

Annual Comprehensive Financial Report

The logo for Kalamazoo Public Schools is a blue rectangular box with a white border. Inside the box, the words "Kalamazoo Public Schools" are written in white serif font. Behind the text, the letters "KPS" are visible in a large, red, stylized font.

Kalamazoo Public Schools

**For the
Fiscal Year Ended
June 30, 2023**

Kalamazoo Public Schools
Kalamazoo, MI 49008

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of

Kalamazoo Public Schools

1220 Howard Street

Kalamazoo, MI 49008

**For the Fiscal Year Ended
June 30, 2023**

Dr. Darrin Slade
Superintendent

BOARD OF EDUCATION

Ms. TiAnna Harrison
President

Mr. Jermaine Jackson
Vice-President

Ms. Karla Murphy
Secretary

Ms. Maricela Alcala
Treasurer

Ms. Patti Sholler-Barber
Trustee

Ms. Jennie Hill
Trustee

Ms. Takisha Johnson
Trustee

Prepared by:

Laura Kayser, Chief Financial Officer

Kalamazoo Public Schools

Table of Contents

Introductory Section

Table of Contents	ii - iv
Letter of Transmittal	v - xiii
Elected Officials and Administrative Staff	xiv
Organizational Structure	xv
Certificate of Excellence in Financial Reporting	xvii

Financial Section

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	5 - 13
Basic Financial Statements	15
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	16
Statement of Activities	17
<i>Fund Financial Statements</i>	
Balance Sheet	18
Reconciliation of Fund Balances of Governmental Funds to	
Net Position on the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	21
<i>Notes to Financial Statements</i>	22 - 51
Required Supplementary Information	53
Budgetary Comparison Schedule - General Fund	54
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability	55
Schedule of the Reporting Unit's Pension Contributions	56
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability	57
Schedule of the Reporting Unit's OPEB Contributions	58
Notes to the Required Supplementary Information	59

Kalamazoo Public Schools

Table of Contents

Financial Section (continued)

Additional Supplementary Information	61
Nonmajor Governmental Funds:	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	63
Budgetary Comparison Schedule - Nonmajor Governmental Fund - Food Service Fund	64
Budgetary Comparison Schedule - Nonmajor Governmental Fund – Student/ School Activities Fund	65
Bonded Debt Schedules:	
2010 Qualified School Construction Bonds (QSCB)	66
2014 Building and Site Bonds	67
2015 Refunding Bonds	68
2016 Building, Site Bonds - Series A	69
2016 Building, Site Bonds - Series B	70
2018 Building, Site Bonds	71
2019 Refunding Bonds	72
2020 Refunding Bonds	73
2021 Building and Site Bonds	74
2021 Refunding Bonds	75

Statistical Section (unaudited) 77

Contents of the Statistical Section	79
Net Position by Component, Last Ten Fiscal Years	80 - 81
Changes in Governmental Net Position	82 - 83
Fund Balances, Governmental Funds, Last Ten Fiscal Years	84 - 85
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	86 - 87
Taxable Value and Actual Value of Taxable Property, Last Ten Fiscal Years	88 - 89
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	90 - 91
Principal Property Taxpayers, Current Year and 2013	92
Property Tax Levies and Collections, Last Ten Fiscal Years	93
Outstanding Debt by Type, Last Ten Fiscal Years	94
Direct and Overlapping Governmental Activities Debt	95
Legal Debt Margin Information, Last Ten Fiscal Years	96
Demographic and Economic Statistics, Last Ten Calendar Years	97
Principal Employers, Current Year and 2013	98
Full-Time-Equivalent District Employees by Type, Last Ten Fiscal Years	99
Operating Statistics, Last Ten Fiscal Years	101
School Building Information	102 - 103

Kalamazoo Public Schools

Table of Contents

Other Items

Schedule of Expenditures of Federal Awards	105 - 108
Notes to Schedule of Expenditures of Federal Awards	109
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111 - 112
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	113 - 115
Schedule of Findings and Questioned Costs	117
Schedule of Prior Year Audit Findings	118



October 19, 2023

Dear Citizens and Board Members:

The Annual Comprehensive Financial Report of Kalamazoo Public Schools (the “school district”) for the fiscal year ended June 30, 2023 is hereby submitted. This report was prepared by the Finance Office and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with the school district. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the school district as measured by the school government-wide financial activity and the activity of its various funds, with all disclosures necessary to enable the reader to gain an understanding of the school district’s financial activities.

Reporting Entity and Services

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

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

Report Organization

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

Introductory Section

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

Financial Section

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

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

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

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

The required and other supplemental information contain a more detailed analysis of revenue and expenditures that are compared to the 2022-2023 budgets for the General, Food Service, and Student Activity funds. In addition, there are combining schedules shown by fund type with totals that agree with those reflected in the basic financial statements as well as the schedule of bonded indebtedness detailing interest rates and annual maturities.

Statistical Section

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

About Kalamazoo Public Schools

The Community

The school district is located in Kalamazoo County, in the southwest corner of Michigan's Lower Peninsula, and includes the majority of the City of Kalamazoo, and portions of Kalamazoo, Oshtemo and Texas Townships, for a total of approximately 55 square miles. The City of Kalamazoo is the county seat of Kalamazoo County and the principal industrial and cultural center for the area. Kalamazoo County's 2023 population was 265,072.

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

The Kalamazoo Promise

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

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

Since its inception, the Kalamazoo Promise has awarded over \$180,000,000 in scholarships.

The Educational Program

Kalamazoo Public Schools is a district consisting of 12,183 K-12 students, 241 pre-K students and 490 adult education students. It is the largest school district in southwest Michigan and the second largest on the west side of the state. The school district currently operates seventeen elementary schools, four middle schools, four high schools, a virtual K-12 school, the Community Education Center (housing the Adult Education program, Community Education program and the Kalamazoo Area Mathematics and Science Center), an administration building, and other ancillary facilities. The school district employs 1,394 regular staff and a number of part-time staff that work as tutors, activity helpers, and seasonal staff.

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

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

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

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

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

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

Mission Statement, Goals and Accomplishments

During the 2016-2017 school year, the board adopted the following mission statement, "Nurture the dreams of all students and empower all students to contribute to a better world."

The Board of Education has adopted long-term goals in seven areas. Goal areas are in reading, writing, math, Advanced Placement, graduation rates, district marketing and service, and career awareness, exploration and development in our students' middle years.

A central goal is to become the first urban literacy community in the country. KPS has a strong partnership with the Kalamazoo Public Library, which has resulted in an increase in the number of children participating in the summer reading program and has reduced barriers to reading.

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

In May 2023, the 1.5 mill county wide enhancement millage was renewed for six more years, beginning with the 2023-24 school year, by a majority of voters in the county. This successful millage was originally approved by the voters in 2005 and represented the first enhancement millage approved in the State of Michigan for operational purposes since Proposal A was enacted. This millage generates approximately \$5 million for Kalamazoo Public Schools.

In May 2021, a majority of voters in the county renewed the 1.5 county wide special education millage for six more years, beginning with the 2021-22 school year. The millage generates approximately \$5 million of additional revenue for Kalamazoo Public Schools and mitigates the use of general fund dollars for special education students.

Charter Schools

Michigan Public School Academies (charter schools) are state-supported public schools under the state constitution, operating under a charter contract issued by a public authorizing body. Kalamazoo Public Schools does not operate any charter schools. There are three charter schools located within the school district boundaries, which serve approximately 600 students.

Economic Outlook

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

The revenues of the State of Michigan continued to be strong for the 2022-23 school year, primarily due to robust sales tax revenue, state income tax withholding and federal revenues. The base foundation allowance for each district's state aid was increased to \$9,150 per student (this amounted to a \$450 per student increase for Kalamazoo Public Schools). In addition, the school district continues to spend down, over three years, the federal ARP and CARES act monies totaling approximately \$67 million. The school district has prepared a plan to spend these monies, mostly on one-time or short term items, so that it can avoid a budgetary structural imbalance at the end of the grant award period.

Fund balance is approximately 18.5% of expenditures as of June 30, 2023. Historically, the school district has maintained a fund balance within the 8% to 19% range since 2006-2007.

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

Financial Information

Internal Accounting Controls

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

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

Budgetary Controls

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

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

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

Cash Management

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

Financial Condition at June 30, 2023

Please refer to the management's discussion and analysis section for a summary of the financial condition of the school district at June 30, 2023.

Capital Projects Funding

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

Federal Funding

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

Independent Audit

The State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Maner Costerisan, was appointed to perform this service for the 2022-23 fiscal year. In addition, Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (the Uniform Guidance"), requires governmental recipients of federal assistance to have organization-wide financial and compliance audits on an annual basis. Both of these requirements have been met, and the auditor's report on the financial statements is included herein.

Other Information

Enrollment

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

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

Five-year projections of enrollment are done annually using data from the county and the school district. Live births and cohort survival ratios are used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for our planning purposes. Overall, K-12 enrollment has been decreasing state wide. For the 2022-23 school year, enrollment declined by 143 students. Enrollment for the 2023-24 school year was budgeted to decline by 0.9% or 113 students, primarily due to a decline in the birth rate. However, enrollment monitoring in the fall of 2023 indicates that enrollment will be stable and consistent with 2022-23 levels. Other factors influencing future enrollment projections include district marketing efforts and any employment changes in the Kalamazoo area.

Facilities

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

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

As a result of voters passing bond proposals in 2006, 2010, 2013 and 2018, several new schools have been built over the past 16 years; Prairie Ridge Elementary School (2008) – first LEED Gold certified K-12 building in the State of Michigan, Linden Grove Middle School (2009) – also LEED Gold certified, Washington Writers Academy (2015) and a new transportation facility (2020). Several buildings have been either partially replaced, renovated extensively or additions were made (Milwood Elementary, Hillside Middle, Milwood Magnet Middle, Loy Norrix High school, Phoenix High school and the district's Administration building). Technology systems have been improved at all sites. The newly replaced Edison Academy opened in the fall of 2023, and other significant remodeling continues at several of the district's buildings.

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

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

Facility Name	Year of Construction	Age of Facility (Years)	Last Remodeling (Year)
<i>Elementary:</i>			
Arcadia	1964	59	2020
El Sol	1924	99	2019
South Westnedge (Edison)	1954*	69	2013
Greenwood	1954	69	2020
Indian Prairie	1959	64	2015
King Westwood	1952	71	2020
Lincoln	1922	101	2019
Milwood	1949/2016	74	2022
Northeastern	1953	70	2020
Northglade	1959	64	2022
Parkwood-Upjohn	1922	101	2022
Prairie Ridge	2008	15	2019
Spring Valley	1956	67	2019
Washington	2015	8	-
Winchell	1959	64	2020
Woods Lake	1952	71	2019
Woodward	1921	102	2020
<i>Middle School:</i>			
Hillside	1958	65	2022
Linden Grove	2009	14	-
Milwood	1959	64	2022
Maple Street	1951	72	2022
<i>High School:</i>			
Kalamazoo Central	1972	51	2020
Loy Norrix	1960	63	2020
Phoenix Alternative	1965	58	2020
Oakwood**	1963	60	2020
Community Education Center	1913	110	2019
Administration Building	1960	63	2021
Stockroom Building	1997	26	2003
Transportation Building	2020	3	-
Lakewood Building ***	1939	84	2005
Lake Street Barns	1985	38	-
West Main Prof. Dev. Ctr.	1926	97	2013
Chime***	1953	70	1996

*Building purchased in 2012 from a parochial school. Temporary home of Edison Academy for the 2021-2022 and 2022-2023 school years as the original building was torn down in 2021 and a new building will open in the fall of 2023.

**Used as the district's virtual and KILP programs, and social-emotional learning center for the 2022-2023 school year.

***Leased to Kalamazoo Regional Education Services Agency.

Certificate of Excellence

This report has been prepared following the guidelines recommended by the Association of School Business Officials (ASBO). The ASBO awarded a Certificate of Excellence in Financial Reporting to Kalamazoo Public Schools for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This is the ninth year that the school district has achieved this prestigious award. In order to be awarded a Certificate of Excellence, the school district must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Certificate of Achievement

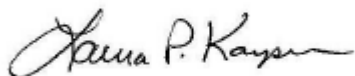
This report has also been prepared following guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022, has been submitted to the GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe that our current Annual Comprehensive Financial Report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

Acknowledgments

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

Sincerely,

A handwritten signature in black ink, appearing to read "Laura P. Kayser". The signature is fluid and cursive, with a long horizontal stroke at the end.

Laura P. Kayser, CPA
Chief Financial Officer

**Kalamazoo Public Schools
Elected Officials and Administrative Staff
As of the Report Issuance Date (10/19/2023)**

2022-2023 Board of Education

President	Ms. TiAnna Harrison
Vice President	Mr. Jermaine Jackson
Secretary	Ms. Karla Murphy
Treasurer	Ms. Maricela Alcala
Trustee	Ms. Patti Sholler-Barber
Trustee	Ms. Jennie Hill
Trustee	Ms. Takisha Johnson

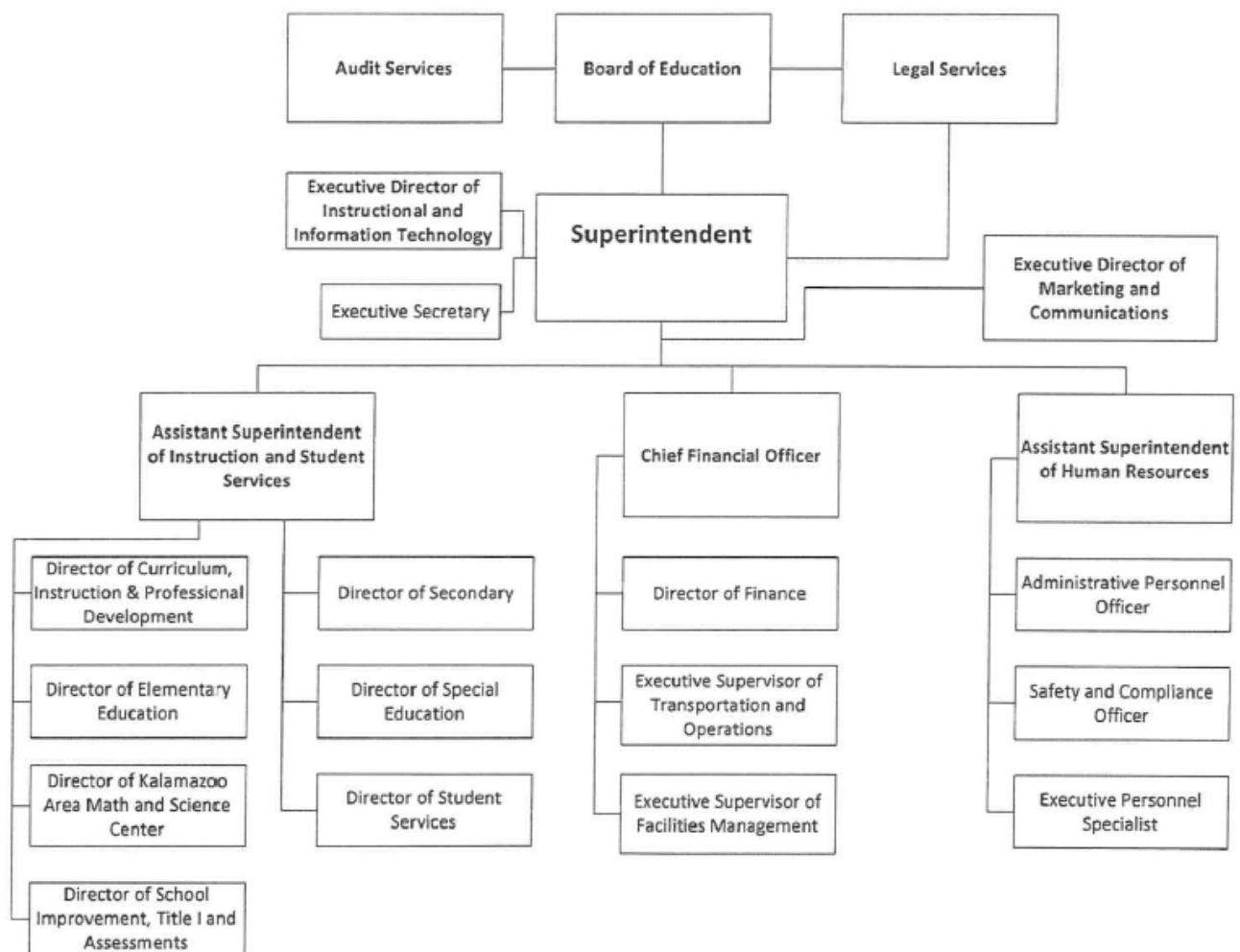
2022-2023 Administrative Staff

Superintendent	Dr. Darrin Slade
Assistant Superintendent for Human Resources	Ms. Sheila Dorsey-Smith
Chief Financial Officer	Ms. Laura Kayser
Executive Director of Marketing/Communications	Ms. Susan Coney
Executive Director of Instructional and Information Technology	Ms. Caycee Sledge
Director of Elementary Education	Dr. Micole Dyson
Director of Secondary Education	Mr. Craig McCane
Director of Special Education	Ms. Reuquiyah Saunders

Kalamazoo Public Schools

Kalamazoo Public Schools

Administrative Organizational Chart



This page intentionally left blank.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Kalamazoo Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, reading 'Will Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

This page intentionally left blank.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
🖨 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Kalamazoo Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kalamazoo Public Schools (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Kalamazoo Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kalamazoo Public Schools, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-based IT 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kalamazoo Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of Kalamazoo Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kalamazoo Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kalamazoo Public Schools' internal control over financial reporting and compliance.

Maner Costerian PC

October 19, 2023

This page intentionally left blank.

KALAMAZOO PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Kalamazoo Public Schools (the District), we offer this narrative overview and analysis of the financial activities of Kalamazoo Public Schools for the year ended June 30, 2023. Generally accepted accounting principles (GAAP) require the reporting of two types of financial statements: the Government-Wide Financial Statements and the Fund Financial Statements.

Using this Annual Report

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. In the State of Michigan, school districts' major instruction and instructional support activities are reported in the General Fund. Additional activities are reported in Special Revenue Funds, Debt Service Fund, and 2018 Capital Projects Series B Fund.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt obligations are not recorded in the fund financial statements.

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

Government-wide Financial Analysis

The following schedule summarizes the net position at June 30, 2023 and 2022:

	2023	2022*
	(in millions)	
ASSETS		
Current assets	\$ 109.9	\$ 111.0
Capital assets	464.6	441.0
Less accumulated depreciation/amortization	(244.1)	(225.9)
Capital assets, net book value	220.5	215.1
TOTAL ASSETS	330.4	326.2
DEFERRED OUTFLOWS OF RESOURCES	121.8	57.7
LIABILITIES		
Current liabilities	40.6	31.9
Long-term liabilities	194.9	214.1
Net other postemployment benefit liability	18.3	12.8
Net pension liability	322.9	202.6
TOTAL LIABILITIES	576.7	461.6
DEFERRED INFLOWS OF RESOURCES	68.4	136.2
NET POSITION		
Net investment in capital assets	47.5	35.8
Restricted for debt service	6.3	5.0
Restricted for food service	-	4.4
Unrestricted	(246.7)	(259.0)
TOTAL NET POSITION	\$ (192.9)	\$ (213.7)

*The 2022 figures have not been updated for the adoption of GASB 96.

Capital Assets

By the end of the 2022-2023 fiscal year, the District had invested \$464.6 million in a broad range of capital assets, including school buildings and facilities, site improvements, school buses and other vehicles, and various types of equipment and right to use assets. Depreciation/amortization expense for the year amounted to approximately \$17.8 million, bringing accumulated depreciation/amortization to approximately \$244.1 million as of June 30, 2023.

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

The following schedule summarizes capital assets at June 30, 2023 and 2022:

	2023	2022*
	(in millions)	
Land	\$ 7.3	\$ 7.3
Construction in progress	23.9	14.7
Buildings and improvements	332.3	326.0
Furniture and equipment	84.3	78.3
Buses and other vehicles	14.7	14.6
Right to use - equipment	0.1	0.1
Right to use - subscription-based IT	2.0	-
Total	464.6	441.0
Less accumulated depreciation/amortization	(244.1)	(225.9)
Net capital assets	<u>\$ 220.5</u>	<u>\$ 215.1</u>

*The 2022 figures have not been updated for the adoption of GASB 96.

This year's additions of \$22.1 million included various projects, such as bus replacement, technology, and building improvements at multiple buildings. Bond proceeds from the 2018 bond issues were used for these additions. Many major capital projects are planned for the 2023-24 fiscal year that will be funded with the proceeds of the first series of the 2022 authorization (issued in July 2023). We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Obligations

At June 30, 2023, the District had approximately \$194.9 million in long-term obligations outstanding, which included approximately \$186.3 million in outstanding bond issues. This represents a decrease of approximately \$19.2 million in bonds payable at the close of the fiscal year due primarily to the retirement of the principal. At the end of this year, the School District had \$186.3 million in bonds outstanding versus \$204.6 million in the previous year.

The School District's general obligation bond rating is AA-(S&P). The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt, including unamortized premiums, of \$193.4 million is significantly below this \$619.2 million statutorily imposed limit.

Other obligations include debt premium, self-insurance for workers' compensation, accrued vacation pay and sick leave, lease obligations, and SBITA liabilities. We present more detailed information about our long term liabilities in Note 6 to the financial statements.

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

Results of Operations

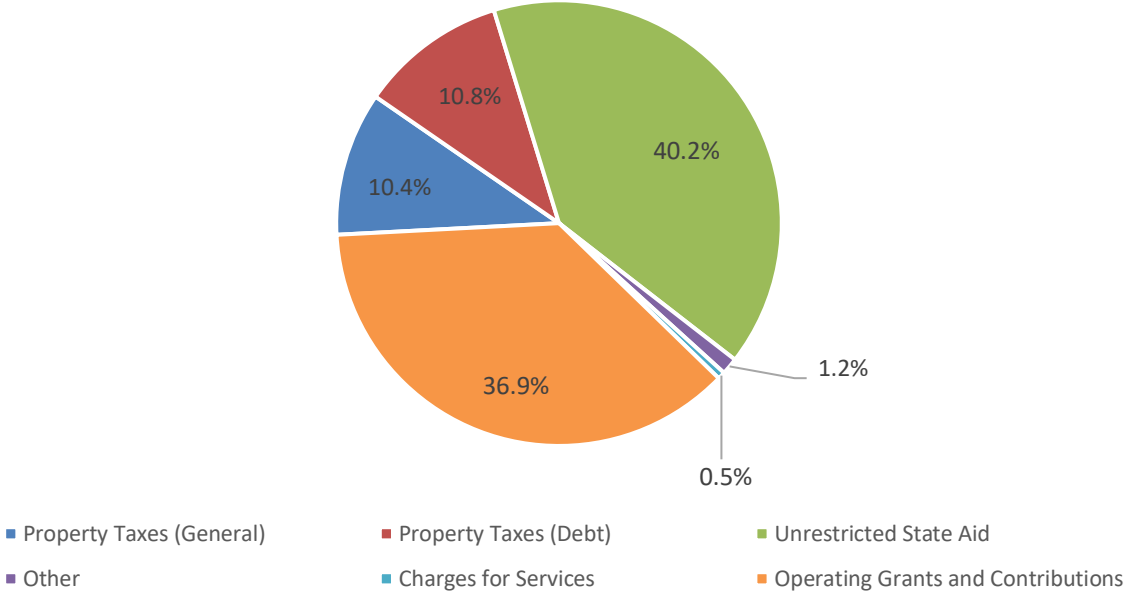
For the fiscal years ended June 30, 2023 and 2022 the results of operations on a government-wide basis were:

	2023	2022*
	(in millions)	
GENERAL REVENUES		
Property taxes levied for general purposes	\$ 24.1	\$ 23.0
Property taxes levied for debt service	24.6	23.2
State of Michigan aid, unrestricted	92.8	82.0
Federal grants, unrestricted	0.0	0.3
Investment earnings (loss)	1.9	(0.6)
Penalties, interest, and other taxes	0.2	0.1
Miscellaneous	0.7	0.8
TOTAL GENERAL REVENUES	144.3	128.8
PROGRM REVENUES		
Charges for services	1.2	0.9
Operating grants and contributions	85.1	86.6
TOTAL PROGRAM REVENUES	86.4	87.5
TOTAL REVENUES	230.7	216.3
EXPENSES		
Instruction	104.6	93.0
Support services	80.2	69.9
Food service	10.4	8.1
Athletics	1.8	1.5
Community services	1.3	1.7
Student/school activities	0.9	-
Unallocated depreciation	5.3	5.2
Interest on long-term debt	6.4	7.0
Loss on sale of capital assets	-	2.0
Other debt costs	-	1.1
TOTAL EXPENSES	210.9	189.5
CHANGE IN NET POSITION	19.7	26.8
NET POSITION, beginning of year	(212.6)	(240.6)
NET POSITION, end of year	\$ (192.9)	\$ (213.7)

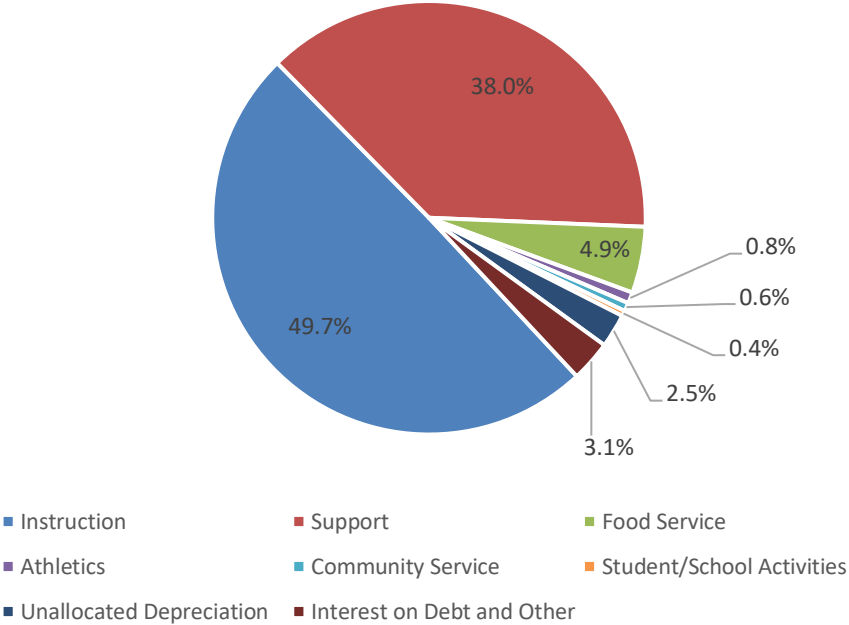
*The 2022 figures have not been updated for the adoption of GASB 96.

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

Government-wide Revenues



Government-wide Expenses



KALAMAZOO PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Significant Revenues and Expenditures

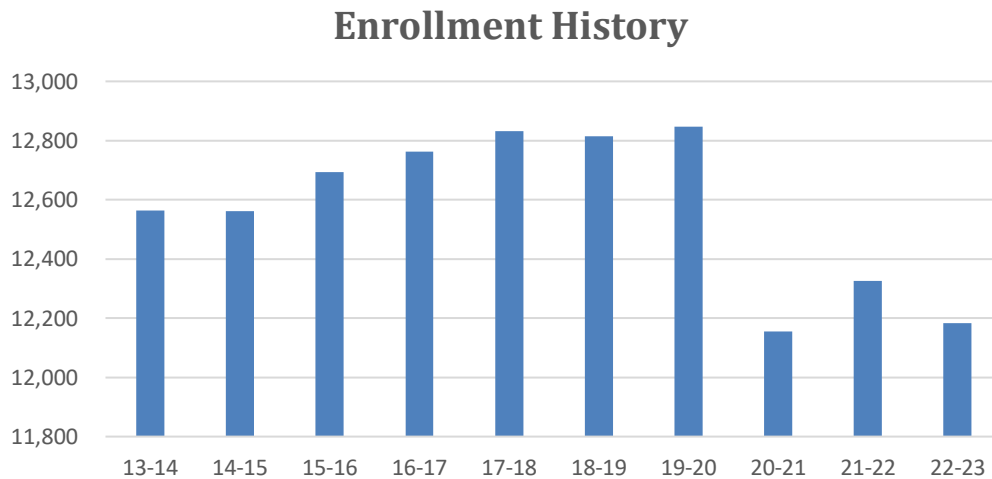
Significant revenues and expenditures are discussed in the segments below.

State Sources

The District is funded primarily by state aid, which increased by an additional \$450 per pupil resulting in a final per-pupil allocation of \$9,150 for 2022-2023. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's fall count and 10% of the prior fiscal year's spring count. Blended state aid membership was 12,168 and 12,299 in 2022-2023 and 2021-2022, respectively.

Student Enrollment

The District's enrollment for the 2022-2023 fall count was 12,183 students. This is a decrease of 143 students over the prior year. Kalamazoo Public Schools is centrally located in Kalamazoo County. This area has previously experienced growth, and projections indicate stable enrollment in the future. Enrollment over the last ten years is illustrated as follows:



Property Taxes

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

For the 2022-2023 fiscal year, the District's non-pre current year property tax collections were approximately \$24.1 million. This is an increase of 4.8% from the prior year primarily due to an increase in property values.

The District levied 8.2 mills of property taxes on all classes of property located within the District for bonded debt service. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total current tax year amount collected for debt service in 2022-2023 was approximately \$24.6 million. This is an increase of 6.1% from the prior year primarily due to an increase in property values.

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

General Fund Budgetary Highlights

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

The 2022-2023 close estimate budget was adopted in June 2023. The following schedule shows a comparison of the original budget, the final amended budget and actual totals from operations.

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Percent Variance
Total Revenues and Other					
Financing Sources	<u>\$201,432,000</u>	<u>\$202,735,813</u>	<u>\$202,868,677</u>	<u>\$ 132,864</u>	<u>0.1%</u>
Expenditures					
Instruction	\$108,141,000	\$109,387,072	\$110,453,572	\$ (1,066,500)	(1.0%)
Support services	85,606,000	88,004,293	84,672,354	3,331,939	3.8%
Community services	1,220,000	1,570,636	1,412,013	158,623	10.1%
Other transactions	<u>6,391,000</u>	<u>1,623,000</u>	<u>3,823,670</u>	<u>(2,200,670)</u>	<u>(135.6%)</u>
Total Expenditures	<u>\$201,358,000</u>	<u>\$200,585,001</u>	<u>\$200,361,609</u>	<u>\$ 223,392</u>	<u>0.1%</u>

The actual revenues and other financing sources for the fund were \$202.9 million. This is greater than both the original budget estimate of \$201.4 million and the final amended budget amount of \$202.7 million. Significant revenue changes between the preliminary and close estimate budgets for 2022-2023 includes a large increase in state revenue sources, primarily due to categorical revenues for special education (see corresponding decrease in interdistrict revenues) and retirement (including a one-time retirement deposit of \$8.7 million that is also reflected in expenditures), as well as projected spending for several grant programs, such as At Risk and Early Literacy. This increase in state revenues is offset by a decrease in foundation revenue due to a lower student count than projected. Federal revenue budgets were decreased to reflect revised spending estimates of ESSER III and Title I grant monies. Local and interdistrict revenue budgets were adjusted to reflect projected revenues for such programs as special education, the Kalamazoo Area Math and Science Center and local grants.

The actual expenditures were \$200.4 million. This is less than both the original budget estimate of \$201.4 million and the final amended budget amount of \$200.6 million. The overall decrease in budgeted expenditures from preliminary to the close estimate budget was the result of the reduction in estimated spending in ESSER III and Title I grants, offset by increases in retirement expense (including the one-time retirement deposit of \$8.7 million) and At Risk and Early Literacy grant spending. In addition to increases in budgets for salaries and benefits changes, budgets were added for a one-time retention bonus payment for staff, substitutes, contracted plumbing services and one-time equipment purchases. These additions were offset by reductions in budgeted staff costs due to vacancies, and a reduction of classroom teachers due to a decrease in enrollment. Capital outlay was reclassified to the support services line item in the final budget.

KALAMAZOO PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

The favorable revenue budget variance (not including other financing sources) of \$34,828 in total revenue is primarily due to less spending than anticipated of the federal ESSER grants, offset by higher spending in state At Risk monies and higher local investment and tax revenue. Interdistrict sources were lower than projected due to the timing of receipt of special education monies.

The favorable budget variance of \$223,392 in total expenditures is primarily due to lower expenditures than budgeted in instructional staff support, transportation and other non-instructional functions, specifically in the area of textbooks and supplies, staff development, curriculum development and fuel costs. The instruction function had an unfavorable variance due to higher substitute and staffing costs. Overages in several support line items are offset by a favorable variance in the debt service line item, due to changes in assumptions after budget adoption related to subscription-based IT arrangements. Also, subsequent to budget adoption, it was determined that capital outlay should be categorized as a separate line item.

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$70.3 million, which is a decrease of \$9.8 million from last year. The primary reasons for the decrease are as follows:

- In the General Fund, our principal operating fund, the fund balance increased by \$2,507,068 to \$37,074,324, approximating the budgeted amount.
- The Special Revenue - Food Service fund balance decreased from the prior year by \$992,161. Although this is a negative budget variance of \$1.1 million, efforts to spend down the fund balance have been ongoing due to the fund balance exceeding state limits. Spending has included one-time staff bonuses and capital outlay purchases of vehicles and equipment.
- The Special Revenue – Student/School Activities fund balance increased by \$195,017. This favorable variance is primarily due to higher student activity revenue and investment earnings than expected.
- The Debt Service Fund fund balance increased by \$1,183,295 to a fund balance of \$7,279,649. Millage rates are adjusted annually, if needed, to ensure that the School District accumulates sufficient resources to pay annual bond issue related debt service. Debt Service Fund fund balances are reserved since they can only be used to pay debt service obligations.
- The fund balance of our capital projects fund decreased by \$12,723,118. This decrease is due to the continued construction related to the 2018 Series B bond issue, ending the year with a fund balance of \$20,706,234. Proceeds from bond funds are used for constructing buildings; acquiring and installing technology; construction; furnishing and equipping additions to existing school buildings; partially remodeling, furnishing, refurbishing, equipping, and reequipping existing school district buildings; and improving and developing sites, including playgrounds, athletic fields, facilities, and structures in the School District.

KALAMAZOO PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

Factors Bearing on the District's Future

Our elected officials and administration consider many factors when setting the School District's 2023-2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The foundation allowance for the 2023-2024 school year is scheduled to increase by \$458 per pupil. The blended count is calculated based on 90 percent of the fall count and 10 percent of the supplemental count. Overall, enrollment has grown over the past 17 years since the introduction of the Kalamazoo Promise. Enrollment for the 2022-2023 school year decreased by 143 students. The 2023-2024 preliminary budget was adopted in June 2023, based on an estimate of students that will be enrolled in September 2023 (the School District projects a slight decrease in enrollment of 113 students as a result of falling birth rates). Based on early enrollment data at the start of the 2023-2024 school year, we anticipate the fall count will be approximately one percent higher than projected. Any changes in the final student count will be considered when we amend the budget through adoption of the 2023-2024 close estimate budget.

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

Contacting the District's Financial Management

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

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

KALAMAZOO PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 51,254,549
Receivables	
Taxes	39,387
Leases	2,993
Accounts receivable	527,244
Intergovernmental	31,315,139
Inventories	276,887
Prepaid expenses	82,455
Restricted cash and investments	26,421,708
Capital assets, not being depreciated/amortized	31,165,380
Capital assets, net of accumulated depreciation/amortization	189,341,174
TOTAL ASSETS	330,426,916
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	289,936
Related to other postemployment benefits	24,891,221
Related to pension	96,633,446
TOTAL DEFERRED OUTFLOWS OF RESOURCES	121,814,603
LIABILITIES	
Accounts payable	8,821,610
Accrued interest	986,023
Accrued payroll	11,775,060
Accrued retirement	10,321,708
Unearned revenue	8,666,734
Noncurrent liabilities	
Due within one year	12,869,380
Due in more than one year	182,047,606
Net other postemployment benefits liability	18,329,969
Net pension liability	322,927,148
TOTAL LIABILITIES	576,745,238
DEFERRED INFLOWS OF RESOURCES	
Deferred benefit on refunding	375,477
Related to other postemployment benefits	39,475,936
Related to pension	4,972,839
Related to state aid funding for pension	23,578,120
Leases	2,939
TOTAL DEFERRED INFLOWS OF RESOURCES	68,405,311
NET POSITION	
Net investment in capital assets	47,497,758
Restricted for debt service	6,293,626
Unrestricted	(246,700,414)
TOTAL NET POSITION	\$ (192,909,030)

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

**KALAMAZOO PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 104,629,369	\$ 153,635	\$ 48,643,865	\$ (55,831,869)
Support services	80,181,923	-	23,357,236	(56,824,687)
Food service	10,431,497	139,621	10,818,412	526,536
Athletics	1,760,455	218,712	-	(1,541,743)
Community services	1,329,753	737,268	947,757	355,272
Student/school activities	858,190	-	988,057	129,867
Interest on long-term debt	6,448,243	-	360,922	(6,087,321)
Unallocated depreciation/ amortization	5,307,093	-	-	(5,307,093)
Total governmental activities	<u>\$ 210,946,523</u>	<u>\$ 1,249,236</u>	<u>\$ 85,116,249</u>	<u>(124,581,038)</u>
General revenues				
Property taxes levied for general purposes				24,088,181
Property taxes levied for debt service				24,605,074
State aid, unrestricted				92,798,025
Federal grants and contributions, unrestricted				27,659
Investment earnings				1,911,030
Penalties, interest, and other taxes				161,268
Miscellaneous				<u>723,013</u>
Total general revenues				<u>144,314,250</u>
CHANGE IN NET POSITION				19,733,212
Net Position, beginning of year, as restated				<u>(212,642,242)</u>
Net Position, end of year				<u>\$ (192,909,030)</u>

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

**KALAMAZOO PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Debt Service Fund	2018 Capital Projects Series B Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 40,402,407	\$ 4,912,982	\$ -	\$ 5,939,160	\$ 51,254,549
Receivables:					
Taxes	39,387	-	-	-	39,387
Leases	2,993	-	-	-	2,993
Accounts receivable	522,188	-	-	5,056	527,244
Intergovernmental	30,904,490	-	-	410,649	31,315,139
Due from other funds	426,915	-	346,362	-	773,277
Inventories	137,646	-	-	139,241	276,887
Prepays	82,455	-	-	-	82,455
Restricted cash and investments	-	2,366,667	24,055,041	-	26,421,708
TOTAL ASSETS	\$ 72,518,481	\$ 7,279,649	\$ 24,401,403	\$ 6,494,106	\$ 110,693,639
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 4,757,612	\$ -	\$ 3,695,169	\$ 368,829	\$ 8,821,610
Accrued payroll	11,690,104	-	-	84,956	11,775,060
Accrued retirement	10,287,381	-	-	34,327	10,321,708
Due to other funds	-	-	-	773,277	773,277
Unearned revenue	8,666,734	-	-	-	8,666,734
TOTAL LIABILITIES	35,401,831	-	3,695,169	1,261,389	40,358,389
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	39,387	-	-	-	39,387
Leases	2,939	-	-	-	2,939
TOTAL DEFERRED INFLOWS OF RESOURCES	42,326	-	-	-	42,326
FUND BALANCES					
Nonspendable - inventories	137,646	-	-	139,241	276,887
Nonspendable - prepaids	82,455	-	-	-	82,455
Restricted for capital projects	-	-	20,706,234	-	20,706,234
Restricted for debt service	-	7,279,649	-	-	7,279,649
Restricted for food service	-	-	-	3,256,943	3,256,943
Committed for student/ school activities	-	-	-	1,836,533	1,836,533
Unassigned	36,854,223	-	-	-	36,854,223
TOTAL FUND BALANCES	37,074,324	7,279,649	20,706,234	5,232,717	70,292,924
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 72,518,481	\$ 7,279,649	\$ 24,401,403	\$ 6,494,106	\$ 110,693,639

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

KALAMAZOO PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total governmental fund balances \$ 70,292,924

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

Deferred outflows of resources - deferred charge on refunding	289,936
Deferred outflows of resources - related to other postemployment benefits	24,891,221
Deferred outflows of resources - related to pension	96,633,446
Deferred inflows of resources - deferred benefits on refunding	(375,477)
Deferred inflows of resources - related to other postemployment benefits	(39,475,936)
Deferred inflows of resources - related to pension	(4,972,839)
Deferred inflows of resources - related to state funding for pension	(23,578,120)

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

These assets consist of:

Capital assets, at cost	\$ 464,640,230	
Accumulated depreciation/amortization	<u>(244,133,676)</u>	
Net capital assets		220,506,554

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

Unavailable revenue	39,387
---------------------	--------

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

General obligation bonds	(186,300,000)	
Deferred issuance premium	(7,093,465)	
Leases	(43,779)	
SBITAs	(192,245)	
Accrued interest on bonds	(986,023)	
Compensated absences	(977,473)	
Workers' compensation claims	(310,024)	
Net other postemployment benefits liability	(18,329,969)	
Net pension liability	<u>(322,927,148)</u>	
Net long-term liabilities		<u>(537,160,126)</u>

Net position of governmental activities	<u><u>\$ (192,909,030)</u></u>
--	---------------------------------------

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

KALAMAZOO PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Debt Service Fund	2018 Capital Projects Series B Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 30,019,060	\$ 24,897,914	\$ 698,455	\$ 1,221,499	\$ 56,836,928
State sources	132,721,209	719,296	-	287,840	133,728,345
Federal sources	24,104,859	360,922	-	10,530,572	34,996,353
Intermediate sources	15,400,513	-	-	-	15,400,513
TOTAL REVENUES	202,245,641	25,978,132	698,455	12,039,911	240,962,139
EXPENDITURES					
Current:					
Instruction	110,453,572	-	-	-	110,453,572
Support services	82,911,899	-	-	-	82,911,899
Community services	1,412,013	-	-	-	1,412,013
Food services	-	-	-	11,453,865	11,453,865
Athletics	1,760,455	-	-	-	1,760,455
Student/school activities	-	-	-	858,190	858,190
Debt service:					
Principal	84,564	18,265,000	-	-	18,349,564
Interest	4,601	6,522,087	-	-	6,526,688
Other	-	7,750	-	-	7,750
Capital outlay	3,734,505	-	13,421,573	-	17,156,078
TOTAL EXPENDITURES	200,361,609	24,794,837	13,421,573	12,312,055	250,890,074
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,884,032	1,183,295	(12,723,118)	(272,144)	(9,927,935)
OTHER FINANCING SOURCES (USES)					
Proceeds from subscription-based IT arrangements	98,036	-	-	-	98,036
Transfers in	525,000	-	-	-	525,000
Transfers out	-	-	-	(525,000)	(525,000)
TOTAL OTHER FINANCING SOURCES (USES)	623,036	-	-	(525,000)	98,036
NET CHANGE IN FUND BALANCE	2,507,068	1,183,295	(12,723,118)	(797,144)	(9,829,899)
FUND BALANCES					
Beginning of year	34,567,256	6,096,354	33,429,352	6,029,861	80,122,823
End of year	<u>\$ 37,074,324</u>	<u>\$ 7,279,649</u>	<u>\$ 20,706,234</u>	<u>\$ 5,232,717</u>	<u>\$ 70,292,924</u>

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

KALAMAZOO PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances total governmental funds **\$ (9,829,899)**

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

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

Capital outlay	21,889,522
Depreciation/amortization expense	(17,752,902)

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

Accrued interest payable, beginning of the year	1,063,384
Accrued interest payable, end of the year	(986,023)

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

Payments on debt principal	18,349,564
Proceeds from subscription-based IT arrangements	(98,036)
Amortization of bond premium	958,764
Amortization of deferred charge on refunding	(96,641)
Amortization of deferred benefit on refunding	44,747

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

Deferred inflows of resources - unavailable revenue, beginning of the year	(31,256)
Deferred inflows of resources - unavailable revenue, end of the year	39,387

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

Compensated absences	(151,290)
Workers' compensation claims	172,404
Other postemployment benefits related items	14,580,920
Pension related items	1,871,102

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

Pension related items, beginning of year	13,287,585
Pension related items, end of year	<u>(23,578,120)</u>

Change in net position of governmental activities **\$ 19,733,212**

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

Basis of Presentation – Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *2018 Capital Projects Series B Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The *2018 Capital Projects Series B Fund* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code.

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (concluded)

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

Revenues and other financing sources	<u>\$ 46,790,354</u>
Expenditures and other financing uses	<u>\$ 26,084,120</u>

The above revenues and other financing sources figure includes the bond proceeds and premium of \$46,644,393 for the 2018 Capital Projects Series B Fund.

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

Other Nonmajor Funds

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (concluded)

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

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

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

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

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

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting

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

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended once during the year. The final budget was approved prior to the June 30, 2023 year-end with more than originally expected revenues and appropriations due to previous uncertainty in state and federal funding when the original budget was adopted. Although the district does consider these amendments to be significant, they were deemed necessary to recognize new information that was not available during the adoption of the preliminary budget. The amended budget incorporates updated costs and projections based on the most current information available.

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

Cash and Cash Equivalents

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

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

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

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

Inventories and Prepaid Items

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

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

Capital assets, which include land, construction in progress, building and additions, land improvements, computer and office equipment, outdoor equipment, and transportation equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefit related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has six items that qualify for reporting in this category. The first is a deferred benefit on refunding which results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The District also reports unavailable revenues from one source: leases. These amounts are long-term leases entered into by the District in which the District is the lessor. These amounts are recognized as revenue over the term of the lease agreements. The sixth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year-end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (concluded)

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

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

In the general fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 15% of the preceding year's expenditures.

Leases and Subscription-based IT Arrangements (SBITA)

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

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

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

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Lessor: The District is a lessor for a noncancelable lease of a radio tower. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District 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.

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

- The District 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 District 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.

Revenues and Expenditures/Expenses

Program Revenues

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Revenues and Expenditures/Expenses (concluded)

Property Taxes

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

For the year ended June 30, 2023, the District levied the following amounts per \$1,000 of assessed valuation. The general fund levied 17.6757 mills and 5.6757 mills for applicable property. The debt service fund levied 8.2 mills.

Compensated Absences

District employees are granted vacation and sick leave in varying amounts and are accumulated at different rates for various categories of employees. Unused sick leave accumulates from year to year, which varies for different categories of employees. Unused sick leave is paid to employees at a contractual rate for each unused sick day either at the time of retirement or upon termination, depending upon the category of the employee. The liability for compensated absences includes salary-related payments. In the fund financial statements, only the matured liability for compensated absences is reported. The total liability is reported in the government-wide financial statements.

Long-Term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023 the District had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, \$14,673,982 of the District's bank balance of \$14,923,932 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$15,417,351.

KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

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

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

Interest Rate Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S Treasury Notes	\$ 12,963,105	1.3661
Money Market	4,582,670	N/A
MILAF External Investment Pool - CMC	20,073,330	N/A
MILAF External Investment Pool - Max	<u>24,639,801</u>	N/A
Total fair value	<u>\$ 62,258,906</u>	
Portfolio Weighted Average Maturity		<u>1.3661</u>

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
U.S Treasury Notes	\$ 12,963,105	AAAm	Standard & Poor's
Money Market	4,582,670	P-1	Standard & Poor's
MILAF External Investment Pool - CMC	20,073,330	AAAm	Standard & Poor's
MILAF External Investment Pool - Max	<u>24,639,801</u>	AAAm	Standard & Poor's
Total	<u>\$ 62,258,906</u>		

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

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

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

Investments by Fair Value Level	Level 1	Level 2	Level 3	Balance at June 30, 2023
U.S Treasury Notes	\$ 12,963,105	\$ -	\$ -	\$ 12,963,105

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

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

	Amortized Cost
MILAF External Investment Pool - CMC	\$ 20,073,330
MILAF External Investment Pool - Max	24,639,801
	<u>\$ 44,713,131</u>

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (concluded)

The following summarizes the categorization of deposits and investments as of June 30, 2023:

	Primary Government
Deposits	\$ 15,417,351
Investments	62,258,906
	<u>\$ 77,676,257</u>

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

The following summarizes the categorization of these amounts in the financial statements as of June 30, 2023:

	Primary Government
Cash and investments	\$ 51,254,549
Restricted cash and investments	26,421,708
	<u>\$ 77,676,257</u>

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of the following:

Fund	Local	State	Federal	Total
General	\$ 794,235	\$ 24,165,120	\$ 5,945,135	\$ 30,904,490
Nonmajor governmental fund	-	43,572	367,077	410,649
Total	<u>\$ 794,235</u>	<u>\$ 24,208,692</u>	<u>\$ 6,312,212</u>	<u>\$ 31,315,139</u>

All balances are expected to be collected within one year.

NOTE 4 - INTERFUND ACTIVITY

Interfund receivables and payables between funds were as follows at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 426,915	\$ -
2018 Capital Projects Series B Fund	346,362	-
Nonmajor Governmental Funds	-	773,277
	<u>\$ 773,277</u>	<u>\$ 773,277</u>

KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERFUND ACTIVITY (concluded)

Transfers between funds were as follows during the year ended June 30, 2023:

Fund	Transfers In	Transfers Out
General Fund	\$ 525,000	\$ -
Nonmajor Governmental Fund	-	525,000
	<u>\$ 525,000</u>	<u>\$ 525,000</u>

NOTE 5 - CAPITAL ASSETS

The following summarizes capital asset activity for the year ended June 30, 2023.

	As Restated, Balance, June 30, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance, June 30, 2023
Governmental activities				
Capital assets not depreciated				
Land	\$ 7,266,440	\$ -	\$ -	\$ 7,266,440
Construction in progress	14,720,882	13,825,135	(4,647,077)	23,898,940
Total capital assets not depreciated	21,987,322	13,825,135	(4,647,077)	31,165,380
Capital assets being depreciated/amortized				
Buildings and improvements	325,983,568	6,359,379	-	332,342,947
Furniture and equipment	78,346,272	5,943,950	-	84,290,222
Buses and other vehicles	14,617,412	118,979	-	14,736,391
Right to use - equipment	85,877	-	-	85,877
Right to use - subscription-based IT	1,730,257	289,156	-	2,019,413
Total capital assets being depreciated/amortized	420,763,386	12,711,464	-	433,474,850
Totals at historical cost	442,750,708	26,536,599	(4,647,077)	464,640,230
Less accumulated depreciation/amortization for:				
Buildings and improvements	151,653,744	11,589,621	-	163,243,365
Furniture and equipment	65,354,882	4,173,779	-	69,528,661
Buses and other vehicles	8,875,383	1,334,800	-	10,210,183
Right to use - equipment	21,468	21,469	-	42,937
Right to use - subscription-based IT	475,297	633,233	-	1,108,530
Total accumulated depreciation/amortization	226,380,774	17,752,902	-	244,133,676
Net governmental capital assets	<u>\$ 216,369,934</u>	<u>\$ 8,783,697</u>	<u>\$ (4,647,077)</u>	<u>\$ 220,506,554</u>

KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (concluded)

Depreciation/amortization expense for the year ended June 30, 2023 was \$17,752,902. For assets that serve multiple functions, the District determined that it was impractical to depreciate to the various governmental activities. The depreciation/amortization expense for these assets remains unallocated. The allocation of depreciation/amortization expense based on function is as follows:

	Depreciation/ Amortization Expense
Instruction	\$ 8,089,775
Support	4,356,034
Unallocated	5,307,093
	<u>\$ 17,752,902</u>

The cost to complete construction in progress are approximately \$16,101,000.

NOTE 6 - LONG TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the District for the year ended June 30, 2023.

	As Restated, Balance June 30, 2022	Additions	Deductions	Balance, June 30, 2023	Due Within One Year
General obligation bonds	\$ 204,565,000	\$ -	\$ (18,265,000)	\$ 186,300,000	\$ 11,755,000
Deferred issuance premium	8,052,229	-	(958,764)	7,093,465	-
Leases	65,034	-	(21,255)	43,779	21,675
SBITAs	157,518	98,036	(63,309)	192,245	113,961
Compensated absences	826,183	1,073,665	(922,375)	977,473	767,191
Workers' compensation claims	482,428	131,623	(304,027)	310,024	211,553
	<u>\$ 214,148,392</u>	<u>\$ 1,303,324</u>	<u>\$ (20,534,730)</u>	<u>\$ 194,916,986</u>	<u>\$ 12,869,380</u>

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG TERM OBLIGATIONS (continued)

General obligation bonds at June 30, 2023 are comprised of the following individual issues:

General Obligation Bonds

2010 QSCB Bonds, \$7,100,000, due in an installment of \$7,100,000 on May 1, 2027, interest at 6.2%, net of interest subsidy from federal Treasury up to 5.37%.	\$ 7,100,000
2014 Building and Site Bonds, \$29,350,000 due in annual installments of \$1,200,000 to \$3,075,000 through May 1, 2034, interest at 3.00% to 4.00%.	25,300,000
2015 Refunding Bonds, \$42,515,000 due in annual installments of \$5,075,000 to \$5,335,000 through May 1, 2026, interest at 4.00% to 5.00%.	15,610,000
2016 Building, Site Bonds - Series A, \$9,995,000, due in annual installments of \$280,000 to \$950,000 through May 1, 2035, interest at 2.00% to 3.00%.	8,350,000
2016 Building, Site Bonds - Series B, \$27,535,000, due in annual installments of \$375,000 to \$2,700,000 through May 1, 2036, interest at 3.00%.	24,765,000
2018 Building and Site Bonds, \$47,990,000 due in annual installments of \$1,005,000 to \$3,865,000 through May 1, 2038, interest at 4.00%.	38,030,000
2019 Refunding Bonds, \$10,830,000 due in annual installments of \$1,070,000 to \$1,180,000 through May 1, 2029, interest at 4.00%.	6,860,000
2020 Refunding Bonds, \$16,915,000 due in annual installments of \$1,250,000 to \$1,365,000 through May 1, 2030, interest at 3.00% to 4.00%.	9,205,000
2021 Building and Site Bonds, \$45,620,000 due in annual installments of \$1,375,000 to \$3,370,000 through May 1, 2041, interest at 2.00%.	38,395,000
2021 Refunding Bonds, \$17,120,000 due in annual installments of \$1,060,000 to \$1,500,000 through May 1, 2033, interest at 0.93% to 2.38%.	12,685,000
Total outstanding bond issues	186,300,000
Plus premiums on bonds	7,093,465
Total general obligation bonds	193,393,465
<u>Direct Borrowings and Direct Placements</u>	
Leased Telephone System, due in monthly installments of \$1,862 through June 2025, imputed interest at 1.96%.	43,779
Various Subscription-based Information Technology Arrangements, due in annual installments ranging from \$31,680 to \$50,214 through December 2024, imputed interest at 2.00% to 5.00%.	192,245
Total direct borrowings and direct placements	236,024
Compensated absences	977,473
Worker's compensation claims	310,024
Total general long-term obligations	\$ 194,916,986

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG TERM OBLIGATIONS (concluded)

The District defeased certain general obligations bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2023, \$31,575,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2023, are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing and Direct Placement		Other Long-term Obligations	Total
	Principal	Interest	Principal	Interest		
2024	\$ 11,755,000	\$ 6,047,610	#####	\$ 3,743	\$ -	\$ 17,941,989
2025	12,085,000	5,668,010	100,388	3,844	-	17,857,242
2026	12,525,000	5,270,398	-	-	-	17,795,398
2027	19,465,000	4,789,146	-	-	-	24,254,146
2028	12,535,000	3,977,462	-	-	-	16,512,462
2029 - 2033	61,820,000	14,080,714	-	-	-	75,900,714
2034 - 2038	46,145,000	4,847,100	-	-	-	50,992,100
2039 - 2041	9,970,000	400,700	-	-	-	10,370,700
	186,300,000	45,081,140	236,024	7,587	-	231,624,751
Deferred issuance premium	7,093,465	-	-	-	-	7,093,465
Compensated absences	-	-	-	-	977,473	977,473
Workers' compensation claims	-	-	-	-	310,024	310,024
	<u>\$193,393,465</u>	<u>\$45,081,140</u>	<u>#####</u>	<u>\$ 7,587</u>	<u>\$1,287,497</u>	<u>\$240,005,713</u>

Interest expense for the year ended June 30, 2023 was approximately \$6,526,000.

Commencing in 2022, District is required to set aside \$1,183,333 annually to be used to pay the \$7,100,000 2010 QSCB Bonds installment in May 2027. At June 30, 2023, the set-aside balance 2,366,667 is recorded as restricted cash and investments in the Debt Service Fund.

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

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS

Plan Description

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

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

Plan Description (continued)

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012

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

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

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

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

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

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

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

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

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

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012

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

Pension Reform of 2017

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$39,919,000. Of the total pension contributions approximately \$38,722,000 was contributed to fund the Defined Benefit Plan and approximately \$1,197,000 was contributed to the Defined Contribution Plan.

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (concluded)

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB benefits were approximately \$7,329,000. Of the total OPEB contributions approximately \$6,710,000 was contributed to fund the Defined Benefit Plan and approximately \$619,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total pension liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan fiduciary net position	\$ 58,268,076,344	\$ 62,717,060,920
Net pension liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate share	0.85865%	0.85591%
Net pension liability for the District	\$ 322,927,148	\$ 202,640,055

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

For the year ended June 30, 2023, the District recognized pension expense of approximately \$36,850,965.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 55,490,456	\$ -
Net difference between projected and actual plan investment earnings	757,264	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	625,781	4,250,808
Differences between expected and actual experience	3,230,398	722,031
Reporting Unit's contributions subsequent to the measurement date	36,529,547	-
	<u>\$ 96,633,446</u>	<u>\$ 4,972,839</u>

KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

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

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

\$36,529,547, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 15,321,584
2024	11,090,974
2025	10,153,626
2026	18,564,876

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total other postemployment benefits liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net other postemployment benefits liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.86541%	0.84145%
Net other postemployment benefits liability for the District	\$ 18,329,969	\$ 12,843,633

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

For the year ended June 30, 2023, the District recognized OPEB benefit of approximately \$7,870,815.

KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 16,338,090	\$ 1,330,340
Net difference between projected and actual plan investment earnings	1,432,632	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,319,495	2,244,208
Differences between expected and actual experience	-	35,901,388
Reporting Unit's contributions subsequent to the measurement date	5,801,004	-
	<u>\$ 24,891,221</u>	<u>\$ 39,475,936</u>

\$5,801,004, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2023	\$ (7,168,189)
2024	(6,450,579)
2025	(5,857,650)
2026	(744,168)
2027	(210,682)
2028	45,549

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

Inflation - 3.0%.

Mortality Assumptions -

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

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

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

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (concluded)

Actuarial Assumptions (concluded)

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
International Equity Pools	15.0%	6.7%
Private Equity Pools	16.0%	8.7%
Real Estate and Infrastructure Pools	10.0%	5.3%
Fixed Income Pools	13.0%	(0.2%)
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	(0.5%)
	100.0%	

* Long term rates of return are net of administrative expenses and 2.2% inflation.

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested..

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

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	<u>\$ 426,143,866</u>	<u>\$ 322,927,148</u>	<u>\$ 237,871,923</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	<u>\$ 30,746,761</u>	<u>\$ 18,329,969</u>	<u>\$ 7,873,491</u>

Sensitivity to the net OPEB liability to changes in the healthcare cost trend rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.0% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Other Postemployment Benefits		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	<u>\$ 7,675,715</u>	<u>\$ 18,329,969</u>	<u>\$ 30,289,582</u>

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2022 Annual Comprehensive Financial Report.

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RISK MANAGEMENT

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

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

The school District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded in the government-wide statements. Changes to the liability in each of the past 2 fiscal years were as follows:

	<u>2023</u>	<u>2022</u>
Estimated liability, beginning of year	\$ 482,428	\$ 402,975
Estimated claims incurred - including changes in estimates	131,624	315,992
Claim payments	<u>(304,028)</u>	<u>(236,539)</u>
Estimated liability, end of year	<u><u>\$ 310,024</u></u>	<u><u>\$ 482,428</u></u>

NOTE 9 - LEASE RECEIVABLE

The District leases a radio tower to a third party. The lease is for two years, during which the District will receive monthly payments of \$1,500. The District recognized \$17,638 in lease revenue, and \$248 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, Kalamazoo Public Schools' receivable for lease payments was \$2,993. The District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow was \$2,939.

NOTE 10 - CONTINGENT LIABILITIES

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

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - TAX ABATEMENTS

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

<u>Municipality</u>	<u>Taxes abated</u>
Kalamazoo Township	\$ 72,442
Oshtemo Township	559,307
	<u>\$ 631,749</u>

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

There are no abatements made by the District.

NOTE 12 - 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 periods, (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 District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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 yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

**KALAMAZOO PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. 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 change for capital assets and long-term obligations is as follows:

	<u>Capital Assets</u>	<u>Long-term Obligations</u>
Balance as of July 1, 2022, as previously stated	\$ 215,114,974	\$ 213,990,874
Adoption of GASB Statement 96	<u>1,254,960</u>	<u>157,518</u>
Balance as of July 1, 2022, as restated	<u><u>\$ 216,369,934</u></u>	<u><u>\$ 214,148,392</u></u>

The restatement of the beginning of the year had the following impact on net position. The capitalization of previously expensed SBITAs under the consumption method is as follows:

	<u>Governmental Activities</u>
Net position as of July 1, 2022, as previously stated	\$ (213,739,684)
Adoption of GASB Statement 96	<u>1,097,442</u>
Net position as of July 1, 2022, as restated	<u><u>\$ (212,642,242)</u></u>

NOTE 14 - SUBSEQUENT EVENT

The District received proceeds on the issuance of the 2023 School Building and Site Bonds, Series I with a par value of \$51,535,000 on July 11, 2023. The bonds are due in annual installments of \$1,000,000 to \$9,600,000 through May 2048, with interest at 5.0%.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

**KALAMAZOO PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Local sources	\$ 28,050,000	\$ 28,818,907	\$ 30,019,060	\$ 1,200,153
State sources	121,296,000	131,769,268	132,721,209	951,941
Federal sources	33,826,000	25,211,924	24,104,859	(1,107,065)
Incoming transfers and other	17,735,000	16,410,714	15,400,513	(1,010,201)
TOTAL REVENUES	200,907,000	202,210,813	202,245,641	34,828
EXPENDITURES				
Current				
Instruction				
Basic programs	83,227,000	88,268,793	89,322,981	(1,054,188)
Added needs	24,426,000	20,582,112	20,614,066	(31,954)
Adult/continuing education	488,000	536,167	516,525	19,642
Total instruction	108,141,000	109,387,072	110,453,572	(1,066,500)
Support services:				
Pupil	16,076,000	15,020,678	15,856,263	(835,585)
Instructional staff	15,651,000	15,099,463	12,815,869	2,283,594
General administration	1,220,000	1,518,633	1,709,937	(191,304)
School administration	13,060,000	13,011,077	12,867,473	143,604
Business	2,207,000	2,057,274	1,943,041	114,233
Operation/maintenance	17,526,000	22,123,380	19,869,739	2,253,641
Pupil transportation	11,348,000	11,787,855	11,254,945	532,910
Central services	7,059,000	5,837,081	6,594,632	(757,551)
Athletics	1,459,000	1,548,852	1,760,455	(211,603)
Total support services	85,606,000	88,004,293	84,672,354	3,331,939
Community services	1,220,000	1,570,636	1,412,013	158,623
Debt service	50,000	1,623,000	89,165	1,533,835
Capital outlay	6,341,000	-	3,734,505	(3,734,505)
TOTAL EXPENDITURES	201,358,000	200,585,001	200,361,609	223,392
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(451,000)	1,625,812	1,884,032	258,220
OTHER FINANCING SOURCES (USES)				
Proceeds from subscription-based IT arrangements	-	-	98,036	98,036
Transfers in	525,000	525,000	525,000	-
TOTAL OTHER FINANCING SOURCES (USES)	525,000	525,000	623,036	98,036
NET CHANGE IN FUND BALANCE	\$ 74,000	\$ 2,150,812	2,507,068	\$ 356,256
FUND BALANCE				
Beginning of year			34,567,256	
End of year			<u>\$ 37,074,324</u>	

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.85865%	0.85591%	0.87619%	0.87893%	0.88135%	0.87874%	0.85503%	0.84318%	0.82368%
Reporting Unit's proportionate share of net pension liability	\$ 322,927,148	\$ 202,640,055	\$ 300,979,958	\$ 291,073,635	\$ 264,950,102	\$ 227,719,652	\$ 213,322,702	\$ 205,948,054	\$ 181,426,991
Reporting Unit's covered-employee payroll	\$ 84,382,729	\$ 76,178,001	\$ 78,062,392	\$ 77,127,957	\$ 75,170,753	\$ 74,360,529	\$ 72,789,152	\$ 70,521,825	\$ 72,254,105
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	382.69%	266.01%	385.56%	377.39%	352.46%	306.24%	293.07%	292.03%	251.10%
Plan fiduciary net position as a percentage of total pension liability (non-university employers)	60.77%	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.15%

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 38,722,067	\$ 29,444,942	\$ 25,918,857	\$ 24,686,453	\$ 23,623,613	\$ 22,606,857	\$ 20,677,810	\$ 19,792,111	\$ 12,807,262
Contributions in relation to statutorily required contributions	<u>38,722,067</u>	<u>29,444,942</u>	<u>25,918,857</u>	<u>24,686,453</u>	<u>23,623,613</u>	<u>22,606,857</u>	<u>20,677,810</u>	<u>19,792,111</u>	<u>12,807,262</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 83,173,880	\$ 81,365,088	\$ 74,180,914	\$ 78,985,580	\$ 76,971,069	\$ 74,575,661	\$ 74,317,120	\$ 72,132,624	\$ 72,892,782
Contributions as a percentage of covered-employee payroll	46.56%	36.19%	34.94%	31.25%	30.69%	30.31%	27.82%	27.44%	17.57%

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

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

	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.86541%	0.84145%	0.87889%	0.88128%	0.88231%	0.87767%
Reporting Unit's proportionate share of net OPEB liability	\$ 18,329,969	\$ 12,843,633	\$ 47,084,376	\$ 63,255,898	\$ 70,134,756	\$ 77,721,855
Reporting Unit's covered-employee payroll	\$ 84,382,729	\$ 76,178,001	\$ 78,062,392	\$ 77,127,957	\$ 75,170,753	\$ 74,360,529
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	21.72%	16.86%	60.32%	82.01%	93.30%	104.52%
Plan fiduciary net position as a percentage of total OPEB liability (non-university employers)	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required OPEB contributions	\$ 6,710,105	\$ 6,630,604	\$ 6,173,150	\$ 6,346,965	\$ 6,046,097	\$ 5,386,395
Contributions in relation to statutorily required contributions	<u>6,710,105</u>	<u>6,630,604</u>	<u>6,173,150</u>	<u>6,346,965</u>	<u>6,046,097</u>	<u>5,386,395</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (OPEB)	\$ 83,173,880	\$ 81,365,088	\$ 74,180,914	\$ 78,985,580	\$ 76,971,069	\$ 74,575,661
OPEB contributions as a percentage of covered-employee payroll	8.07%	8.15%	8.32%	8.04%	7.86%	7.22%

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

KALAMAZOO PUBLIC SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate for decreased to 6.00% from 6.95%.

This page intentionally left blank.

ADDITIONAL SUPPLEMENTARY INFORMATION

**KALAMAZOO PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2023**

	Special Revenue Funds		
	Food	Student/School	
	Service	Activities	Total
ASSETS			
Cash and investments	\$ 3,805,245	\$ 2,133,915	\$ 5,939,160
Receivables:			
Accounts receivable	5,056	-	5,056
Intergovernmental	410,649	-	410,649
Inventories	139,241	-	139,241
TOTAL ASSETS	\$ 4,360,191	\$ 2,133,915	\$ 6,494,106
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 341,693	\$ 27,136	\$ 368,829
Accrued payroll	84,956	-	84,956
Accrued retirement	34,327	-	34,327
Due to other funds	503,031	270,246	773,277
TOTAL LIABILITIES	964,007	297,382	1,261,389
FUND BALANCES			
Nonspendable - inventories	139,241	-	139,241
Restricted for food service	3,256,943	-	3,256,943
Committed for student/school activities	-	1,836,533	1,836,533
TOTAL FUND BALANCES	3,396,184	1,836,533	5,232,717
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,360,191	\$ 2,133,915	\$ 6,494,106

**KALAMAZOO PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds		
	Food Service	Student/School Activities	Total
REVENUES			
Local sources	\$ 168,292	\$ 1,053,207	\$ 1,221,499
State sources	287,840	-	287,840
Federal sources	10,530,572	-	10,530,572
 TOTAL REVENUES	 10,986,704	 1,053,207	 12,039,911
EXPENDITURES			
Food services	11,453,865	-	11,453,865
Student/school activities	-	858,190	858,190
 TOTAL EXPENDITURES	 11,453,865	 858,190	 12,312,055
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (467,161)	 195,017	 (272,144)
OTHER FINANCING USES			
Transfers out	(525,000)	-	(525,000)
 NET CHANGES IN FUND BALANCES	 (992,161)	 195,017	 (797,144)
FUND BALANCES			
Beginning of year	4,388,345	1,641,516	6,029,861
 End of year	 \$ 3,396,184	 \$ 1,836,533	 \$ 5,232,717

**KALAMAZOO PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUND - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Local sources	\$ 316,000	\$ 316,322	\$ 168,292	\$ (148,030)
State sources	303,000	286,139	287,840	1,701
Federal sources	8,991,000	8,486,184	10,530,572	2,044,388
TOTAL REVENUES	<u>9,610,000</u>	<u>9,088,645</u>	<u>10,986,704</u>	<u>1,898,059</u>
EXPENDITURES				
Current				
Food services	<u>8,999,000</u>	<u>8,422,995</u>	<u>11,453,865</u>	<u>(3,030,870)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>611,000</u>	<u>665,650</u>	<u>(467,161)</u>	<u>(1,132,811)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(525,000)</u>	<u>(525,000)</u>	<u>(525,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 86,000</u>	<u>\$ 140,650</u>	<u>(992,161)</u>	<u>\$ (1,132,811)</u>
FUND BALANCE				
Beginning of year			<u>4,388,345</u>	
End of year			<u>\$ 3,396,184</u>	

**KALAMAZOO PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUND – STUDENT/SCHOOL ACTIVITIES FUND
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES				
Local sources	<u>\$ 550,000</u>	<u>\$ 925,000</u>	<u>\$ 1,053,207</u>	<u>\$ 128,207</u>
EXPENDITURES				
Current				
Student/school activities	<u>550,000</u>	<u>925,000</u>	<u>858,190</u>	<u>66,810</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>195,017</u>	<u><u>\$ 195,017</u></u>
FUND BALANCE				
Beginning of year			<u>1,641,516</u>	
End of year			<u><u>\$ 1,836,533</u></u>	

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

This issue consists of bonds of \$7,100,000 dated August 9, 2010, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown. Throughout the life of the bond, the federal Treasury pays the district a semi-annual interest subsidy to offset the cost of interest.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	6.20	\$ -	\$ 220,100	\$ 220,100
May 1, 2024	6.20	-	220,100	220,100
November 1, 2024	6.20	-	220,100	220,100
May 1, 2025	6.20	-	220,100	220,100
November 1, 2025	6.20	-	220,100	220,100
May 1, 2026	6.20	-	220,100	220,100
November 1, 2026	6.20	-	220,100	220,100
May 1, 2027	6.20	7,100,000	220,100	7,320,100
Total requirements		<u>\$ 7,100,000</u>	<u>\$ 1,760,800</u>	<u>\$ 8,860,800</u>

KALAMAZOO PUBLIC SCHOOLS
BONDED DEBT - 2014 BUILDING AND SITE BONDS

This issue consists of bonds ranging in denominations from \$1,200,000 to \$3,075,000 dated September 9, 2014, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	3.00	\$ -	\$ 438,859	\$ 438,859
May 1, 2024	3.00	1,200,000	438,859	1,638,859
November 1, 2024	3.00	-	420,859	420,859
May 1, 2025	3.00	1,375,000	420,859	1,795,859
November 1, 2025	3.00	-	400,234	400,234
May 1, 2026	3.00	1,475,000	400,234	1,875,234
November 1, 2026	3.00	-	378,110	378,110
May 1, 2027	3.00	2,275,000	378,110	2,653,110
November 1, 2027	3.00	-	343,985	343,985
May 1, 2028	3.00	2,375,000	343,985	2,718,985
November 1, 2028	3.00	-	308,359	308,359
May 1, 2029	3.00	2,475,000	308,359	2,783,359
November 1, 2029	3.13	-	271,234	271,234
May 1, 2030	3.13	2,575,000	271,234	2,846,234
November 1, 2030	4.00	-	231,000	231,000
May 1, 2031	4.00	2,700,000	231,000	2,931,000
November 1, 2031	4.00	-	177,000	177,000
May 1, 2032	4.00	2,825,000	177,000	3,002,000
November 1, 2032	4.00	-	120,500	120,500
May 1, 2033	4.00	2,950,000	120,500	3,070,500
November 1, 2033	4.00	-	61,500	61,500
May 1, 2034	4.00	3,075,000	61,500	3,136,500
Total requirements		<u>\$ 25,300,000</u>	<u>\$ 6,303,280</u>	<u>\$ 31,603,280</u>

KALAMAZOO PUBLIC SCHOOLS
BONDED DEBT - 2015 REFUNDING BONDS

This issue consists of bonds ranging in denominations from \$5,075,000 to \$5,335,000 dated July 23, 2015, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	4.00	\$ -	\$ 338,875	\$ 338,875
May 1, 2024	4.00	5,075,000	338,875	5,413,875
November 1, 2024	4.00	-	237,375	237,375
May 1, 2025	4.00	5,200,000	237,375	5,437,375
November 1, 2025	5.00	-	133,375	133,375
May 1, 2026	5.00	5,335,000	133,375	5,468,375
Total requirements		<u>\$ 15,610,000</u>	<u>\$ 1,419,250</u>	<u>\$ 17,029,250</u>

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

This issue consists of bonds ranging in denominations from \$280,000 to \$950,000 dated January 21, 2016, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	2.00	\$ -	\$ 113,875	\$ 113,875
May 1, 2024	2.00	280,000	113,875	393,875
November 1, 2024	2.00	-	111,075	111,075
May 1, 2025	2.00	295,000	111,075	406,075
November 1, 2025	2.00	-	108,125	108,125
May 1, 2026	2.00	325,000	108,125	433,125
November 1, 2026	2.13	-	104,875	104,875
May 1, 2027	2.13	700,000	104,875	804,875
November 1, 2027	2.50	-	97,438	97,438
May 1, 2028	2.50	750,000	97,438	847,438
November 1, 2028	2.50	-	88,062	88,062
May 1, 2029	2.50	775,000	88,062	863,062
November 1, 2029	3.00	-	78,375	78,375
May 1, 2030	3.00	800,000	78,375	878,375
November 1, 2030	3.00	-	66,375	66,375
May 1, 2031	3.00	825,000	66,375	891,375
November 1, 2031	3.00	-	54,000	54,000
May 1, 2032	3.00	850,000	54,000	904,000
November 1, 2032	3.00	-	41,250	41,250
May 1, 2033	3.00	875,000	41,250	916,250
November 1, 2033	3.00	-	28,125	28,125
May 1, 2034	3.00	925,000	28,125	953,125
November 1, 2034	3.00	-	14,250	14,250
May 1, 2035	3.00	950,000	14,250	964,250
Total requirements		<u>\$ 8,350,000</u>	<u>\$ 1,811,650</u>	<u>\$ 10,161,650</u>

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

This issue consists of bond payments from \$375,000 to \$2,700,000 dated August 3, 2016, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	3.00	\$ -	\$ 371,475	\$ 371,475
May 1, 2024	3.00	375,000	371,475	746,475
November 1, 2024	3.00	-	365,850	365,850
May 1, 2025	3.00	400,000	365,850	765,850
November 1, 2025	3.00	-	359,850	359,850
May 1, 2026	3.00	500,000	359,850	859,850
November 1, 2026	3.00	-	352,350	352,350
May 1, 2027	3.00	1,700,000	352,350	2,052,350
November 1, 2027	3.00	-	326,850	326,850
May 1, 2028	3.00	2,025,000	326,850	2,351,850
November 1, 2028	3.00	-	296,475	296,475
May 1, 2029	3.00	2,215,000	296,475	2,511,475
November 1, 2029	3.00	-	263,250	263,250
May 1, 2030	3.00	2,225,000	263,250	2,488,250
November 1, 2030	3.00	-	229,875	229,875
May 1, 2031	3.00	2,325,000	229,875	2,554,875
November 1, 2031	3.00	-	195,000	195,000
May 1, 2032	3.00	2,425,000	195,000	2,620,000
November 1, 2032	3.00	-	158,625	158,625
May 1, 2033	3.00	2,525,000	158,625	2,683,625
November 1, 2033	3.00	-	120,750	120,750
May 1, 2034	3.00	2,625,000	120,750	2,745,750
November 1, 2034	3.00	-	81,375	81,375
May 1, 2035	3.00	2,725,000	81,375	2,806,375
November 1, 2035	3.00	-	40,500	40,500
May 1, 2036	3.00	2,700,000	40,500	2,740,500
Total requirements		<u>\$ 24,765,000</u>	<u>\$ 6,324,450</u>	<u>\$ 31,089,450</u>

KALAMAZOO PUBLIC SCHOOLS
BONDED DEBT - 2018 BUILDING AND SITE BONDS

This issue consists of bonds ranging in denominations from \$1,005,000 to \$3,865,000 dated August 7, 2018, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	4.00	\$ -	\$ 760,600	\$ 760,600
May 1, 2024	4.00	1,005,000	760,600	1,765,600
November 1, 2024	4.00	-	740,500	740,500
May 1, 2025	4.00	1,035,000	740,500	1,775,500
November 1, 2025	4.00	-	719,800	719,800
May 1, 2026	4.00	1,065,000	719,800	1,784,800
November 1, 2026	4.00	-	698,500	698,500
May 1, 2027	4.00	2,485,000	698,500	3,183,500
November 1, 2027	4.00	-	648,800	648,800
May 1, 2028	4.00	1,895,000	648,800	2,543,800
November 1, 2028	4.00	-	610,900	610,900
May 1, 2029	4.00	1,950,000	610,900	2,560,900
November 1, 2029	4.00	-	571,900	571,900
May 1, 2030	4.00	2,480,000	571,900	3,051,900
November 1, 2030	4.00	-	522,300	522,300
May 1, 2031	4.00	2,570,000	522,300	3,092,300
November 1, 2031	4.00	-	470,900	470,900
May 1, 2032	4.00	2,670,000	470,900	3,140,900
November 1, 2032	4.00	-	417,500	417,500
May 1, 2033	4.00	2,780,000	417,500	3,197,500
November 1, 2033	4.00	-	361,900	361,900
May 1, 2034	4.00	3,205,000	361,900	3,566,900
November 1, 2034	4.00	-	297,800	297,800
May 1, 2035	4.00	3,480,000	297,800	3,777,800
November 1, 2035	4.00	-	228,200	228,200
May 1, 2036	4.00	3,755,000	228,200	3,983,200
November 1, 2036	4.00	-	153,100	153,100
May 1, 2037	4.00	3,790,000	153,100	3,943,100
November 1, 2037	4.00	-	77,300	77,300
May 1, 2038	4.00	3,865,000	77,300	3,942,300
Total requirements		<u>\$ 38,030,000</u>	<u>\$ 14,560,000</u>	<u>\$ 52,590,000</u>

KALAMAZOO PUBLIC SCHOOLS
BONDED DEBT - 2019 REFUNDING BONDS

This issue consists of bonds ranging in denominations from \$1,070,000 to \$1,180,000 dated January 8, 2019, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	4.00	\$ -	\$ 114,700	\$ 114,700
May 1, 2024	4.00	1,070,000	114,700	1,184,700
November 1, 2024	4.00	-	98,650	98,650
May 1, 2025	4.00	1,105,000	98,650	1,203,650
November 1, 2025	4.00	-	82,075	82,075
May 1, 2026	4.00	1,150,000	82,075	1,232,075
November 1, 2026	4.00	-	64,825	64,825
May 1, 2027	4.00	1,175,000	64,825	1,239,825
November 1, 2027	4.00	-	47,200	47,200
May 1, 2028	4.00	1,180,000	47,200	1,227,200
November 1, 2028	4.00	-	23,600	23,600
May 1, 2029	4.00	1,180,000	23,600	1,203,600
Total requirements		<u>\$ 6,860,000</u>	<u>\$ 862,100</u>	<u>\$ 7,722,100</u>

KALAMAZOO PUBLIC SCHOOLS
BONDED DEBT - 2020 REFUNDING BONDS

This issue consists of bonds ranging in denominations from \$1,250,000 to \$1,355,000 dated January 7, 2020, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	3.00	\$ -	\$ 171,550	\$ 171,550
May 1, 2024	3.00	1,250,000	171,550	1,421,550
November 1, 2024	3.00	-	152,800	152,800
May 1, 2025	3.00	1,260,000	152,800	1,412,800
November 1, 2025	4.00	-	133,900	133,900
May 1, 2026	4.00	1,305,000	133,900	1,438,900
November 1, 2026	4.00	-	107,800	107,800
May 1, 2027	4.00	1,325,000	107,800	1,432,800
November 1, 2027	4.00	-	81,300	81,300
May 1, 2028	4.00	1,345,000	81,300	1,426,300
November 1, 2028	4.00	-	54,400	54,400
May 1, 2029	4.00	1,365,000	54,400	1,419,400
November 1, 2029	4.00	-	27,100	27,100
May 1, 2030	4.00	1,355,000	27,100	1,382,100
Total requirements		<u>\$ 9,205,000</u>	<u>\$ 1,457,700</u>	<u>\$ 10,662,700</u>

KALAMAZOO PUBLIC SCHOOLS
BONDED DEBT - 2021 BUILDING AND SITE BONDS

This issue consists of bonds ranging in denominations from \$1,375,000 to \$1,370,000 dated August 3, 2021, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Interest	Requirements		
		Principal	Interest	Total
November 1, 2023	2.00	\$ -	\$ 383,950	\$ 383,950
May 1, 2024	2.00	-	383,950	383,950
November 1, 2024	2.00	-	383,950	383,950
May 1, 2025	2.00	-	383,950	383,950
November 1, 2025	2.00	-	383,950	383,950
May 1, 2026	2.00	-	383,950	383,950
November 1, 2026	2.00	-	383,950	383,950
May 1, 2027	2.00	1,375,000	383,950	1,758,950
November 1, 2027	2.00	-	370,200	370,200
May 1, 2028	2.00	1,675,000	370,200	2,045,200
November 1, 2028	2.00	-	353,450	353,450
May 1, 2029	2.00	1,700,000	353,450	2,053,450
November 1, 2029	2.00	-	336,450	336,450
May 1, 2030	2.00	1,875,000	336,450	2,211,450
November 1, 2030	2.00	-	317,700	317,700
May 1, 2031	2.00	2,175,000	317,700	2,492,700
November 1, 2031	2.00	-	295,950	295,950
May 1, 2032	2.00	2,250,000	295,950	2,545,950
November 1, 2032	2.00	-	273,450	273,450
May 1, 2033	2.00	2,325,000	273,450	2,598,450
November 1, 2033	2.00	-	250,200	250,200
May 1, 2034	2.00	2,825,000	250,200	3,075,200
November 1, 2034	2.00	-	221,950	221,950
May 1, 2035	2.00	2,925,000	221,950	3,146,950
November 1, 2035	2.00	-	192,700	192,700
May 1, 2036	2.00	3,025,000	192,700	3,217,700
November 1, 2036	2.00	-	162,450	162,450
May 1, 2037	2.00	3,100,000	162,450	3,262,450
November 1, 2037	2.00	-	131,450	131,450
May 1, 2038	2.00	3,175,000	131,450	3,306,450
November 1, 2038	2.00	-	99,700	99,700
May 1, 2039	2.00	3,275,000	99,700	3,374,700
November 1, 2039	2.00	-	66,950	66,950
May 1, 2040	2.00	3,325,000	66,950	3,391,950
November 1, 2040	2.00	-	33,700	33,700
May 1, 2041	2.00	3,370,000	33,700	3,403,700
Total requirements		<u>\$ 38,395,000</u>	<u>\$ 9,284,200</u>	<u>\$ 47,679,200</u>

KALAMAZOO PUBLIC SCHOOLS
BONDED DEBT - 2021 REFUNDING BONDS

This issue consists of bonds ranging in denominations from \$1060,000 to \$1,500,000 dated August 3, 2021, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

Payment Date	Rate	Requirements		
		Principal	Interest	Total
November 1, 2023	0.93	\$ -	\$ 109,821	\$ 109,821
May 1, 2024	0.93	1,500,000	109,821	1,609,821
November 1, 2024	1.28	-	102,846	102,846
May 1, 2025	1.28	1,415,000	102,846	1,517,846
November 1, 2025	1.42	-	93,790	93,790
May 1, 2026	1.42	1,370,000	93,790	1,463,790
November 1, 2026	1.67	-	84,063	84,063
May 1, 2027	1.67	1,330,000	84,063	1,414,063
November 1, 2027	1.83	-	72,958	72,958
May 1, 2028	1.83	1,290,000	72,958	1,362,958
November 1, 2028	1.90	-	61,154	61,154
May 1, 2029	1.90	1,250,000	61,154	1,311,154
November 1, 2029	2.00	-	49,279	49,279
May 1, 2030	2.00	1,205,000	49,279	1,254,279
November 1, 2030	2.10	-	37,229	37,229
May 1, 2031	2.10	1,155,000	37,229	1,192,229
November 1, 2031	2.25	-	25,101	25,101
May 1, 2032	2.25	1,110,000	25,101	1,135,101
November 1, 2032	2.38	-	12,614	12,614
May 1, 2033	2.38	1,060,000	12,614	1,072,614
Total requirements		<u>\$ 12,685,000</u>	<u>\$ 1,297,710</u>	<u>\$ 13,982,710</u>

This page intentionally left blank.

STATISTICAL SECTION (UNAUDITED)

This page intentionally left blank.

KALAMAZOO PUBLIC SCHOOLS

CONTENTS OF THE STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
<i>Financial Trends</i>	80 - 87
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	88 - 93
These schedules contain information to help the reader assess locally levied taxes.	
<i>Debt Capacity</i>	94 - 96
These schedules present information to help the reader assess the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	97 - 98
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<i>Operating Information</i>	99 - 103
These schedules contain data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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

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

<i>June 30,</i>	Fiscal			
	2014	2015 ^a	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 38,644,006	\$ 37,165,099	\$ 36,250,153	\$ 33,763,537
Restricted	4,637,679	4,580,961	3,137,421	4,442,892
Unrestricted	(171,703,771)	(173,262,920)	(173,739,528)	(177,435,140)
Total Primary Government Net Position	\$ (128,422,086)	\$ (131,516,860)	\$ (134,351,954)	\$ (139,228,711)

Source: Kalamazoo Public Schools' audited financial statements.

Notes:

^a Net position was restated for fiscal year 2015 as of July 1, 2014 with the implementation of GASB 68 & 71.

^b Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB 75.

^c Net position was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB 84.

^d Net position was restated for fiscal year 2023 as of July 1, 2022 with the implementation of GASB 96.

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

Year					
2018 ^b	2019	2020 ^c	2021	2022	2023 ^d
\$ 30,495,673	\$ 28,135,395	\$ 29,276,975	\$ 34,144,535	\$ 35,805,242	\$ 47,497,758
4,915,387	7,865,272	9,896,147	9,274,571	9,421,315	6,293,626
(258,975,630)	(266,936,382)	(282,980,052)	(283,992,196)	(258,966,241)	(246,700,414)
\$ (223,564,570)	\$ (230,935,715)	\$ (243,806,930)	\$ (240,573,090)	\$ (213,739,684)	\$ (192,909,030)

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

<i>Year ended June 30,</i>	Fiscal			
	2014	2015	2016	2017
Expenses				
Governmental Activities				
Instruction	\$ 76,694,027	\$ 84,321,564	\$ 85,537,467	\$ 91,801,877
Support services	54,293,844	57,808,743	59,105,112	64,012,157
Community services	1,841,142	2,267,783	2,174,085	2,065,907
Food service	6,989,092	7,531,896	7,153,938	7,901,898
Athletics	1,191,839	1,325,786	1,351,625	1,441,138
Student/school activities	-	-	-	-
Interest on long-term debt	7,098,142	7,495,120	6,444,716	6,995,891
Other	386,095	561,648	403,406	481,945
Unallocated depreciation	10,602,907	2,965,242 ^a	4,050,602	4,697,360
Total Expenses	159,097,088	164,277,782	166,220,951	179,398,173
Program Revenues				
Governmental Activities				
Charges for services:				
Instruction	78,245	97,638	116,202	155,813
Food service	717,803	739,902	815,312	823,112
Athletics	98,958	108,058	138,891	166,010
Community services	722,382	773,164	732,815	634,402
Operating grants and contributions	45,498,953	44,349,575	50,283,618	58,121,362
Total Program Revenues	47,116,341	46,068,337	52,086,838	59,900,699
Net Expense	(111,980,747)	(118,209,445)	(114,134,113)	(119,497,474)
General Revenues				
Governmental Activities				
Property taxes	34,445,642	34,673,056	35,557,399	35,938,153
State aid, unrestricted	76,005,527	80,123,629	75,769,742	77,377,307
Federal grants and contributions, unrestricted	24,774	20,001	11,854	21,776
Investment earnings (loss)	48,422	55,447	29,773	174,967
Miscellaneous	208,707	242,538	655,752	1,108,514
Total General Revenues	110,733,072	115,114,671	112,024,520	114,620,717
Special Item - Loss on impairment	(380,336)	-	-	-
Change in Net Position	\$ (1,628,011)	\$ (3,094,774)	\$ (2,109,593)	\$ (4,876,757)

Source: Kalamazoo Public Schools' audited financial statements.

Notes:

- ^a Depreciation expense allocated by function beginning the year ending June 30, 2015.
- ^b June 30, 2021 was the first year of implementation of GASB 84, Fiduciary Activities.
- ^c June 30, 2022, other expenses includes a loss on sale of capital assets of \$2.03 million.

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

Year					
2018	2019	2020	2021	2022	2023
\$ 94,717,147	\$ 100,367,854	\$ 108,855,391	\$ 104,512,945	\$ 92,874,231	\$ 104,629,369
67,986,671	70,039,560	74,599,351	70,419,380	69,425,388	80,181,923
2,271,085	2,016,386	2,023,018	1,561,314	1,699,646	1,329,753
8,081,520	8,067,174	9,246,316	6,692,421	8,075,560	10,431,497
1,547,287	1,604,139	1,539,659	1,126,000	1,496,990	1,760,455
-	-	-	145,132 ^b	584,775	858,190
6,605,818	7,325,873	6,994,824	6,437,741	7,009,922	6,448,243
5,000	751,562	127,256	4,500	3,116,347 ^c	-
5,199,411	5,354,931	5,218,240	5,004,244	5,216,813	5,307,093
186,413,939	195,527,479	208,604,055	195,903,677	189,499,672	210,946,523
140,021	117,796	84,610	68,617	92,350	153,635
829,319	683,133	310,599	50,349	123,454	139,621
169,881	145,646	132,985	46,954	143,195	218,712
727,008	574,257	528,076	366,710	495,565	737,268
62,910,488	62,361,147	69,753,460	70,389,406	86,629,558	85,116,249
64,776,717	63,881,979	70,809,730	70,922,036	87,484,122	86,365,485
(121,637,222)	(131,645,500)	(137,794,325)	(124,981,641)	(102,015,550)	(124,581,038)
36,570,711	41,620,947	43,439,665	45,146,035	46,181,403	48,693,255
78,955,421	80,752,332	79,864,683	81,192,018	82,005,913	92,798,025
11,474	21,383	25,136	24,575	341,795	27,659
222,613	1,705,869	1,106,199	21,778	(614,194)	1,911,030
230,055	173,824	487,427	409,281	934,038	884,281
115,990,274	124,274,355	124,923,110	126,793,687	128,848,955	144,314,250
-	-	-	-	-	-
\$ (5,646,948)	\$ (7,371,145)	\$ (12,871,215)	\$ 1,812,046	\$ 26,833,405	\$ 19,733,212

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

<i>June 30,</i>	Fiscal			
	2014	2015	2016	2017
General Fund				
Nonspendable - inventories	\$ 182,457	\$ 174,998	\$ 163,019	\$ 172,784
Nonspendable - prepaid expenditures		1,456,952	1,758,652	1,646,717
Unassigned	12,148,504	10,020,842	10,708,803	10,848,616
Total General Fund	12,330,961	11,652,792	12,630,474	12,668,117
All Other Governmental Funds				
Nonspendable - inventories	89,403	137,055	198,017	175,786
Restricted for capital projects	14,636,464	18,793,298 ^a	4,192,516	22,277,711 ^a
Restricted for debt service	4,277,044	4,491,375	4,217,084	4,139,640
Restricted for food service	1,258,489	1,125,505	1,237,023	1,055,013
Committed for student/school activities	-	-	-	-
Total All Other Governmental Funds	20,261,400	24,547,233	9,844,640	27,648,150
Total of All Governmental Funds	\$ 32,592,361	\$ 36,200,025	\$ 22,475,114	\$ 40,316,267

Source: Kalamazoo Public Schools' audited financial statements.

Notes:

^a Increase in fund balance due to receipt of bond proceeds.

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

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

Year					
2018	2019	2020	2021	2022	2023
\$ 185,736	\$ 158,510	\$ 160,055	\$ 164,148	\$ 144,940	\$ 137,646
1,558,615	1,726,674	1,538,693	1,488,608	1,551,055	82,455
12,138,417	12,779,041	15,764,231	27,591,223	32,871,261	36,854,223
13,882,768	14,664,225	17,462,979	29,243,979	34,567,256	37,074,324
215,862	226,781	247,641	144,089	275,337	139,241
11,845,039	52,706,460 ^a	31,926,245	7,975,825	33,429,352 ^a	20,706,234
4,098,156	5,228,745	5,433,168	4,930,950	6,096,354	7,279,649
1,238,302	1,705,254	2,431,631	2,750,588	4,113,008	3,256,943
-	-	-	1,446,369 ^b	1,641,516	1,836,533
17,397,359	59,867,240	40,038,685	17,247,821	45,555,567	33,218,600
\$ 31,280,127	\$ 74,531,465	\$ 57,501,664	\$ 46,491,800	\$ 80,122,823	\$ 70,292,924

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

<i>Year ended June 30,</i>	Fiscal			
	2014	2015	2016	2017
Revenues				
Local revenue	\$ 39,149,947	\$ 39,051,707	\$ 39,870,770	\$ 40,976,944
State revenue	90,967,865	95,278,554	98,832,695	101,736,064
Federal revenue	18,874,263	17,896,913	17,360,969	18,263,628
Intermediate sources	8,834,122	8,974,874	13,685,620	14,577,313
Total revenues	157,826,197	161,202,048	169,750,054	175,553,949
Expenditures				
Current:				
Instruction	76,599,529	79,319,952	82,588,915	85,949,002
Support services	54,253,344	54,341,697	56,478,695	59,749,201
Community services	1,841,142	1,764,750	1,698,729	1,350,780
Food services	6,989,092	7,487,622	7,178,039	7,827,512
Athletics	1,191,839	1,267,158	1,299,975	1,551,841
Student/school activities ^a	-	-	-	-
Debt service:				
Principal	9,715,000	9,305,000	10,475,000	9,995,000
Interest	7,242,258	7,673,875	6,961,824	7,333,027
Other	386,095	561,648	403,406	1,026,945
Capital outlay	20,673,936	26,163,719	26,026,661	11,618,389
Total expenditures	178,892,235	187,885,421	193,111,244	186,401,697
Excess (deficiency) of revenues over (under) expenditures	(21,066,038)	(26,683,373)	(23,361,190)	(10,847,748)
Other financing sources (uses)				
Debt issuance	24,695,000	29,350,000	52,510,000	44,165,000
Debt premium or discount	483,615	941,037	4,747,766	1,058,307
Proceeds from subscription-based IT arrangements	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	547,000	571,653
Transfers out	-	-	(547,000)	(571,653)
Payment to bond escrow agent	-	-	(47,621,487)	(16,534,406)
Total other financing sources (uses)	25,178,615	30,291,037	9,636,279	28,688,901
Changes in fund balances	4,112,577	3,607,664	(13,724,911)	17,841,153
Fund Balances, beginning of year	28,479,784	32,592,361	36,200,025	22,475,114
Fund Balances, end of year	\$ 32,592,361	\$ 36,200,025	\$ 22,475,114	\$ 40,316,267
Debt Service as a Percentage of Noncapital Expenditures	10.72%	10.50%	10.44%	9.91%

Source: Kalamazoo Public Schools' audited financial statements.

Notes:

^a The District created a new special revenue fund in fiscal year 2020 when it implemented GASB 84.

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

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

Year					
2018	2019	2020	2021	2022	2023
\$ 40,640,787	\$ 47,172,343	\$ 49,457,153	\$ 48,676,520	\$ 51,434,711	\$ 56,836,928
106,700,776	108,114,871	109,727,136	113,334,052	117,474,863	133,728,345
18,388,257	17,943,958	19,399,609	21,116,800	32,614,824	34,996,353
15,141,133	15,638,897	17,192,318	16,329,402	16,634,123	15,400,513
180,870,953	188,870,069	195,776,216	199,456,774	218,158,521	240,962,139
86,937,822	89,973,869	91,855,578	91,172,371	100,022,270	110,453,572
62,582,365	63,028,485	63,947,955	61,813,419	72,082,929	82,911,899
1,630,742	1,350,814	1,293,794	841,932	1,120,652	1,412,013
7,942,371	7,823,441	8,656,303	6,383,104	8,601,954	11,453,865
1,439,083	1,468,362	1,349,542	990,226	1,442,191	1,760,455
-	-	-	145,132	584,775	858,190
11,135,000	13,080,000	14,560,000	17,100,000	16,245,843	18,349,564
7,018,581	7,638,604	7,421,191	7,281,051	6,991,319	6,526,688
5,000	480,005	127,256	4,500	1,094,913	7,750
11,216,129	11,662,592	23,098,499	26,156,698	23,205,369	17,156,078
189,907,093	196,506,172	212,310,118	211,888,433	231,392,215	250,890,074
(9,036,140)	(7,636,103)	(16,533,902)	(12,431,659)	(13,233,694)	(9,927,935)
-	58,820,000	16,915,000	-	62,740,000	-
-	3,588,998	1,681,432	-	1,024,393	-
-	-	-	-	-	98,036
-	-	-	-	30,877	-
445,000	470,000	470,000	470,000	470,000	525,000
(445,000)	(470,000)	(470,000)	(470,000)	(470,000)	(525,000)
-	(11,521,557)	(19,092,331)	-	(16,930,553)	-
-	50,887,441	(495,899)	-	46,864,717	98,036
(9,036,140)	43,251,338	(17,029,801)	(12,431,659)	33,631,023	(9,829,899)
40,316,267	31,280,127	74,531,465	58,923,459 ^b	46,491,800	80,122,823
\$ 31,280,127	\$ 74,531,465	\$ 57,501,664	\$ 46,491,800	\$ 80,122,823	\$ 70,292,924

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

<i>Tax Year</i>	Fiscal Year	Taxable Value			
		Real Property			Agriculture and Other
		Residential	Commercial	Industrial	
2013	2013 - 2014	\$ 1,289,037,661	\$ 694,126,878	\$ 103,582,732	\$ 1,199,892
2014	2014 - 2015	1,297,994,954	695,535,600	108,327,916	1,218,370
2015	2015 - 2016	1,324,821,293	717,347,787	103,950,809	1,236,545
2016	2016 - 2017	1,344,972,951	717,386,917	106,593,156	1,225,497
2017	2017 - 2018	1,382,049,914	736,597,654	107,593,381	1,236,519
2018	2018 - 2019	1,431,840,853	774,034,205	92,093,586	1,323,650
2019	2019 - 2020	1,493,832,247	816,500,223	92,091,513	1,390,667
2020	2020 - 2021	1,558,062,517	871,113,252	98,447,866	1,423,375
2021	2021 - 2022	1,617,338,544	888,599,428	101,695,764	1,524,511
2022	2022 - 2023	1,714,199,833	924,169,756	105,308,726	1,574,806

Source: Kalamazoo County Equalization Department.

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

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

By Property Type		Direct Tax Rates				Estimated	Taxable Value as a
Personal Property	Total Value	Operating	Debt	Total		Actual Value	% of Actual Value
\$ 270,871,186	\$ 2,358,818,349	18.0000	6.9500	24.9500	\$ 4,717,636,698		50.0%
257,624,376	2,360,701,216	18.0000	6.9500	24.9500	4,721,402,432		50.0%
260,531,038	2,407,887,472	18.0000	6.9500	24.9500	4,815,774,944		50.0%
207,923,000	2,378,101,521	18.0000	6.9500	24.9500	4,756,203,042		50.0%
225,113,779	2,452,591,247	17.8704	6.9500	24.8204	4,905,182,494		50.0%
219,931,600	2,519,223,894	17.8704	8.2000	26.0704	5,038,447,788		50.0%
231,055,800	2,634,870,450	17.8489	8.2000	26.0489	5,269,740,900		50.0%
235,315,700	2,764,362,710	17.6757	8.2000	25.8757	5,528,725,420		50.0%
237,159,800	2,846,318,047	17.6757	8.2000	25.8757	5,692,636,094		50.0%
254,414,100	2,999,667,221	17.6757	8.2000	25.8757	5,999,334,442		50.0%

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

<i>Tax Year</i>	Fiscal Year	Direct Tax Rates			Overlapping Rates			
		Operating ^a	Debt ^b	Total	Kalamazoo County	Metro Transit	City of Kalamazoo	Kalamazoo City Solid Waste
2013	2013 - 2014	18.0000	6.9500	24.9500	6.3695	0.4000	19.2705	1.5500
2014	2014 - 2015	18.0000	6.9500	24.9500	6.3601	0.6000	19.2705	1.5500
2015	2015 - 2016	18.0000	6.9500	24.9500	6.4890	0.6000	19.2705	1.5500
2016	2016 - 2017	18.0000	6.9500	24.9500	6.4663	1.1500	19.2705	1.8000
2017	2017 - 2018	17.8704	6.9500	24.8204	6.4420	1.0645	12.0000	1.8000
2018	2018 - 2019	17.8704	8.2000	26.0704	6.7653	1.0645	12.0000	1.8000
2019	2019 - 2020	17.8489	8.2000	26.0489	6.7631	1.0645	12.0000	1.8000
2020	2020 - 2021	17.6757	8.2000	25.8757	7.3614	1.0601	12.0000	1.8000
2021	2021 - 2022	17.6757	8.2000	24.8669	8.0028	1.0624	12.0000	1.8000
2022	2022 - 2023	17.6757	8.2000	25.8757	7.9685	1.2066	12.0000	1.8000

Source: 2013-2022 Kalamazoo County Apportionment Reports

Notes:

^a Operating millage applies to non-homestead property, and is limited to 18.0 mills.

^b Debt millages apply to homestead and non-homestead property

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

Overlapping Rates							
Kalamazoo City DDA	Community College	Public Library	Kalamazoo RESA	State Education	Kalamazoo Township	Oshtemo Township	Texas Township
1.9638	2.8135	3.9583	4.8916	6.0000	8.9691	0.9765	1.3853
1.9638	2.8135	3.9583	4.8916	6.0000	8.9691	0.9765	1.3052
1.9638	2.8135	3.9583	6.4060	6.0000	9.7920	0.9765	1.3562
1.9638	2.8135	3.9583	6.4060	6.0000	9.4785	0.9765	1.3495
1.9638	2.8089	3.9487	6.4028	6.0000	11.4891	0.9703	1.3411
1.9638	2.8089	3.9487	6.4028	6.0000	11.5912	0.9703	1.3408
1.9638	2.8089	3.9487	6.4028	6.0000	11.5912	0.9703	1.3403
1.9638	2.7970	3.9213	7.2893	6.0000	11.4912	0.9600	1.8362
1.9638	2.7918	3.9117	7.0129	6.0000	11.2928	2.0400	1.8288
1.9638	2.7802	3.8999	6.9853	6.0000	11.0313	2.5800	1.8126

**KALAMAZOO PUBLIC SCHOOLS
PRINCIPAL PROPERTY TAXPAYERS, CURRENT YEAR AND 2013**

<i>Year ended December 31,</i>	2022			2013		
Taxpayer	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Consumers Energy	\$ 124,301,534	1	4.14%	\$ 53,727,506	1	2.28%
Zoetis	32,770,690	2	1.09%	18,636,500	4	0.79%
Michigan Electric Transmission	20,220,246	3	0.67%			
Lifecare, Inc.	18,295,291	4	0.61%	10,389,470	9	0.44%
Knollwood Loft LLC	16,011,726	5	0.53%			
Advia Real Estate Holdings LLC	14,658,530	6	0.49%			
Graphic Packaging International LLC	14,130,458	7	0.47%	39,411,500	3	1.67%
MING LXVI Drakes Pond LLC	13,727,022	8	0.46%			
PNC Bank	13,424,883	9	0.45%	11,142,878	8	0.47%
Meadows of Perrysburg LLC	12,944,200	10	0.43%			
Pfizer				45,202,758	2	1.91%
Catalyst Development Co.				13,097,914	5	0.55%
Copper Beech Townhomes				11,350,752	6	0.48%
Sunrise IV Bronson Place LLC				11,300,844	7	0.48%
Smith, James S.				10,114,584	10	0.43%
Total principal taxpayers	<u>280,484,580</u>		<u>9.35%</u>	<u>224,374,706</u>		<u>9.50%</u>
Balance of valuations	<u>2,719,182,641</u>		<u>90.65%</u>	<u>2,136,326,510</u>		<u>90.50%</u>
Total Ad Valorem Valuation	<u><u>\$ 2,999,667,221</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 2,360,701,216</u></u>		<u><u>100.00%</u></u>

Source: Kalamazoo County Equalization Department and 2014 Official Statement.

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

<i>Tax Year</i>	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years *	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2013 - 2014	35,504,713	33,182,229	93.46%	2,235,199	35,417,428	99.75%
2014	2014 - 2015	34,998,473	32,850,465	93.86%	2,084,522	34,934,987	99.82%
2015	2015 - 2016	35,676,588	33,763,278	94.64%	1,867,431	35,630,709	99.87%
2016	2016 - 2017	36,169,676	34,012,548	94.04%	2,068,601	36,081,149	99.76%
2017	2017 - 2018	37,050,297	35,096,119	94.73%	1,918,405	37,014,524	99.90%
2018	2018 - 2019	41,641,178	39,740,562	95.44%	1,862,965	41,603,527	99.91%
2019	2019 - 2020	43,611,351	41,514,652	95.19%	2,090,045	43,604,697	99.98%
2020	2020 - 2021	45,239,598	42,918,855	94.87%	2,292,214	45,211,069	99.94%
2021	2021 - 2022	46,698,501	44,435,965	95.16%	2,022,600	46,458,565	99.49%
2022	2022 - 2023	48,744,083	46,258,885	94.90%	2,399,216	48,658,101	99.82%

Source: Kalamazoo County Equalization Department and District records.

Note:

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

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

<i>Tax Year</i>	<i>Fiscal Year</i>	Total Outstanding Debt	Total Taxable Value	Outstanding Debt as a % of Taxable Value	Estimated Population	Outstanding Debt Per Capita	Personal Income Per Capita	Outstanding Debt as a % of Personal Income
2013	2013 - 2014	\$ 152,800,716	\$ 2,358,818,349	6.48%	111,485	\$ 1,371	\$ 39,169	1.52%
2014	2014 - 2015	173,358,901	2,360,701,216	7.34%	111,913	1,549	41,182	1.71%
2015	2015 - 2016	172,586,568	2,407,887,472	7.17%	112,513	1,534	43,062	1.61%
2016	2016 - 2017	190,559,737	2,378,101,521	8.01%	113,084	1,685	43,394	1.69%
2017	2017 - 2018	178,850,280	2,452,591,247	7.29%	113,891	1,570	46,389	1.57%
2018	2018 - 2019	216,175,369	2,519,223,894	8.58%	113,972	1,897	48,723	1.76%
2019	2019 - 2020	200,358,498	2,634,870,450	7.60%	113,972	1,758	49,493	1.55%
2020	2020 - 2021	182,326,771	2,764,362,710	6.60%	113,972	1,600	52,403	1.39%
2021	2021 - 2022	212,617,231	2,846,318,047	7.47%	114,368	1,859	54,954	1.62%
2022	2022 - 2023	193,769,175	2,999,667,221	6.46%	109,273	1,773	58,524	1.34%

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

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

KALAMAZOO PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF YEARS JUNE 30, 2023

<i>Governmental Unit</i>	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Kalamazoo	\$ 156,585,000	93.54%	\$ 146,469,609
Kalamazoo County	144,245,000	30.12%	43,446,594
Kalamazoo Township	3,850,000	75.16%	2,893,660
Texa Township	6,165,000	13.65%	841,523
Kalamazoo Valley Community College	5,130,000	29.76%	1,526,688
Subtotal, overlapping debt	<u>\$ 315,975,000</u>		<u>195,178,074</u>
District Direct Debt			<u>193,769,175</u>
Total Direct and Overlapping Debt			<u><u>\$ 388,947,249</u></u>

Source: Municipal Advisory Council of Michigan.

Notes:

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2022-2023:

State Equalized Valuation (SEV), July 1, 2022	\$ 4,127,920,114
Statutory Debt Limit (15% of SEV)	619,188,017
Debt applicable to limit	<u>193,769,175</u>

Legal Debt Margin

\$ 425,418,842

<i>Tax Year</i>	<i>Fiscal Year</i>	State Equalized Value (SEV)	Statutory Debt Limit (15% of SEV)*	Debt Subject to Debt Limit	Legal Debt Margin	Debt as a Percentage of Debt Limit
2013	2013 - 2014	\$ 2,458,108,080	\$ 368,716,212	\$ 152,800,716	\$ 215,915,496	41.44%
2014	2014 - 2015	2,493,086,600	373,962,990	173,358,901	200,604,089	46.36%
2015	2015 - 2016	2,580,041,202	387,006,180	172,586,568	214,419,612	44.60%
2016	2016 - 2017	2,624,031,720	393,604,758	190,559,737	203,045,021	48.41%
2017	2017 - 2018	2,802,421,136	420,363,170	178,850,280	241,512,890	42.55%
2018	2018 - 2019	2,876,726,906	431,509,036	216,175,369	215,333,667	50.10%
2019	2019 - 2020	3,103,343,517	465,501,528	200,358,498	265,143,030	43.04%
2020	2020 - 2021	3,388,626,329	508,293,949	182,326,771	325,967,178	35.87%
2021	2021 - 2022	3,541,626,400	531,243,960	212,617,231	318,626,729	40.02%
2022	2022 - 2023	4,127,920,114	619,188,017	193,769,175	425,418,842	31.29%

Source: Kalamazoo Public Schools' continuing disclosure reports.

Notes:

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

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

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

<i>Calendar Year</i>	Estimated Population	Median Household Income	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2013	256,725	\$ 45,854	\$ 10,055,662	\$ 39,169	7.10%
2014	258,818	48,411	10,137,642	39,169	5.60%
2015	260,263	46,356	10,718,151	41,182	4.30%
2016	261,654	47,476	11,267,345	43,062	3.90%
2017	262,985	49,693	11,411,971	43,394	4.40%
2018	264,870	51,945	12,287,054	46,389	3.40%
2019	265,066	54,431	12,914,811	48,723	3.30%
2020	261,670	56,511	12,950,833	49,493	7.20%
2021	262,804	58,836	13,771,718	52,403	5.00%
2022	263,938	61,739	14,504,449	54,954	4.00%

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

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

**KALAMAZOO PUBLIC SCHOOLS
PRINCIPAL EMPLOYERS, CURRENT YEAR AND 2013**

<i>Year ended December 31,</i>		2022		2013		
<i>Employer</i>	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Western Michigan University	4,186	1	3.2%	19,100	1	2.7%
Bronson Methodist Hospital	4,000	2	3.1%	7,725	3	1.1%
Borgess Medical Center	3,000	3	2.3%	3,774	8	0.5%
Stryker Corporation	2,600	4	2.0%			
Pfizer	2,200	5	1.7%			
PNC Bank (formerly National City F	1,800	6	1.4%	5,223	4	0.7%
Kalamazoo Public Schools	1,394	7	1.1%			
Greenleaf Hospitality	1,000	8	0.8%	3,800	7	0.5%
Summit Polymers, Inc	900	9	0.7%	3,227	10	0.5%
Stryker Medical	800	10	0.6%			
Kalamazoo Valley Community College				3,608	9	0.5%
Meijer Inc. (2 Stores)				8,000	2	1.1%
Total Principal Employers	21,880		16.8%	54,457		7.6%
Total Employment Base	130,545			713,765		

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

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

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

<i>Employee Function/Program:</i>	Full-Time-Equivalent Employees as of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Instruction	961	933	941	947	943	949	957	917	917	918
Support services	396	435	435	425	465	502	511	394	437	438
Community service	1	5	8	9	7	11	7	4	3	3
Food service	75	67	60	62	43	40	35	55	33	35
Total	1,433	1,440	1,444	1,443	1,458	1,502	1,510	1,370	1,390	1,394

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

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

This page intentionally left blank.

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

<i>Fiscal Year</i>	Enrollment ^a	Percent Change	Operating Expenditures ^b	Cost Per Pupil	Operating Revenues ^c	Revenue Per Pupil	Percent of Students Receiving Free or Reduced-Price Meals ^d	Average Teacher Salary
2013 - 2014	12,564	-1.15%	\$133,644,446	\$ 10,637	\$133,678,918	\$ 10,640	71.26%	\$ 56,396
2014 - 2015	12,562	-0.02%	136,315,444	10,851	136,639,247	10,877	69.51%	56,419
2015 - 2016	12,694	1.05%	141,752,079	11,167	143,834,652	11,331	62.25%	56,745
2016 - 2017	12,763	0.54%	148,327,699	11,622	148,568,250	11,641	68.26%	56,769
2017 - 2018	12,832	0.54%	152,511,044	11,885	153,947,305	11,997	70.37%	58,588
2018 - 2019	12,815	-0.13%	155,797,246	12,157	156,338,524	12,200	71.13%	62,950
2019 - 2020	12,848	0.26%	158,178,333	12,312	161,561,449	12,575	69.77%	62,530
2020 - 2021	12,156	-5.39%	156,953,752	12,912	168,264,751	13,842	68.12%	66,280
2021 - 2022	12,326	-0.87%	177,995,415	14,441	182,847,392	14,834	67.74%	65,319
2022 - 2023	12,183	-1.16%	200,263,569	16,438	197,573,592	16,217	69.91%	69,565

Source:

^a District enrollment records as of the fall count day, audited by Kalamazoo RESA.

^b District financial statements as audited, excluding capital outlay, debt service, and other transactions.

^c District financial statements as audited, excluding transfers, and other transactions.

^d State of Michigan Center for Educational Performance and Information (CEPI).

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

**KALAMAZOO PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION**

<i>Building Function/Program:</i>	2014	2015	2016	Fiscal 2017
Instructional Buildings				
Elementary				
Number of buildings	17	17	17	17
Square footage	1,032,050	1,112,567	1,037,002	1,067,666
Capacity	7,384	7,384	7,599	7,677
Enrollment	6,403	6,343	6,332	6,231
Middle				
Number of buildings	5	5	5	5
Square footage	580,370	579,949	579,949	579,949
Capacity	3,679	3,679	3,679	3,679
Enrollment	2,791	2,751	2,839	2,920
High				
Number of buildings	3	3	3	4
Square footage	691,753	711,049	711,049	746,433
Capacity	4,225	4,225	4,225	4,719
Enrollment	3,236	3,342	3,415	3,512
Other				
Number of buildings	3	3	4	3
Square footage	273,527	273,527	349,796	274,231
Enrollment	134	126	108	100
Total enrollment	12,564	12,562	12,694	12,763
Support Buildings				
Administrative				
Number of buildings	6	6	6	6
Square footage	86,020	86,020	86,020	86,322
Transportation/Maintenance				
Number of buildings	1	1	1	1
Square footage	17,182	17,182	17,182	15,991
Buses	120	120	121	121
Athletics				
Football fields	2	2	2	2
Soccer fields	2	2	2	2
Running tracks	2	2	2	2
Baseball/softball	2	2	2	2
Swimming pools	3	3	3	3
Playgrounds	21	21	20	20

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

**KALAMAZOO PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION**

Year	2018	2019	2020	2021	2022	2023
	17	17	17	17	17	17
	1,055,585	1,055,585	1,055,585	1,055,585	1,031,839	1,031,839
	7,677	7,677	7,677	7,677	7,677	7,677
	6,232	6,174	6,226	5,799	5,733	5,704
	5	5	5	4	4	4
	581,081	581,081	581,081	554,541	554,541	554,541
	3,679	3,679	3,679	3,350	3,350	3,350
	2,917	3,005	2,922	2,787	2,764	2,803
	4	4	4	3	3	3
	750,923	750,923	750,923	727,669	727,669	727,669
	4,719	4,719	4,719	4,719	4,719	4,719
	3,577	3,537	3,694	3,562	3,819	3,665
	3	3	3	3	3	3
	272,075	272,075	272,075	272,075	272,075	272,075
	106	99	6	8	10	11
	12,832	12,815	12,848	12,156	12,326	12,183
	6	5	5	7	6	6
	89,660	83,410	83,220	141,801	109,760	109,760
	1	1	1	1	1	1
	15,991	15,991	15,991	18,315	18,315	18,315
	123	123	124	124	124	124
	2	2	2	2	2	2
	2	2	2	2	2	2
	2	2	2	2	2	2
	4	4	4	4	4	4
	3	3	3	3	2	2
	21	21	21	21	21	21

This page intentionally left blank.

KALAMAZOO PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (donated foods)								
National School Lunch Program	10.555	N/A	\$ 563,585	\$ -	\$ -	\$ 563,585	\$ 563,585	\$ -
National School Lunch Program - bonus		N/A	14,231	-	-	14,231	14,231	-
Total non-cash assistance			577,816	-	-	577,816	577,816	-
Cash Assistance								
National School Lunch Program	10.555	231960	5,051,990	-	-	5,051,990	4,886,369	165,621
National School Lunch Program		221960	767,667	-	-	767,667	767,667	-
National School Lunch Program		230910	119,899	-	-	119,899	119,899	-
National School Lunch Program		220910	242,245	-	-	242,245	242,245	-
National School Lunch Program		231980	179	-	-	179	179	-
National School Lunch Program		221980	478	12	428	38	50	-
COVID-19 National School Lunch Program		221961	4,945,727	206,143	4,933,002	12,725	218,868	-
Total ALN 10.555 cash assistance			11,128,185	206,155	4,933,430	6,194,743	6,235,277	165,621
Total ALN 10.555			11,706,001	206,155	4,933,430	6,772,559	6,813,093	165,621
School Breakfast Program	10.553	231970	2,257,447	-	-	2,257,447	2,158,709	98,738
School Breakfast Program		221970	332,444	-	-	332,444	332,444	-
COVID-19 School Breakfast Program		221971	2,186,606	112,458	2,175,887	10,719	123,177	-
Total ALN 10.553			4,776,497	112,458	2,175,887	2,600,610	2,614,330	98,738
Summer Food Service Program for Children	10.559	230900	53,617	-	-	53,617	-	53,617
Summer Food Service Program for Children		220900	242,900	-	-	242,900	242,900	-
COVID-19 Summer Food Service Program for Children		220904	44,275	44,275	44,275	-	44,275	-
Total ALN 10.559			340,792	44,275	44,275	296,517	287,175	53,617
Fresh Fruit and Vegetable Program	10.582	230950	163,800	-	-	162,787	152,041	10,746
Total cash assistance			16,409,274	362,888	7,153,592	9,254,657	9,288,823	328,722
Total Child Nutrition Cluster			16,987,090	362,888	7,153,592	9,832,473	9,866,639	328,722
Local Food for Schools Cooperative Agreement Program	10.185	230985	51,426	-	-	29,682	-	29,682

The accompanying notes are an integral part of this schedule.

KALAMAZOO PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
<u>U.S. Department of Agriculture (concluded)</u>								
Passed through Michigan Department of Education (concluded)								
Child and Adult Food Care Program	10.558	231920-2223	\$ 557,620	\$ -	\$ -	\$ 557,620	\$ 549,430	\$ 8,190
Child and Adult Food Care Program		231920-2122	530,112	15,507	459,983	70,129	85,636	-
Child and Adult Food Care Program		232010-2223	30,981	-	-	30,981	30,498	483
Child and Adult Food Care Program		222010-2122	28,001	737	23,637	3,737	4,474	-
Total ALN 10558			1,146,714	16,244	483,620	662,467	670,038	8,673
COVID-19 Pandemic EBT Local Level Costs	10.649	220980	5,950	-	-	5,950	5,950	-
Total U.S. Department of Agriculture			18,191,180	379,132	7,637,212	10,530,572	10,542,627	367,077
<u>U.S. Department of Education</u>								
Passed through Western Michigan University								
Teacher Quality Partnership Grants	84.336	N/A	75,500	-	-	54,222	39,972	14,250
Teacher Quality Partnership Grants		N/A	129,388	28,021	105,317	22,400	50,421	-
Total ALN 84.336			204,888	28,021	105,317	76,622	90,393	14,250
Supporting Effective Educator Development Program	84.423	N/A	1,200	(1,170)	30	1,170	-	-
Passed through Michigan Department of Education								
Adult Education - Basic Grants to States (WIA)	84.002	231130/231927	198,205	-	-	198,205	147,665	50,540
Adult Education - Basic Grants to States (WIA)		231190/231927	8,295	-	-	8,295	8,295	-
Adult Education - Basic Grants to States (WIA)		221130/221927	194,052	41,189	192,463	-	41,189	-
Adult Education - Basic Grants to States (WIA)		221190/221927	8,119	8,119	8,119	-	8,119	-
Adult Education - Basic Grants to States (EL CIVICS)		231120/235927	74,154	-	-	74,154	67,829	6,325
Adult Education - Basic Grants to States (EL CIVICS)		221120/225927	71,543	12,625	71,543	-	12,625	-
Total ALN 84.002			554,368	61,933	272,125	280,654	285,722	56,865
Title I Grants to Local Educational Agencies	84.010	231530-2223	6,034,326	-	-	4,616,295	3,719,686	896,609
Title I Grants to Local Educational Agencies		221530-2122	5,940,295	918,080	4,587,588	192,635	1,110,715	-
Passed through Kalamazoo Regional Educational Service Agency								
Title I Grants to Local Educational Agencies		N/A	177,934	-	-	39,458	23,451	16,007
Title I Grants to Local Educational Agencies		N/A	51,882	2,783	20,716	6,311	9,094	-
Passed through Calhoun Intermediate School District								
Title I Grants to Local Educational Agencies		N/A	100,000	-	-	40,591	-	40,591
Total ALN 84.010			12,304,437	920,863	4,608,304	4,895,290	4,862,946	953,207

The accompanying notes are an integral part of this schedule.

KALAMAZOO PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
<u>U.S. Department of Education (continued)</u>								
Passed through Michigan Department of Education								
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	231700-2223	\$ 508,485	\$ -	\$ -	\$ 120,075	\$ 57,727	\$ 62,348
Title I State Agency Program for Neglected and Delinquent Children and Youth		221700-2122	530,852	28,615	83,909	47,770	76,385	-
Total ALN 84.013			1,039,337	28,615	83,909	167,845	134,112	62,348
Education for Homeless Children and Youth	84.196	232320-2223	194,089	-	-	60,658	43,242	17,416
Education for Homeless Children and Youth		222320-2122	180,553	13,335	71,821	-	13,335	-
Total ALN 84.196			374,642	13,335	71,821	60,658	56,577	17,416
Twenty-First Century Community Learning Centers	84.287	232110/L194192	750,000	-	-	710,506	565,433	145,073
Twenty-First Century Community Learning Centers		232110/L194275	750,000	-	-	639,148	507,244	131,904
Twenty-First Century Community Learning Centers		232110/L194276	750,000	-	-	703,731	557,280	146,451
Twenty-First Century Community Learning Centers		222110/L194192	675,000	215,395	618,559	-	215,395	-
Twenty-First Century Community Learning Centers		222110/L194275	675,000	208,879	627,751	-	208,879	-
Twenty-First Century Community Learning Centers		222110/L194276	675,000	236,643	662,325	-	236,643	-
Total ALN 84.287			4,275,000	660,917	1,908,635	2,053,385	2,290,874	423,428
English Language Acquisition State Grants	84.365	230580-2223	233,874	-	-	86,621	70,067	16,554
English Language Acquisition State Grants		220580-2122	223,935	28,095	70,513	19,489	47,584	-
English Language Acquisition State Grants		230570-2223	61,079	-	-	6,013	1,291	4,722
Total ALN 84.365			518,888	28,095	70,513	112,123	118,942	21,276
Supporting Effective Instruction State Grants	84.367	230520-2223	1,135,837	-	-	557,200	470,333	86,867
Supporting Effective Instruction State Grants		220520-2122	1,125,796	63,500	584,402	21,669	85,169	-
Total ALN 84.367			2,261,633	63,500	584,402	578,869	555,502	86,867
Student Support and Academic Enrichment	84.424	230750-2223	686,824	-	-	348,892	289,418	59,474
Student Support and Academic Enrichment		220750-2122	676,974	67,062	307,530	-	67,062	-
Total ALN 84.424			1,363,798	67,062	307,530	348,892	356,480	59,474

The accompanying notes are an integral part of this schedule.

KALAMAZOO PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
<u>U.S. Department of Education (concluded)</u>								
Passed through Michigan Department of Education (concluded)								
Education Stabilization Fund								
COVID-19 Governor's Emergency Education Relief Funds (GEER II)	84.425C	201200/201201	\$ 1,006,410	\$ 2,374	\$ 562,441	\$ -	\$ 2,374	\$ -
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I - Formula)	84.425D	203710/203711	3,983,674	11,476	3,315,809	-	11,476	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I - Equity)	84.425D	203720-2021	717,061	810	122,998	-	810	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II - Formula)	84.425D	213712-2021	15,841,736	1,096,226	4,949,355	8,741,812	8,488,530	1,349,508
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II - Before and After K-12)	84.425D	213752-2122	25,000	25,000	25,000	-	25,000	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II - Benchmark Assessment)	84.425D	213762-2122	105,662	105,662	105,662	-	105,662	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II - 98c Learning Loss)	84.425D	213782-2223	635,996	-	-	78,966	-	78,966
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III - Formula) - ARP	84.425U	213713-2122	35,603,589	387,180	2,134,780	4,196,219	3,599,744	983,655
COVID-19 Elementary and Secondary School Emergency Relief Fund (Education for Homeless Children and Youth I) - ARP	84.425W	211010-2122	85,193	-	-	3,493	-	3,493
COVID-19 Elementary and Secondary School Emergency Relief Fund (Education for Homeless Children and Youth II) - ARP	84.425W	211012-2122	228,931	-	-	272	272	-
Passed through the Department of Labor & Economic Opportunity, Workforce Development								
COVID-19 Governor's Emergency Education Relief Funds (GEER - Future for Frontliners Program Grant)	84.425C	N/A	25,000	2,785	4,889	250	3,035	-
Total ALN 84.425			58,258,252	1,631,513	11,220,934	13,021,012	12,236,903	2,415,622
Total U.S. Department of Education			81,156,443	3,502,684	19,233,520	21,596,520	20,988,451	4,110,753
<u>U.S. Department of Health and Human Services</u>								
Passed through Kalamazoo Regional Education Service Agency Medicaid Cluster								
Medical Assistance Program	93.778	N/A	27,659	-	-	27,659	-	27,659
<u>U.S. Federal Communications Commission</u>								
Passed through Universal Service Administrative Company								
COVID-19 Emergency Connectivity Funding	32.009	N/A	2,239,500	-	-	2,116,650	309,927	1,806,723
COVID-19 Emergency Connectivity Funding		N/A	345,000	309,000	309,000	-	309,000	-
Total ALN 32.009			2,584,500	309,000	309,000	2,116,650	618,927	1,806,723
TOTAL FEDERAL AWARDS			\$ 101,959,782	\$ 4,190,816	\$ 27,179,732	\$ 34,271,401	\$ 32,150,005	\$ 6,312,212

The accompanying notes are an integral part of this schedule.

KALAMAZOO PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Kalamazoo Public Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kalamazoo Public Schools, it is not intended to and does not present the financial position or changes in net position of Kalamazoo Public Schools.

Management has utilized the NexSys Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Kalamazoo Public Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements June 30, 2023:

General fund	\$ 24,104,859
Debt service	360,922
Other nonmajor governmental funds	<u>10,530,572</u>
Total federal revenue in the fund financial statements	34,996,353
Less: Federal assistance funding not subject to single audit act	<u>(724,952)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 34,271,401</u></u>

This page intentionally left blank.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

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

To the Board of Education
Kalamazoo Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kalamazoo Public Schools (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maney Costeiran PC

October 19, 2023



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
🖨 517.323.6346

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

To the Board of Education
Kalamazoo Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kalamazoo Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Kalamazoo Public Schools' major federal programs for the year ended June 30, 2023. Kalamazoo Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kalamazoo Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costeiran PC

October 19, 2023

This page intentionally left blank.

**KALAMAZOO PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- | | | | | | |
|---|-------|-----|-------|---|---------------|
| ➤ Material weakness(es) identified? | _____ | Yes | _____ | X | None |
| ➤ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ | Yes | _____ | X | None reported |

Noncompliance material to financial statements noted?

_____ Yes _____ X _____ None

Federal Awards

Internal control over major programs:

- | | | | | | |
|---|-------|-----|-------|---|---------------|
| ➤ Material weakness(es) identified? | _____ | Yes | _____ | X | None |
| ➤ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ | Yes | _____ | X | None reported |

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

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes _____ X _____ No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program Cluster(s)
10.553, 10.555, 10.559, and 10.582	Child Nutrition Cluster
32.009	Emergency Connectivity Funding
84.287	Twenty-First Century Community Learning Centers
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ _____ 1,028,142

Auditee qualified as low-risk auditee?

_____ Yes _____ X _____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Question Costs

None noted.

**KALAMAZOO PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Findings/Noncompliance

Control Deficiencies Related to Internal Controls over the Financial Statements

2022-001 - Bank Reconciliation and SEFA Accuracy - Considered a material weakness.

Condition: Errors were identified during the audit as a result of audit procedures related to an inaccurate reconciliation of the primary bank account. As a result, the federal funds received and accrued revenue columns of the SEFA were incorrectly presented. Adjustments required to correct these errors were recorded by management.

Status: Resolved; there were no inaccuracies noted in regards to the reconciliation of the primary bank account, or SEFA for the year ended June 30, 2023.

2022-002 - Invoice Errors - Considered a material weakness.

Condition: Five invoice errors were identified during the audit, either by management (three invoices) or as a result of audit procedures (two invoices), related to accounts payable and capital outlay expenditure balances at June 30, 2022. Adjustments required to correct these errors were recorded by management. In addition, it was identified that one out of six expense reimbursements tested were paid without the appropriate approval.

Status: Resolved; there were no invoice errors identified during testing of accounts payable or capital outlay expenditure balances, and all expense reimbursements tested had the appropriate approval for the year ended June 30, 2023.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

October 19, 2023

To the Board of Education
Kalamazoo Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kalamazoo Public Schools for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Kalamazoo Public Schools are described in Note 1 to the financial statements. In the current year, the District implemented Governmental Accounting Standard No. 96, *Subscription-based Information Technology Arrangements*. The application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 19, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

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

Restriction on Use

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

Very truly yours,

Maney Costeiran PC