082</u>	<u>\$ 2,205,933,130</u>	<u>\$ 2,381,723,371</u>	<u>\$ 2,550,027,764</u>
<b>Class</b>										
Real	\$ 1,373,272,700	\$ 1,419,877,652	\$ 1,443,105,420	\$ 1,539,350,196	\$ 1,565,235,306	\$ 1,699,349,838	\$ 1,895,597,582	\$ 2,035,745,130	\$ 2,207,838,421	\$ 2,379,052,714
Personal	241,802,100	242,676,300	169,454,500	171,632,600	164,148,300	170,409,300	172,455,500	170,188,000	173,884,950	170,975,050
	<u>\$ 1,615,074,800</u>	<u>\$ 1,662,553,952</u>	<u>\$ 1,612,559,920</u>	<u>\$ 1,710,982,796</u>	<u>\$ 1,729,383,606</u>	<u>\$ 1,869,759,138</u>	<u>\$ 2,068,053,082</u>	<u>\$ 2,205,933,130</u>	<u>\$ 2,381,723,371</u>	<u>\$ 2,550,027,764</u>
<b>Percent of Total SEV by Use and Class</b>										
Years Ended December 31										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Use</b>										
Commercial	32.17%	31.89%	32.81%	34.02%	35.13%	35.43%	36.16%	32.95%	37.02%	34.64%
Industrial	15.75%	15.32%	10.75%	10.01%	8.23%	7.09%	6.43%	14.94%	5.47%	5.43%
Residential	49.82%	50.34%	53.62%	53.06%	53.68%	54.28%	54.18%	52.11%	54.18%	56.57%
Utility	2.26%	2.45%	2.82%	2.90%	2.97%	3.19%	3.23%	0.00%	3.33%	3.36%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Class</b>										
Real	85.03%	85.40%	89.49%	89.97%	90.51%	90.89%	91.66%	88.74%	92.70%	93.30%
Personal	14.97%	14.60%	10.51%	10.03%	9.49%	9.11%	8.34%	11.26%	7.30%	6.70%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**TABLE 23**

**CITY OF KALAMAZOO  
MAXIMUM AND ACTUAL TAX RATES  
DECEMBER 31, 2023  
(UNAUDITED)**

Millage Classification	Millage Authorized	Cumulative Millage Reduction Fraction (A)	Maximum Allowable Millage	Actual Millage Levied
Operating	20.0000		18.6986	12.0000
Refuse Collection and Disposal	<u>2.8906</u>		<u>2.8047</u>	<u>1.8000</u>
	<u><u>22.8906</u></u>		<u><u>21.5033</u></u>	<u><u>13.8000</u></u>

Source: City of Kalamazoo, Management Services Department, Treasury Division

(A) The cumulative millage reduction fraction reduces the authorized millage based on the Headlee amendment which limits the rate of growth of property tax revenue to the consumers price index.

**TABLE 24**

**CITY OF KALAMAZOO  
REVENUE SHARING PAYMENTS FROM THE STATE OF MICHIGAN  
LAST TEN YEARS  
(UNAUDITED)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Constitutional	\$ 5,619,666	\$ 5,591,705	\$ 5,650,526	\$ 6,113,479	\$ 6,234,855	\$ 6,496,509	\$ 6,390,741	\$ 6,853,490	\$ 7,893,940	\$ 7,911,638
Statutory	<u>2,855,788</u>	<u>2,913,327</u>	<u>2,913,324</u>	<u>2,933,365</u>	<u>2,973,344</u>	<u>2,956,061</u>	<u>2,534,605</u>	<u>3,102,357</u>	<u>3,102,354</u>	<u>3,288,498</u>
Total revenue sharing	<u>\$ 8,475,454</u>	<u>\$ 8,505,032</u>	<u>\$ 8,563,850</u>	<u>\$ 9,046,844</u>	<u>\$ 9,208,199</u>	<u>\$ 9,452,570</u>	<u>\$ 8,925,346</u>	<u>\$ 9,955,847</u>	<u>\$ 10,996,294</u>	<u>\$ 11,200,136</u>
% of General Fund revenue	16.6%	15.9%	15.5%	15.6%	14.3%	14.6%	13.2%	14.5%	15.5%	14.8%

Source: City of Kalamazoo, Management Services Department, Accounting Division

**TABLE 25**

**CITY OF KALAMAZOO  
RECEIPTS FROM THE MICHIGAN TRANSPORTATION FUND  
LAST TEN YEARS  
(UNAUDITED)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b><u>Cash Basis</u></b>										
Major Streets	\$ 4,142,990	\$ 4,305,689	\$ 4,364,625	\$ 5,681,289	\$ 5,655,318	\$ 7,184,681	\$ 7,029,151	\$ 7,559,569	\$ 7,932,245	\$ 10,283,441
Local Streets	1,170,270	1,216,344	1,233,421	1,605,587	1,735,940	1,873,912	1,976,621	2,130,684	2,225,802	2,520,071
	<u>\$ 5,313,260</u>	<u>\$ 5,522,033</u>	<u>\$ 5,598,046</u>	<u>\$ 7,286,876</u>	<u>\$ 7,391,258</u>	<u>\$ 9,058,593</u>	<u>\$ 9,005,772</u>	<u>\$ 9,690,253</u>	<u>\$ 10,158,047</u>	<u>\$ 12,803,512</u>
<b><u>Accrual Basis</u></b>										
Major Streets	\$ 4,144,079	\$ 4,336,895	\$ 4,458,804	\$ 5,811,846	\$ 6,091,576	\$ 7,092,786	\$ 7,022,117	\$ 7,785,158	\$ 7,996,005	\$ 10,471,809
Local Streets	1,170,571	1,225,244	1,260,035	1,642,573	1,720,581	2,002,761	1,974,531	2,197,015	2,244,681	2,547,211
	<u>\$ 5,314,650</u>	<u>\$ 5,562,139</u>	<u>\$ 5,718,839</u>	<u>\$ 7,454,419</u>	<u>\$ 7,812,157</u>	<u>\$ 9,095,547</u>	<u>\$ 8,996,648</u>	<u>\$ 9,982,173</u>	<u>\$ 10,240,686</u>	<u>\$ 13,019,020</u>

Source: City of Kalamazoo, Management Services Department, Accounting Division



**TABLE 26**

**CITY OF KALAMAZOO  
LABOR CONTRACTS  
DECEMBER 31, 2023  
(UNAUDITED)**

<u>Bargaining Unit</u>	<u>Membership</u>	<u>Contract Expiration Date</u>
American Federation of State, County and Municipal Employees	126	October 2, 2022
Kalamazoo Municipal Employees Association	107	December 31, 2025
Kalamazoo Police Supervisors Association (Captains, Lieutenants and Sergeants)	56	December 31, 2026
Kalamazoo Police Officers Association (Officers and Detectives)	212	December 31, 2026
<u>Non-Union</u>	<u>180</u>	<u>Not Applicable</u>
<b>Total Employees</b>	<b><u>681</u></b>	

Source: City of Kalamazoo, Human Resources

**TABLE 27**

**CITY OF KALAMAZOO  
EMPLOYMENT STATISTICS  
LAST TEN YEARS  
(UNAUDITED)**

	<b>City of Kalamazoo</b>				<b>State of Michigan</b>			
	<u>Employed</u>	<u>Unemployed</u>	<u>Total Labor Force</u>	<u>Unemployed as a % of Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Total Labor Force</u>	<u>Unemployed as a % of Labor Force</u>
2014	35,718	2,853	38,571	7.4%	4,420,000	317,000	4,737,000	6.7%
2015	35,088	1,910	36,998	5.2%	4,493,000	258,000	4,751,000	5.4%
2016	35,616	1,820	37,436	4.9%	4,599,000	238,000	4,837,000	4.9%
2017	35,396	1,917	37,313	5.1%	4,657,000	227,000	4,884,000	4.6%
2018	35,585	1,527	37,112	4.1%	4,695,000	201,000	4,896,000	4.1%
2019	36,147	1,263	37,410	3.4%	4,747,000	175,000	4,922,000	3.6%
2020	33,813	2,761	36,574	7.5%	4,455,000	401,000	4,856,000	8.3%
2021	33,516	2,228	35,744	6.2%	4,496,000	280,000	4,776,000	5.9%
2022	34,628	1,795	36,423	4.9%	4,633,000	203,000	4,836,000	4.2%
2023	35,674	1,482	37,156	4.0%	4,833,000	177,000	5,010,000	3.5%

Source: Michigan Department of Technology, Management & Budget - Michigan Bureau of Labor Market Information and Strategic Initiatives

Note: Unemployment data represents annual averages not adjusted for seasonal changes.

**TABLE 28**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY FRANCHISES  
(UNAUDITED)**

<u>Franchisor</u>	<u>Effective Date</u>	<u>Year of Renewal</u>
Comstock Township	15-Mar-21	2061
Cooper Township	15-Mar-21	2061
Kalamazoo Township	15-Mar-21	2061
Oshtemo Township	15-Mar-21	2061
Pavilion Township	15-Mar-21	2061
City of Portage	1-Oct-12	2042
Richland Township	15-Mar-21	2061
Richland Village	15-Mar-21	2061
Texas Township	15-Mar-21	2061

Source: City of Kalamazoo, Public Services Department, Water Division

**TABLE 29**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
APPROXIMATE NUMBER OF WATER SUPPLY CUSTOMERS  
BY LOCATION AND USER CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

Customer Location and Classification	2019 (2)		2020		2021		2022		2023	
City										
Residential	17,884	40.39%	18,014	40.79%	18,077	40.93%	18,129	40.19%	18,197	40.21%
Commercial / Industrial	4,088	9.23%	4,148	9.39%	4,140	9.37%	4,198	9.31%	4,084	9.03%
Total City	<u>21,972</u>	<u>49.63%</u>	<u>22,162</u>	<u>50.18%</u>	<u>22,217</u>	<u>50.31%</u>	<u>22,327</u>	<u>49.50%</u>	<u>22,281</u>	<u>49.24%</u>
Out City										
Residential	19,071	43.08%	18,685	42.31%	19,066	43.17%	19,394	42.99%	19,627	43.37%
Commercial / Industrial	3,230	7.30%	3,316	7.51%	3,350	7.59%	3,387	7.51%	3,342	7.39%
Total Out City	<u>22,301</u>	<u>50.37%</u>	<u>22,001</u>	<u>49.82%</u>	<u>22,416</u>	<u>50.76%</u>	<u>22,781</u>	<u>50.50%</u>	<u>22,969</u>	<u>50.76%</u>
Total System										
Residential	36,955	83.47%	36,699	83.10%	37,143	84.10%	37,523	83.18%	37,824	83.59%
Commercial / Industrial	7,318	16.53%	7,464	16.90%	7,490	16.96%	7,585	16.82%	7,426	16.41%
Total System	<u><u>44,273</u></u>	<u><u>100.00%</u></u>	<u><u>44,163</u></u>	<u><u>100.00%</u></u>	<u><u>44,633</u></u>	<u><u>101.06%</u></u>	<u><u>45,108</u></u>	<u><u>100.00%</u></u>	<u><u>45,250</u></u>	<u><u>100.00%</u></u>

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Data listed represents the number of meters and/or fire protection lines/hydrants for each year.

Since many commercial and industrial customers have more than one service connection, the number of customers by meter and/or fire protection line/hydrant more accurately reflects System growth and concentration by user classification.

(2) The means of figuring stats was updated starting with FY2021. Prior data was adjusted to be consistent with revised calculation.

**TABLE 30**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
APPROXIMATE NUMBER OF WATER CUSTOMERS BY LOCATION  
AND SIZE OF METER OR FIRE PROTECTION LINE/HYDRANT  
LAST FIVE YEARS  
(UNAUDITED)**

	2019		2020 (1)		2021		2022		2023	
<b>Meter Location and Size</b>										
City										
5/8" - 3/4"	16,801	37.95%	16,872	38.20%	16,910	37.89%	16,939	37.55%	16,917	37.40%
1"	2,628	5.94%	2,705	6.13%	2,748	6.16%	2,778	6.16%	2,806	6.20%
1 1/2"	273	0.62%	282	0.64%	283	0.63%	284	0.63%	284	0.63%
2"	1,089	2.46%	1,086	2.46%	1,081	2.42%	1,086	2.41%	1,070	2.37%
3"	212	0.48%	212	0.48%	212	0.48%	214	0.47%	208	0.46%
4"	105	0.24%	118	0.27%	112	0.25%	118	0.26%	114	0.25%
6"	2	0.00%	13	0.03%	11	0.02%	12	0.03%	12	0.03%
8"	-	0.00%	-	0.00%	-	0.00%	6	0.01%	6	0.01%
<b>Total City</b>	<b>21,110</b>	<b>47.68%</b>	<b>21,288</b>	<b>48.20%</b>	<b>21,357</b>	<b>47.86%</b>	<b>21,437</b>	<b>47.52%</b>	<b>21,417</b>	<b>47.35%</b>
Out City										
5/8" - 3/4"	9,427	21.29%	8,845	20.03%	8,802	19.72%	8,831	19.58%	8,838	19.54%
1"	9,837	22.22%	10,705	24.24%	600	1.35%	11,456	25.39%	11,623	25.69%
1 1/2"	375	0.85%	376	0.85%	10,909	24.45%	387	0.86%	389	0.86%
2"	994	2.25%	1,004	2.27%	965	2.16%	1,016	2.25%	1,021	2.26%
3"	779	1.76%	127	0.29%	183	0.41%	128	0.28%	134	0.30%
4"	56	0.13%	63	0.14%	66	0.15%	66	0.15%	65	0.14%
6"	15	0.03%	13	0.03%	17	0.04%	13	0.03%	13	0.03%
8"	-	0.00%	2	0.00%	2	0.00%	2	0.00%	2	0.00%
<b>Total Out City</b>	<b>21,483</b>	<b>48.52%</b>	<b>21,135</b>	<b>47.86%</b>	<b>21,544</b>	<b>48.28%</b>	<b>21,899</b>	<b>48.54%</b>	<b>22,085</b>	<b>48.82%</b>
<b>Total Meters</b>	<b>42,593</b>	<b>96.20%</b>	<b>42,423</b>	<b>96.06%</b>	<b>42,901</b>	<b>96.13%</b>	<b>43,336</b>	<b>96.06%</b>	<b>43,502</b>	<b>96.17%</b>

**TABLE 30**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
APPROXIMATE NUMBER OF WATER CUSTOMERS BY LOCATION  
AND SIZE OF METER OR FIRE PROTECTION LINE/HYDRANT (CONCLUDED)  
LAST FIVE YEARS  
(UNAUDITED)**

		<u>2019</u>		<u>2020 (1)</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>	
<b>Location and Size of Fire Protection Line/Hydrant</b>											
City											
	4"	238	0.54%	244	0.55%	244	0.55%	247	0.55%	227	0.50%
	6"	183	0.41%	186	0.42%	187	0.42%	192	0.43%	191	0.42%
	8"	87	0.20%	90	0.20%	84	0.19%	93	0.21%	94	0.21%
	10"	2	0.00%	2	0.00%	2	0.00%	11	0.02%	9	0.02%
	Hydrants	<u>354</u>	<u>0.80%</u>	<u>352</u>	<u>0.80%</u>	<u>341</u>	<u>0.76%</u>	<u>356</u>	<u>0.79%</u>	<u>339</u>	<u>0.75%</u>
Total City		<u>864</u>	<u>1.95%</u>	<u>874</u>	<u>1.98%</u>	<u>858</u>	<u>1.92%</u>	<u>899</u>	<u>1.99%</u>	<u>860</u>	<u>1.90%</u>
Out City											
	4"	207	0.47%	209	0.47%	209	0.47%	215	0.48%	216	0.48%
	6"	115	0.26%	118	0.27%	123	0.27%	123	0.27%	123	0.27%
	8"	77	0.17%	83	0.19%	82	0.18%	83	0.18%	79	0.17%
	10"	5	0.01%	5	0.01%	5	0.01%	5	0.01%	5	0.01%
	Hydrants	<u>414</u>	<u>0.94%</u>	<u>451</u>	<u>1.02%</u>	<u>449</u>	<u>1.01%</u>	<u>451</u>	<u>1.00%</u>	<u>451</u>	<u>1.00%</u>
Total Out City		<u>818</u>	<u>1.85%</u>	<u>866</u>	<u>1.96%</u>	<u>867</u>	<u>1.94%</u>	<u>877</u>	<u>1.94%</u>	<u>874</u>	<u>1.93%</u>
Total Fire Protection		<u>1,682</u>	<u>3.80%</u>	<u>1,740</u>	<u>3.94%</u>	<u>1,725</u>	<u>3.87%</u>	<u>1,776</u>	<u>3.94%</u>	<u>1,734</u>	<u>3.83%</u>
Total Service Connections		<u>44,275</u>	<u>100.00%</u>	<u>44,163</u>	<u>100.00%</u>	<u>44,626</u>	<u>100.00%</u>	<u>45,112</u>	<u>100.00%</u>	<u>45,236</u>	<u>100.00%</u>

Source: City of Kalamazoo, Public Services Department, Water Division

**TABLE 31**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY READY-TO-SERVE CHARGES BY METER LOCATION AND SIZE  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Meter Location and Size</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City (Quarterly Billed Accounts)					
5/8" Meter	\$ 27.03	\$ 30.70	\$ 35.45	\$ 44.47	\$ 53.36
1" Meter	36.03	41.19	47.48	59.71	71.65
1-1/2" Meter	45.06	51.70	59.52	74.95	89.94
2" Meter	69.82	80.54	92.60	116.86	140.23
City (Monthly Billed Accounts)					
5/8" Meter	11.90	13.18	15.38	19.06	22.87
1" Meter	15.00	16.69	19.40	24.14	28.97
1-1/2" Meter	18.00	20.19	23.41	29.22	35.06
2" Meter	26.27	29.82	34.45	43.19	51.83
3" Meter	87.09	100.65	115.66	146.08	175.30
4" Meter	109.63	126.89	145.74	184.18	221.02
6" Meter	162.19	188.10	215.92	273.10	327.72
8" Meter	222.24	258.03	296.12	374.71	449.65
City (Monthly Fire Protection Charge)					
4" Detector Check	29.73	34.16	39.85	45.20	54.24
6" Detector Check	36.67	41.64	47.90	59.76	71.71
8" Detector Check	50.56	56.83	64.44	87.77	105.32
10" Detector Check	106.48	120.88	136.79	186.79	224.15
Fire Hydrant		3.33	3.33	3.33	3.33

**TABLE 31**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY READY-TO-SERVE CHARGES BY METER LOCATION AND SIZE (CONCLUDED)  
LAST FIVE YEARS  
(UNAUDITED)**

Meter Location and Size	2019	2020	2021	2022	2023
<b>Out City (Quarterly Billed Accounts)</b>					
5/8" Meter	\$ 30.82	\$ 33.51	\$ 37.04	\$ 44.47	\$ 53.36
1" Meter	41.55	45.30	49.79	59.71	71.65
1-1/2" Meter	52.29	57.09	62.55	74.95	89.94
2" Meter	81.82	89.52	97.62	116.86	140.23
<b>Out City (Monthly Billed Accounts)</b>					
5/8" Meter	12.93	13.86	15.77	19.06	22.87
1" Meter	16.51	17.79	20.02	24.14	28.97
1-1/2" Meter	20.09	21.72	24.28	29.22	35.06
2" Meter	29.93	32.53	35.98	43.19	51.83
3" Meter	102.40	112.13	122.07	146.08	175.30
4" Meter	129.23	141.60	153.96	184.18	221.02
6" Meter	191.85	210.38	228.35	273.10	327.72
8" Meter	263.42	288.99	313.38	374.71	449.65
<b>Out City (Monthly Fire Protection Charge)</b>					
4" Detector Check	37.50	39.88	43.06	45.20	54.24
6" Detector Check	45.52	48.10	51.48	59.76	71.71
8" Detector Check	61.43	64.71	68.77	87.77	105.32
10" Detector Check	123.73	133.52	143.81	186.79	224.15
Fire Hydrant	3.33	3.33	3.33	3.33	3.33

Source: City of Kalamazoo, Public Services Department, Water Division



**TABLE 32**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY COMMODITY CHARGES BY METER  
LOCATION AND CLASSIFICATION (1)  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Meter Location and Classification</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City					
Residential	\$0.465	\$0.496	\$0.617	\$0.734	\$0.734
Multifamily	0.465	0.405	0.482	0.540	0.540
Commercial/Industrial	0.465	0.454	0.541	0.612	0.612
Fire Protection - First 15 M3	0.370	0.449	0.539	0.612	0.612
Fire Protection - Over 15 M3	1.110	1.346	1.615	1.834	1.834
Seasonal Uses	0.611	0.741	0.877	1.193	1.193
Out City					
Residential	\$0.870	\$0.660	\$0.711	\$0.734	\$0.734
Multifamily	0.870	0.465	0.516	0.540	0.540
Commercial/Industrial	0.870	0.522	0.580	0.612	0.612
Fire Protection - First 15 M3	0.459	0.518	0.578	0.612	0.612
Fire Protection - Over 15 M3	1.377	1.555	1.737	1.834	1.834
Seasonal Uses	0.941	0.988	1.012	1.193	1.193

Source: City of Kalamazoo, Public Services Department, Water Division

(1) per cubic meter

**TABLE 33**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
HISTORY OF SYSTEM RATE INCREASES  
(UNAUDITED)**

<u>Date Increase Effective</u>	<u>Percent Increase (1)</u>
January 1, 1984	5.00%
February 8, 1985	7.60%
March 2, 1987	5.00%
January 1, 1991	8.00%
January 1, 1993	8.00%
January 1, 1995	5.00%
March 3, 1997	5.00%
February 1, 1998	4.90%
March 15, 1999	2.00%
July 1, 2001	2.00%
February 1, 2002	2.00%
April 30, 2004	3.00%
March 4, 2005	3.00%
March 16, 2006	4.50%
July 1, 2007	3.50%
March 1, 2008	4.00%
March 1, 2009	5.00%
February 1, 2010	5.00%
March 1, 2011	3.50%
March 1, 2012	5.00%
June 1, 2014	3.00%
July 1, 2017	8.00%
January 29, 2018	4.00%
February 4, 2019	4.00%
March 2, 2020	14.00%
March 2, 2021	14.00%
February 21, 2022	15.00%
January 1, 2023	20.00%

**TABLE 34**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY VOLUME AS PUMPED AND BILLED (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Pumped	27,797,406	26,723,103	26,723,103	26,714,852	28,049,174
Billed	<u>21,612,091</u>	<u>21,851,721</u>	<u>22,245,676</u>	<u>24,045,745</u>	<u>22,971,137</u>
Unaccounted (2) (3)	<u><u>6,185,315</u></u>	<u><u>4,871,382</u></u>	<u><u>4,477,427</u></u>	<u><u>2,669,107</u></u>	<u><u>5,078,037</u></u>
Unaccounted as a Percent of Pumped (3)	<u><u>22.25%</u></u>	<u><u>18.23%</u></u>	<u><u>16.75%</u></u>	<u><u>9.99%</u></u>	<u><u>18.10%</u></u>

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Measured in Cubic Meters

(2) Unaccounted water volume is due primarily to the flushing of lines, pressure releases during routine maintenance and, to a diminishing degree, line loss and inaccurate meters.

(3) Back flushing for City of Parchment PFAS emergency was not billed until March 2019. The volume was not available at the time of this report. This is part of the Unaccounted Volume.

**TABLE 35**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER VOLUME AS BILLED BY METER  
LOCATION AND CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Meter Location and Classification</u>	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>	
City										
Residential	3,972,491	18.38%	4,076,141	18.65%	4,001,334	17.99%	3,850,610	16.01%	4,063,952	17.69%
Multifamily	1,623,242	7.51%	1,706,516	7.81%	1,766,798	7.94%	1,763,070	7.33%	1,531,553	6.67%
Commercial/Industrial	5,115,857	23.67%	4,761,521	21.79%	4,966,027	22.32%	5,765,746	23.98%	6,969,387	30.34%
Fire Protection	5,277	0.02%	48,731	0.22%	73,823	0.33%	-88,413	-0.37%	16,693	0.07%
Seasonal Uses (1)	437,715	2.03%	455,152	2.08%	536,704	2.41%	1,209,607	5.04%	566,272	2.48%
<b>Total City</b>	<b>11,154,582</b>	<b>51.61%</b>	<b>11,048,061</b>	<b>50.55%</b>	<b>11,344,686</b>	<b>51.00%</b>	<b>12,500,620</b>	<b>51.99%</b>	<b>13,147,857</b>	<b>57.25%</b>
Out City										
Residential	5,604,885	25.93%	5,915,697	27.07%	5,922,394	26.62%	6,572,037	27.33%	5,006,896	21.80%
Multifamily	1,692,317	7.83%	1,701,525	7.79%	1,777,071	7.99%	1,739,191	7.23%	1,496,219	6.51%
Commercial/Industrial	2,791,302	12.92%	2,724,781	12.47%	2,747,044	12.35%	2,767,563	11.51%	2,787,586	12.14%
Fire Protection	5,206	0.02%	41,851	0.19%	-23,782	-0.11%	2,595	0.01%	-1,107	0.00%
Seasonal Uses (1)	363,799	1.68%	419,806	1.92%	478,263	2.15%	463,739	1.93%	533,686	2.32%
<b>Total Out City</b>	<b>10,457,510</b>	<b>48.39%</b>	<b>10,803,660</b>	<b>49.44%</b>	<b>10,900,990</b>	<b>49.00%</b>	<b>11,545,125</b>	<b>48.01%</b>	<b>9,823,280</b>	<b>42.77%</b>
Total System										
Residential	9,577,376	44.31%	9,991,838	45.73%	9,923,728	44.61%	10,422,647	43.35%	9,070,848	39.49%
Multifamily	3,315,559	15.34%	3,408,041	15.60%	3,543,869	15.93%	3,502,261	14.56%	3,027,772	13.18%
Commercial/Industrial	7,907,158	36.59%	7,486,302	34.26%	7,713,071	34.67%	8,533,309	35.49%	9,756,973	42.47%
Fire Protection	10,483	0.05%	90,582	0.41%	50,041	0.22%	-85,818	-0.36%	15,586	0.07%
Seasonal Uses (2)	801,515	3.71%	874,958	4.00%	1,014,967	4.56%	1,673,346	6.96%	1,099,958	4.79%
<b>Total System</b>	<b>21,612,091</b>	<b>100.00%</b>	<b>21,851,721</b>	<b>100.00%</b>	<b>22,245,676</b>	<b>100.00%</b>	<b>24,045,745</b>	<b>100.00%</b>	<b>22,971,137</b>	<b>100.00%</b>

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Water volume is measured in cubic meters.

(2) Represents flow relating to sprinkler systems which are metered separately.

**TABLE 36**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
AVERAGE AND PEAK DAILY WATER SUPPLY VOLUME (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Average Daily Water Supply	19.740	19.340	19.040	20.080	20.3
Peak Daily Water Supply	28.290	36.240	34.070	33.560	35.27
Peak as a Percent of Average	143.31%	187.38%	178.94%	167.13%	173.74%

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Measured in millions of gallons per day. Water Treatment capacity is 66.79.

**TABLE 37**

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY REVENUE AS BILLED BY METER  
LOCATION AND CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Meter Location and Classification</u>	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>	
City										
Residential	\$ 3,274,009	20.17%	\$ 4,168,819	21.61%	\$ 4,938,420	22.25%	\$ 5,967,556	22.10%	\$ 7,580,344	23.52%
Multifamily	808,837	4.98%	972,447	5.04%	1,177,460	5.31%	1,370,846	5.07%	1,495,180	4.64%
Commercial/Industrial	2,533,640	15.61%	2,820,185	14.62%	3,480,593	15.68%	4,599,591	17.03%	6,447,942	20.00%
Fire Protection	217,255	1.34%	315,932	1.64%	405,789	1.83%	211,332	0.78%	469,771	1.46%
Seasonal Uses	303,193	1.87%	379,820	1.97%	520,468	2.35%	1,475,380	5.46%	909,966	2.82%
<b>Total City</b>	<b>7,136,935</b>	<b>43.97%</b>	<b>8,657,203</b>	<b>44.88%</b>	<b>10,522,730</b>	<b>47.42%</b>	<b>13,624,705</b>	<b>50.44%</b>	<b>16,903,203</b>	<b>52.44%</b>
Out City										
Residential	5,739,965	35.36%	6,793,436	35.22%	7,455,208	33.60%	8,688,839	32.16%	9,679,273	30.03%
Multifamily	1,002,793	6.18%	1,102,803	5.72%	1,256,650	5.66%	1,359,845	5.03%	1,456,472	4.52%
Commercial/Industrial	1,770,489	10.91%	1,980,244	10.27%	2,227,636	10.04%	2,460,966	9.11%	3,019,617	9.37%
Fire Protection	221,747	1.37%	316,286	1.64%	221,017	1.00%	299,130	1.11%	366,019	1.14%
Seasonal Uses	360,705	2.22%	437,116	2.27%	507,600	2.29%	579,968	2.15%	807,141	2.50%
<b>Total Out City</b>	<b>9,095,699</b>	<b>56.03%</b>	<b>10,629,885</b>	<b>55.12%</b>	<b>11,668,111</b>	<b>52.58%</b>	<b>13,388,748</b>	<b>49.56%</b>	<b>15,328,522</b>	<b>47.56%</b>
Total System										
Residential	9,013,974	55.53%	10,962,255	56.83%	12,393,628	55.85%	14,656,395	54.25%	17,259,617	53.55%
Multifamily	1,811,629	11.16%	2,075,250	10.76%	2,434,110	10.97%	2,730,691	10.11%	2,951,652	9.16%
Commercial/Industrial	4,304,129	26.52%	4,800,429	24.89%	5,708,229	25.72%	7,060,557	26.14%	9,467,559	29.37%
Fire Protection	439,003	2.70%	632,218	3.28%	626,806	2.82%	510,462	1.89%	835,790	2.59%
Seasonal Uses	663,898	4.09%	816,936	4.24%	1,028,068	4.63%	2,055,348	7.61%	1,717,107	5.33%
<b>Total System</b>	<b>\$ 16,232,634</b>	<b>100.00%</b>	<b>\$ 19,287,088</b>	<b>100.00%</b>	<b>\$ 22,190,841</b>	<b>100.00%</b>	<b>\$ 27,013,453</b>	<b>100.00%</b>	<b>\$ 32,231,725</b>	<b>100.00%</b>

Source: City of Kalamazoo, Public Services Department, Water Division

TABLE 38

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
TEN LARGEST WATER CUSTOMERS BY VOLUME AND REVENUE  
YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)**

<u>Customer</u>	<u>Principal Product or Service</u>	<u>Water Volume (cubic meters)</u>	<u>Percent of Total (1)</u>	<u>Water Revenue</u>	<u>Percent of Total (2)</u>
Cass Information Systems, Inc.	Paper Products	2,182,074	9.5%	\$1,638,199	5.1%
Western Michigan University	University	863,884	3.8%	966,824	3.0%
Graphic Packaging Corporation	Paper Products	951,836	4.1%	722,574	2.2%
Zoetis, Inc	Pharmaceuticals	448,698	2.0%	405,902	1.3%
Bronson Hospital	Hospital	388,268	1.7%	398,801	1.2%
Kalamazoo Brewing Company	Brewery	395,510	1.7%	299,466	0.9%
Borgess Medical Center	Hospital	257,362	1.1%	254,995	0.8%
Bronco Club	Apartments	161,364	0.7%	162,069	0.5%
Kalsec, Inc.	Food Grade Flavoring	180,625	0.8%	151,446	0.5%
Occidental Development	Apartments	101,974	0.4%	108,461	0.3%
		<u>5,931,595</u>	<u>16.3%</u>	<u>\$ 5,108,737</u>	<u>10.7%</u>

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Based on water volume of 22,971,137 cubic meters.

(2) Based on Water System billed revenue of \$32,231,725

TABLE 39

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER SERVICE AGREEMENTS  
(UNAUDITED)**

<u>Municipality</u>	<u>Date of Execution</u>	<u>Year to be Renewed (3)</u>
City of Galesburg (2)	29-Jul-85	2025
City of Parchment (2)	23-Jul-85	2015
City of Portage (2)	27-Jan-86	2016
Village of Augusta (2)	26-Mar-81	2021
Village of Mattawan (2)	18-Nov-96	2026
Village of Vicksburg (2)	16-Apr-85	2015
Charleston Township (1)	3-Jul-98	2016
Comstock Township (1)	16-Sep-80	2010
Cooper Township (1)	10-Oct-83	2013
Kalamazoo Township (1)	6-Oct-80	2010
Oshtemo Township (1)	8-Oct-84	2014
Pavilion Township (1)	16-Mar-81	2011
Schoolcraft Township (1)	25-Oct-82	2012
Texas Township (1)	22-Oct-84	2014
Gull Lake Sewer Authority (2)	15-Sep-80	2010
Barry County		
Prairieville Township		
Richland Township		
Ross Township		
South County Sewer Authority (2)	20-Jul-04	2016

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Served by a retail service agreement.

(2) Served by a wholesale service agreement.

(3) For any contracts which have expired, the City and the affected Township(s) are continuing their relationship under the continuation portion of the agreement(s) while new agreements are being negotiated.



TABLE 40

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
APPROXIMATE NUMBER OF WASTEWATER CUSTOMERS  
BY LOCATION AND USER CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

Customer Location and Classification	2019		2020		2021		2022		2023	
<b><u>Retail Customers</u></b>										
<i>In-City Retail Customers</i>										
Residential	17,012	48.27%	16,978	48.17%	17,044	48.01%	17,092	47.85%	17,171	47.80%
Commercial	2,514	7.13%	2,702	7.67%	2,699	7.60%	2,718	7.61%	2,622	7.30%
Industrial	103	0.29%	107	0.30%	107	0.30%	108	0.30%	108	0.30%
Sub-Total	<u>19,629</u>	<u>55.70%</u>	<u>19,787</u>	<u>56.14%</u>	<u>19,850</u>	<u>55.91%</u>	<u>19,918</u>	<u>55.76%</u>	<u>19,901</u>	<u>55.40%</u>
<i>Out-City Retail Customers</i>										
Residential	12,335	35.00%	12,133	34.43%	12,274	34.57%	12,375	34.64%	12,580	35.02%
Commercial	1,651	4.68%	1,685	4.78%	1,701	4.79%	1,715	4.80%	1,668	4.64%
Industrial	29	0.08%	32	0.09%	30	0.08%	31	0.09%	32	0.09%
Sub-Total	<u>14,015</u>	<u>39.77%</u>	<u>13,850</u>	<u>39.30%</u>	<u>14,005</u>	<u>39.45%</u>	<u>14,121</u>	<u>39.53%</u>	<u>14,280</u>	<u>39.75%</u>
Total Retail Customers	<u>33,644</u>	<u>95.46%</u>	<u>33,637</u>	<u>95.44%</u>	<u>33,855</u>	<u>95.36%</u>	<u>34,039</u>	<u>95.29%</u>	<u>34,181</u>	<u>95.15%</u>
<b><u>Wholesale Customers</u></b>										
Industries	2	0.01%	2	0.01%	2	0.01%	2	0.01%	2	0.01%
Wholesale Municipal Customers	7	0.02%	7	0.02%	8	0.02%	8	0.02%	8	0.02%
Dewatering Accounts	4	0.01%	4	0.01%	4	0.01%	4	0.01%	4	0.01%
Septage Haulers	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Sub-Total	<u>13</u>	<u>0.04%</u>	<u>13</u>	<u>0.04%</u>	<u>14</u>	<u>0.04%</u>	<u>14</u>	<u>0.04%</u>	<u>14</u>	<u>0.04%</u>
<b><u>Flat Rate Customers</u></b>	<u>1,586</u>	<u>4.50%</u>	<u>1,592</u>	<u>4.52%</u>	<u>1,633</u>	<u>4.60%</u>	<u>1,669</u>	<u>4.67%</u>	<u>1,729</u>	<u>4.81%</u>
Total Sewer Customers	<u>35,243</u>	<u>100.00%</u>	<u>35,242</u>	<u>100.00%</u>	<u>35,502</u>	<u>100.00%</u>	<u>35,722</u>	<u>100.00%</u>	<u>35,924</u>	<u>100.00%</u>

Source: City of Kalamazoo, Public Services Department, Wastewater Division

**TABLE 41**

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
NUMBER OF RETAIL CUSTOMERS BY METER SIZE  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Meter Size</u>	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>	
5/8" - 3/4"	23,003	68.37%	23,109	68.69%	23,159	68.41%	23,183	68.11%	23,172	67.80%
1"	7,459	22.17%	7,996	23.77%	8,167	24.12%	8,308	24.41%	8,472	24.79%
1-1/2"	480	1.43%	496	1.47%	500	1.48%	502	1.47%	503	1.47%
2"	1,686	5.01%	1,598	4.75%	1,594	4.71%	1,600	4.70%	1,593	4.66%
3"	840	2.50%	287	0.85%	287	0.85%	289	0.85%	283	0.83%
4"	156	0.46%	137	0.41%	132	0.39%	139	0.41%	137	0.40%
6"	20	0.06%	13	0.04%	15	0.04%	15	0.04%	15	0.04%
8"	0	0.00%	1	0.00%	1	0.00%	1	0.00%	1	0.00%
	<u>33,644</u>	<u>100.00%</u>	<u>33,637</u>	<u>100.00%</u>	<u>33,855</u>	<u>100.00%</u>	<u>34,037</u>	<u>100.00%</u>	<u>34,176</u>	<u>100.00%</u>

Source: City of Kalamazoo, Public Services Department, Wastewater Division

**TABLE 42**

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER READY-TO-SERVE CHARGES BY  
WATER METER LOCATION AND SIZE  
LAST FIVE YEARS  
(UNAUDITED)**

Meter Location and Size	2019		2020		2021		2022		2023	
	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly
<b>City</b>										
5/8"	\$ 7.14	\$ 8.29	\$ 6.97	\$ 9.41	\$ 7.67	\$ 10.35	\$ 12.11	\$ 15.85	\$ 12.11	\$ 15.85
3/4"	7.19	8.45	7.09	9.77	7.80	10.75	12.30	16.40	12.30	16.40
1"	7.37	8.98	7.45	10.87	8.20	11.96	12.85	18.10	12.85	18.10
1-1/2"	7.60	9.68	7.94	12.33	8.73	13.56	13.61	20.34	13.61	20.34
2"	8.23	11.56	9.28	16.36	10.21	18.00	15.66	26.51	15.66	26.51
3"	12.88	25.52	19.16	45.98	21.08	50.58	30.80	71.94	30.80	71.94
4"	14.60	30.70	22.82	56.96	25.10	62.66	36.42	88.76	36.42	88.76
6"	18.63	42.77	31.35	82.56	34.49	90.82	49.50	128.04	49.50	128.04
Flat Rate	-	47.74	-	55.61	-	61.17	-	93.34	-	93.34
Dewatering	6.18	-	6.54	-	6.33	-	9.42	-	9.42	-
Septage	-	-	-	-	-	-	-	-	-	-
<b>Our City</b>										
5/8"	\$ 8.26	\$ 12.18	\$ 8.51	\$ 14.20	\$ 9.47	\$ 15.77	\$ 13.55	\$ 20.18	\$ 13.55	\$ 20.18
3/4"	8.44	12.77	8.80	15.05	9.79	16.72	13.88	21.18	13.88	21.18
1"	9.04	14.53	9.65	17.61	10.74	19.56	14.88	24.17	14.88	24.17
1-1/2"	9.83	16.89	10.80	21.02	12.00	23.34	16.20	28.14	16.20	28.14
2"	11.99	23.38	13.92	30.41	15.47	33.75	19.85	39.08	19.85	39.08
3"	27.90	71.14	36.94	99.47	41.00	110.33	46.70	119.64	46.70	119.64
4"	33.81	88.84	45.47	125.05	50.45	138.70	56.65	149.48	56.65	149.48
6"	47.57	130.13	65.36	184.74	72.51	204.89	79.86	219.11	79.86	219.11
Flat Rate	-	85.53	-	92.40	-	102.74	-	129.16	-	129.16
Municipalities	6.37	-	5.75	-	6.33	-	-	-	-	-
Dewatering	6.37	-	5.75	-	6.33	-	9.42	-	9.42	-
Septage	6.37	-	-	-	-	-	9.42	-	9.42	-

Source: City of Kalamazoo, Public Services Department, Wastewater Division

The charge for wastewater treatment service is the sum of the availability fee (determined by the size of meter) plus the commodity charge (determined by the amount of water used). Commodity rates vary depending on customer class. The rates above represent the availability fee, which is a portion of the Operating, Maintenance, and Replacement fee with a capital expense charge. See Table 43 for information on commodity rates.

**TABLE 43**

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER TREATMENT CHARGES BY CUSTOMER CLASSIFICATION (1)  
LAST FIVE YEARS  
(UNAUDITED)**

		<b>Fixed Monthly Charges \$/Month(7)</b>				
<u>Fiscal Years Ended December 31</u>		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	Portage	-	-	-	395,500	395,500
	Galesburg	-	-	-	10,200	10,200
	Vicksburg	-	-	-	25,200	25,200
	Gull Lake	-	-	-	82,100	82,100
	Augusta	-	-	-	6,000	6,000
	Mattawan	-	-	-	33,400	33,400
	South County	-	-	-	98,000	98,000
		<b>Commodity Charges (per cubic meter) (1)</b>				
<u>Fiscal Years Ended December 31</u>		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	In-City Retail Customers	0.465	0.544	0.598	0.908	0.908
	Out-City Retail Customers	0.870	0.911	1.013	1.279	1.279
	Wholesale Municipal Customers	0.532	0.584	0.694	-	-
	City of Galesburg (3)	0.594	0.710	0.835	-	-
	In-City Dewatering Customers	0.465	0.544	0.598	9.420	9.420
	Out-City Dewatering Customers	0.870	0.911	1.013	9.420	9.420
		<b>Additional Quantity and Quality Wastewater Treatment (2)</b>				
<u>Fiscal Years Ended December 31</u>		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	<b>Additional Quantity Charge \$/CM</b>					
	Pfizer	0.170	0.189	0.306	0.367	0.367
	Graphic Packaging	0.070	0.067	0.140	0.168	0.168
	Dewater - Industrial Outside City	0.505	0.503	0.360	-	-
	In-City Industrial	0.148	0.216	0.360	0.431	0.431
	Out-City Industrial	0.494	0.503	0.648	0.767	0.767
	<b>COD Charge (8) \$/KG</b>					
	Pfizer	-	-	-	0.338	0.338
	Graphic Packaging	-	-	-	0.314	0.314
	In-City Industrial	-	-	-	0.314	0.314
	Out-City Industrial	-	-	-	0.344	0.344
	<b>BOD Charge (4) \$/KG</b>					
	Pfizer	0.510	0.522	0.282	-	-
	Graphic Packaging	0.470	0.490	0.262	-	-
	In-City Industrial	0.518	0.490	0.262	-	-
	Out-City Industrial	0.612	0.615	0.287	-	-

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER TREATMENT CHARGES BY CUSTOMER CLASSIFICATION (1) (CONCLUDED)  
LAST FIVE YEARS  
(UNAUDITED)**

Fiscal Years Ended December 31	Additional Quantity and Quality Wastewater Treatment (2)				
	2019	2020	2021	2022	2023
SS Charge \$/KG (5)					
Pfizer	0.570	0.696	0.861	1.033	1.033
Graphic Packaging	0.510	0.626	0.809	0.971	0.971
In-City Industrial	0.571	0.626	0.809	0.971	0.971
Out-City Industrial	0.666	0.788	0.862	1.034	1.034
NH3 Charge \$/KG (6)					
Pfizer	2.610	2.599	3.347	4.016	4.016
Graphic Packaging	2.520	2.623	3.143	3.772	3.772
In-City Industrial	2.813	2.623	3.145	3.774	3.774
Out-City Industrial	3.136	3.082	3.431	4.092	4.092

Source: City of Kalamazoo, Public Services Department, Wastewater Division

- (1) The charge for wastewater treatment service is the sum of the availability fee (determined by the size of meter) plus the commodity charge (determined by the amount of water used). Commodity rates vary depending on customer class. The rates above represent the commodity fee which is determined by the Operating, Maintenance, and Replacement cost with a capital expense charge. See Table 42 for more information on the availability fee.
- (2) Additional quantity and quality charges are fees charged to large industrial customers.
- (3) Since the City of Galesburg does not have a master meter, the wastewater treatment charge is adjusted for the cost of infiltration and inflow, which is water other than wastewater entering the System.
- (4) The Biochemical Oxygen Demand (BOD) is the indicator of strength of the wastewater and how much aeration (oxygen) is required to break down wastewater.
- (5) The Suspended Solids (SS) is the amount of sludge or biosolids that required treatment process and disposal.
- (6) The ammonia (NH3) is broken down in treatment by aeration.
- (7) Municipal Wholesale Customers were moved to a fixed monthly rate as of 10/1/2022.
- (8) The biochemical oxygen demand (BOD) represents the amount of dissolved oxygen (DO) consumed by biological organisms when they decompose organic matter in water. The chemical oxygen demand (COD) is the amount of oxygen consumed when the water sample is chemically oxidized. City of Kalamazoo is now using the COD charge instead of BOD.

TABLE 44

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER TREATMENT VOLUME AS BILLED BY  
CUSTOMER AND USER CLASSIFICATION (1)  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Retail Customers</u>	2019		2020		2021		2022		2023	
Residential	5,221,975	18.63%	5,171,265	18.76%	5,136,297	18.90%	4,967,762	17.47%	5,185,467	17.74%
Commercial	7,419,528	26.47%	6,851,871	24.86%	6,989,149	25.72%	7,117,439	25.02%	7,122,953	24.37%
Industrial	2,072,896	7.39%	2,085,731	7.57%	2,375,579	8.74%	1,933,407	6.80%	1,327,457	4.54%
Sub-Total	14,714,399	52.49%	14,108,867	51.19%	14,501,025	53.37%	14,018,608	49.29%	13,635,877	46.65%
<u>Wholesale Customers</u>										
Industries	4,885,811	17.43%	4,823,031	17.50%	4,952,580	18.23%	6,633,182	23.32%	7,404,718	25.33%
Wholesale Municipal	8,222,822	29.33%	8,437,145	30.61%	7,567,359	27.85%	7,673,370	26.98%	8,024,112	27.45%
Dewatering Accounts	208,523	0.74%	192,312	0.70%	152,131	0.56%	117,866	0.41%	166,758	0.57%
Septage Haulers	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Sub-Total	13,317,156	47.51%	13,452,488	48.81%	12,672,070	46.63%	14,424,418	50.71%	15,595,588	53.35%
Total Wastewater Billed	28,031,555	100.00%	27,561,355	100.00%	27,173,095	100.00%	28,443,026	100.00%	29,231,465	100.00%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Measured in Cubic Meters.

**TABLE 45**

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER VOLUME AS TREATED AND BILLED (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Metered Wastewater Volume	39,626,836	37,754,807	35,168,774	36,960,560	36,001,211
Wastewater Consumption as Billed	<u>31,573,592</u>	<u>27,561,355</u>	<u>27,173,095</u>	<u>28,443,026</u>	<u>29,231,465</u>
Difference (2)	<u>8,053,244</u>	<u>10,193,452</u>	<u>7,995,679</u>	<u>8,517,534</u>	<u>6,769,746</u>
Difference as a % of Metered Wastewater Volume	20.3%	27.0%	22.7%	23.0%	18.8%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Measured in Cubic Meters.

(2) The difference between the wastewater volume as treated and billed is due, in part, to inaccurate meters and infiltration and inflow which is water other than wastewater that enters the System.

**TABLE 46**

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
AVERAGE AND PEAK DAILY WASTEWATER TREATMENT VOLUME (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Average Daily Sewage Disposal Volume	28.7	27.3	25.5	26.8	26.1
Peak Daily Sewage Disposal Volume	61.8	48.0	38.6	35.2	45.2
Peak as a Percent of Average	215.55%	176.33%	151.73%	131.63%	173.37%

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Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Measured in millions of gallons per day.



**TABLE 47**

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
TEN LARGEST CUSTOMERS  
BY WASTEWATER SYSTEM REVENUE AND VOLUME AS BILLED  
YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)**

Customer	Principal Product or Service	Wastewater Volume (cubic meters)	Percent of Total (1)	Wastewater Treatment Revenue	Wastewater Surcharge Revenue	Wastewater System Revenue	Percent of Total (2)
Pfizer Corporation	Pharmaceuticals	5,457,913	19.0%	\$ 5,219,797	\$ -	\$ 5,219,797	14.1%
City of Portage	Municipality	3,514,795	12.2%	4,261,734	733,843	4,995,577	13.5%
Graphic Packaging Corporation	Paper Products	655,103	2.3%	-	4,134,511	4,134,511	11.2%
Kalsec, Inc.	Food Grade Flavoring	232,771	0.8%	1,161,870	-	1,161,870	3.1%
Kalamazoo Brewing Company	Brewery	1,021,687	3.6%	985,313	-	985,313	2.7%
Gull Lake Sewer & Water Athrty	Municipality	1,352,373	4.7%	157,685	584,661	742,346	2.0%
Zoetis, Inc	Pharmaceuticals	413,396	1.4%	661,913	-	661,913	1.8%
Allnex Usa, Inc	Chemicals	575,307	2.0%	505,772	-	505,772	1.4%
Village Of Mattawan	Municipality	402,955	1.4%	400,913	-	400,913	1.1%
Western Michigan University	University	312,422	1.1%	302,513	-	302,513	0.8%
		<u>13,938,722</u>	<u>48.5%</u>	<u>\$ 13,657,510</u>	<u>\$ 5,453,015</u>	<u>\$ 19,110,525</u>	<u>51.7%</u>

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Based on wastewater treatment volume of 28,719,124 cubic meters.

(2) Based on Wastewater System billed revenue of \$36,992,572

**TABLE 48**

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER TREATMENT REVENUE AS BILLED  
BY METER LOCATION AND CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Meter Location and Classification</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City					
Residential	\$ 1,613,189	\$ 2,151,739	\$ 2,362,851	\$ 3,033,289	\$ 3,697,242
Commercial	2,235,247	2,392,118	2,675,473	3,636,657	4,426,609
Industrial	364,730	450,137	601,789	797,276	633,234
Industrial Monitored	363,627	369,181	446,689	844,451	814,492
Contract	1,549,594	1,623,987	1,906,317	3,872,349	4,581,448
Dewatering	84,184	87,248	76,722	80,251	461,435
<b>Total City</b>	<b>6,210,571</b>	<b>7,074,410</b>	<b>8,069,841</b>	<b>12,264,273</b>	<b>14,614,460</b>
Out City					
Residential	3,021,625	4,767,145	3,063,793	3,435,001	4,112,795
Commercial	2,660,406	2,721,639	3,071,664	3,407,288	3,641,377
Industrial	221,746	144,411	206,450	259,287	291,407
Industrial Monitored	1,231,604	1,152,212	1,606,182	1,905,988	2,075,116
Contract	3,588,863	3,270,167	3,624,734	3,745,500	4,995,577
Municipalities	4,314,328	4,686,263	5,111,116	6,261,746	7,261,840
Dewatering	13,585	13,892	15,527	-	-
<b>Total Out City</b>	<b>15,052,157</b>	<b>16,755,729</b>	<b>16,699,466</b>	<b>19,014,810</b>	<b>22,378,112</b>
Total System					
Residential	4,634,814	6,918,884	5,426,644	6,468,290	7,810,037
Commercial	4,895,653	5,113,757	5,747,137	7,043,945	8,067,986
Industrial	586,475	594,548	808,239	1,056,563	924,641
Industrial Monitored	1,595,231	1,521,393	2,052,871	2,750,439	2,889,608
Contract	5,138,457	4,894,154	5,531,051	7,617,849	9,577,025
Municipalities	4,314,328	4,686,263	5,111,116	6,261,746	7,261,840
Dewatering	97,769	101,140	92,249	80,251	461,435
<b>Total System</b>	<b>\$ 21,262,728</b>	<b>\$ 23,830,139</b>	<b>\$ 24,769,307</b>	<b>\$ 31,279,083</b>	<b>\$ 36,992,572</b>

Source: City of Kalamazoo, Public Services Department, Wastewater Division

**TABLE 49**

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
HISTORY OF WASTEWATER SYSTEM RATE INCREASES  
(UNAUDITED)**

<u>Date Increase Effective</u>	<u>Percent Increase</u>
March 2, 1987	2.40%
January 1, 1991	-7.50%
1999*	0.00%
July 1, 2001	4.00%
April 30, 2004	6.75%
July 1, 2007	20.00%
March 1, 2008	5.00%
February 1, 2010	3.00%
March 1, 2011	5.00%
March 1, 2012	5.00%
June 1, 2014	2.00%
January 29, 2018	5.00%
February 4, 2019	5.00%
March 2, 2020	10.00%
March 1, 2021	10.00%
March 4, 2022	12.00%
October 1, 2022	20.00%

Source: City of Kalamazoo, Public Services Department, Wastewater Division