

**CITY OF KALAMAZOO, MICHIGAN**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2022**

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

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## **INTRODUCTORY SECTION**





## OFFICE OF THE CITY MANAGER

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June 29, 2023

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This Annual Comprehensive Financial Report (ACFR) is published to fulfill the City of Kalamazoo's requirement for the fiscal year ended December 31, 2022.

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

Maner Costerisan, Certified Public Accounts, have issued an unmodified opinion on the City of Kalamazoo's financial statements for the year ended December 31, 2022. The independent auditor's report is located at the front of the financial sections of this report (page 10).

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

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

### **Profile of the Government**

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

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

### **City Services**

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

A tax-increment financing (TIF) district captures incremental increases in property tax revenues and reinvests them within that district. The City has three TIF districts within its boundaries that are discretely presented component units of the City: a Downtown Development Authority (DDA) and Downtown Economic Growth Authority (DEGA) for its downtown area, and a Brownfield Redevelopment Authority to redevelop blighted properties within its boundaries. A fourth TIF district will be added in the 2023 financial streets; the Northside Cultural Business Development Authority with a focus to increase the number of resident owned businesses.

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

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

Transportation services are no longer provided by the City of Kalamazoo. Citizens are now served by the Central County Transportation Authority (CCTA), a separate authority which provides mass-transportation services throughout the City, including Western Michigan University, and outlying areas.

### **Budgeting Control**

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

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

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

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

### **Local Economy**

Kalamazoo has a diverse regional economy, anchored by major employers in the pharmaceutical (Pfizer), health care product (Stryker Corp.), health services (Bronson and Borgess regional hospitals), banking (PNC), and higher education (Western Michigan University, Kalamazoo College, and Kalamazoo Valley Community College) industries. Kalamazoo's workforce is as diverse as its economy, ranging from those skilled in manufacturing and business services to research scientists. According to the Bureau of Labor Statistics, the December 2022 unemployment rate for the city was 3.9%, which was lower than the state unemployment rate of 3.7% and the national average of 4.3%. Enrollment in local universities and colleges was approximately 30,000 full and part-time students, creating a base of potential employees that is highly attractive to business and industry.

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

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

The Kalamazoo Promise established in 2005 is a trust funded by anonymous public and private donors. All Kalamazoo Public School (KPS) graduates are eligible to receive four years funding for college tuition and mandatory fees at Michigan community colleges and universities. This program resulted in over 2500 new students enrolled at KPS, an increase in state financial support for the district, and a substantial increase in the number of firms asking about possible business locations to enhance their capacity to attract and retain a well-educated workforce.

### **Foundation for Excellence**

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

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

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

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

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

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

### **The Endowment and Beyond**

On July 12, 2021, the FFE received written notice of a structured gift of \$40 million per year over ten consecutive years beginning in 2021, totaling \$400 million. The value of the endowment was over \$160 million at 12/31/2022, building towards the target of \$500 million.

### **Long-term financial planning**

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

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

The City's Fiscal Year 2023 budget and 5-year Fiscal Plan through 2027 project exceeding the target fund balance of 15% of General Fund revenues. The plan projects the continuation of support from the Foundation for Excellence (FFE) to sustain a reduced property tax millage of 12.0000 mills, saving the average resident over \$300 per year. The 5-year Fiscal Plan projects a rise in revenues between 3% and 5% annually. Expenditures are generally anticipated to rise 3% to 4% as the City intentionally plans to utilize excess reserves in the 5-year Fiscal Plan.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kalamazoo for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the twenty third consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized annual comprehensive finance report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



James K. Ritsema  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Kalamazoo  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO

**CITY OF KALAMAZOO  
LIST OF CITY OFFICIALS  
YEAR ENDED DECEMBER 31, 2022**

**CITY COMMISSION**

David Anderson, Mayor  
Don Cooney, Vice Mayor  
Stephanie Hoffman      Esteven Juarez  
Qianna Decker      Jeanne Hess  
Chris Praedel

**CITY MANAGER**

James Ritsema

**DEPUTY CITY MANAGER**

Jeff Chamberlain

**CHIEF OPERATING OFFICER**

Laura Lam

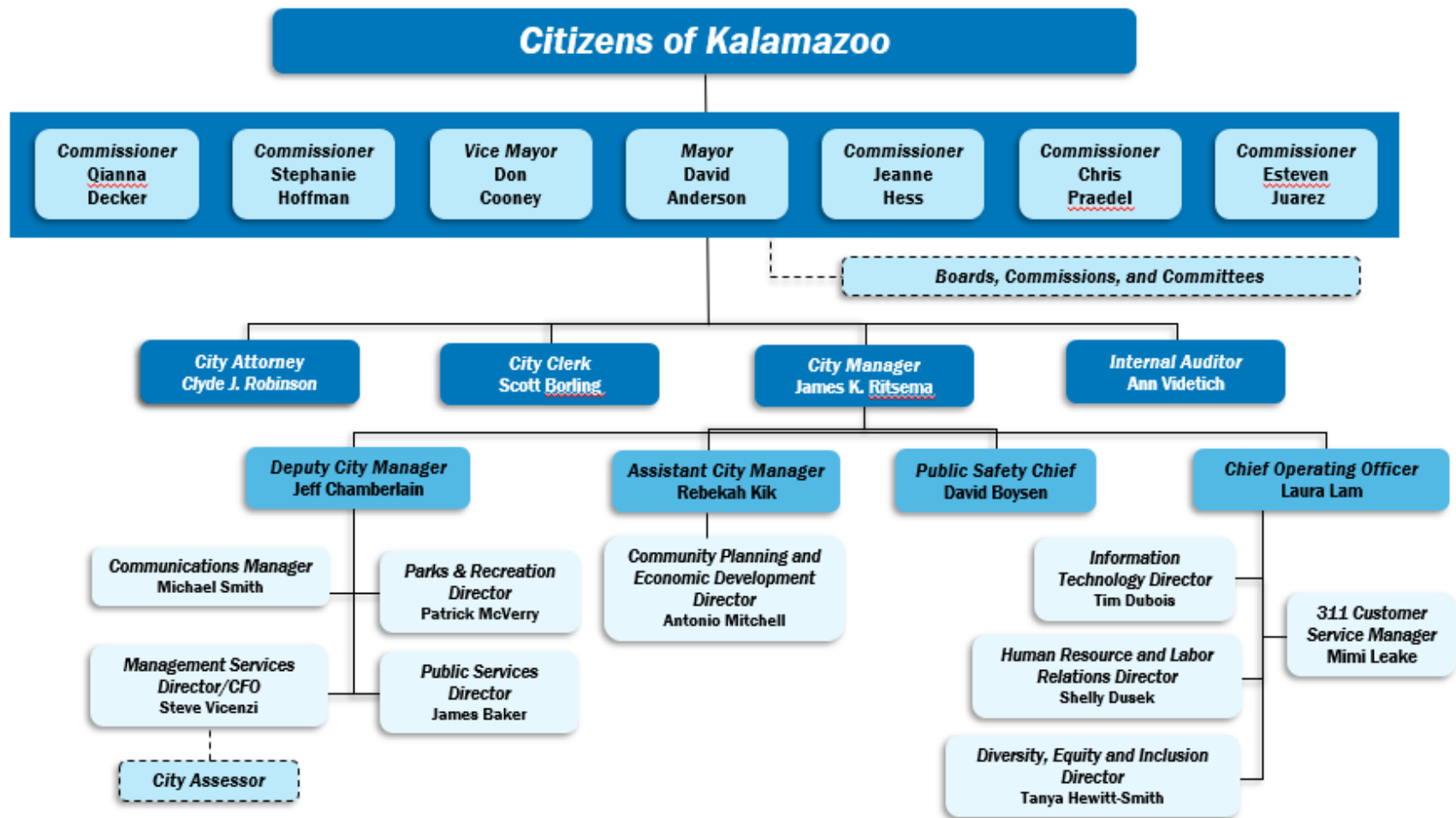
**MANAGEMENT SERVICES DEPARTMENT**

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

**CITY COMMISSION APPOINTEES**

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







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## INDEPENDENT AUDITOR'S REPORT

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

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kalamazoo, Michigan (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kalamazoo, Michigan, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund, the Grants and Donations Fund, and the Major Streets Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

As discussed in Note 16 to the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

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

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

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

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

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and nonmajor fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maney Costeiran PC*

June 29, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Kalamazoo, Michigan, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and additional information that we have furnished in our letter of transmittal (pages 1-6).

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$468.8 million (*net position*);
- The City's total net position increased by approximately \$111.9 million or <31%. This net increase was a combination of a \$81.3 million increase in governmental activities net position and an \$30.6 million increase in business-type activities net position.
- The City's balance of bonded debt increased by \$54,470,000 during the current fiscal year. The City issued \$13.510 million in General Obligation Bonds and \$57.040 million in Revenue Bonds. The City made scheduled bond principal payments and refunded bonds totaling \$16.1 million.
- The City's net other post-employment benefits liability was reduced by \$200.7 million in 2022 as compared to the prior year. This change reduced governmental activities expenditures by \$158.5 million and business type expenditures by \$42.2 million. In 2021 the City moved the retirement healthcare plan to a custom Blue Cross Blue Shield Medicare Advantage Plan in order to enact cost savings and ensure the long term viability of the OPEB Fund. This plan maintained retiree benefits while optimizing cost savings through coordination with Medicare. This change was reflected in the actuarial valuation to determine OPEB obligations as of December 31, 2022.
- As of the close of the 2022 fiscal year, the City's *governmental funds* reported combined ending fund balances of \$78.1 million, an increase of \$1.2 million in comparison of the prior year. Approximately 14% of the combined fund balances, or \$11.26 million was available for spending at the government's discretion (*"unassigned fund balance"*).
- The General Fund fund balance was \$16.72 million, or 23.2% of the total General Fund budgetary revenues and other financing sources. Of the total \$16.72 million fund balance, \$3.01 million was nonspendable, leaving \$13.71 million, or 18.48% of budgetary revenues and other financing sources. The unassigned fund balance for the General Fund was \$11.26 million, or 15.61% of total General Fund revenues and other financing sources.
- Combined enterprise funds net position increased \$30.59 million. This included both the net position of the Wastewater Fund and Water Fund increasing \$14.10 million and \$16.49 million as a result of favorable operating revenues and increased capital contributions for continued system growth in the service area.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- The City received almost \$27.8 million under the Foundation for Excellence memorandum of understanding in 2022. Of the total donations, \$17.8 million is included in Donations and Contributions in the General Fund to support operations, including a reduction of the General Fund operations property tax millage from 19.2705 mills to 12.0000 mills. This reduction saves property owners \$7.2705 per \$1,000 of assessed value. The remaining \$10 million is in the Special Revenue Aspirational Project Fund and is restricted for aspirational projects targeted to reduce poverty, enhance youth development, and support other community and economic development within the City.
- The City received \$38.87 million under the Federal Coronavirus State and Local Recover Funds (SLFRF) program, a part of the American Rescue Plan. During the year, the City recognized \$3.39 million of revenue. The remaining funds are recorded as unearned liabilities as of December 31, 2022, in the Grants and Donations fund.

### Overview and Analysis of the Financial Statements

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

### Government-wide Financial Statements

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements can be found on pages 37-40 of this report.

### **Fund Financial Statements**

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

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

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

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

The City maintains approximately 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's General Fund, Major Streets Fund, and Grants and Donations Fund, which are considered to be major funds of the City. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 41-54 of this report.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### ***Proprietary Funds***

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

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

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

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

### ***Fiduciary Funds***

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 69-135 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to schedules concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 136-144 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor enterprise funds are presented immediately following the required supplementary information. Combining and individual fund financial statements and schedules can be found on pages 146-170 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Kalamazoo, assets and deferred outflows or resources exceeded liabilities and deferred inflows of resources by \$456,164,418 at the close of the most recent fiscal year.

A significant portion of the City's net position, \$302,892,637, reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$183,143,291, represents resources that are subject to external restrictions on how they may be used. Restricted net position includes amounts set aside for pension benefits, endowments, debt service, debt-financed projects, long-term advances, and externally mandated commitments. The remaining balance of *unrestricted net position*, the amount that may be used to meet the government's ongoing obligations to citizens and creditors, is (\$17,247,065), representing the resources of the City would not satisfy all accrued future liabilities.

Generally accepted accounting principles (GAAP) require that the City show our liability for pension benefits promised in the future as an asset on our entity-wide financial statements. An actuarial valuation as of December 31, 2021, provided a total pension liability of \$545,652,122. The City had plan fiduciary net position of \$673,730,455 as of year end, exceeding the total pension obligation by \$128,078,333. The resulting net pension asset of \$128 million was allocated to the Governmental Activities and Business-type Activities.

GAAP also require that the City show our liability for retiree health care and death benefits, or other post-employment benefits (OPEB) promised in the future as a liability on our entity-wide financial statements. An actuarial valuation as of January 1, 2021 provided the City's share of total OPEB liability of \$129,579,777. The City's share of plan fiduciary net position was \$113,862,317. The resulting net OPEB liability of \$15,717,460 was allocated to the Governmental Activities and Business-type Activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City of Kalamazoo's Net Position December 31, 2021 and December 31, 2022

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 363,146,984	\$ 260,702,076	\$ 98,339,095	\$ 119,884,596	\$ 461,486,079	\$ 380,586,672
Capital assets, net	191,680,683	206,973,649	270,739,220	299,071,767	462,419,903	506,045,416
Total assets	554,827,667	467,675,725	369,078,315	418,956,363	923,905,982	886,632,088
Deferred outflows of resources	40,359,265	61,310,238	10,877,298	12,253,749	51,236,563	73,563,987
Current liabilities	43,697,396	63,167,965	13,014,044	18,037,563	56,711,440	81,205,528
Noncurrent liabilities	305,317,372	154,583,861	163,506,312	180,375,006	468,823,684	334,958,867
Total liabilities	349,014,768	217,751,826	176,520,356	198,412,569	525,535,124	416,164,395
Deferred inflows of resources	77,738,499	61,059,816	15,413,895	14,183,001	93,152,394	75,242,817
Net position						
Net investment in capital assets	133,948,050	137,752,770	168,863,713	165,139,867	302,811,763	302,892,637
Restricted	224,313,087	150,104,809	41,448,296	33,038,482	265,761,383	183,143,291
Unrestricted	(189,827,472)	(37,683,258)	(22,290,647)	20,436,193	(212,118,119)	(17,247,065)
Total net position	\$ 168,433,665	\$ 250,174,321	\$ 188,021,362	\$ 218,614,542	\$ 356,455,027	\$ 468,788,863

\* The 2021 information has not been restated.

The government's total net position increased by \$111.89 million or approximately 31%. This net increase was a combination of a \$81.29 million increase in governmental activities net position and a \$30.6 million increase in business-type activities net position.

Current and other assets decreased \$102.5 million or 28.2% in governmental activities and increased \$21.5 million or 21.9% in business-type activities. Current liabilities increased in governmental activities by \$19.5 million or 44.6% and \$5.02 million or 38.6% in business type activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City of Kalamazoo's Changes in Net Position For the Year Ended December 31, 2021 and December 31, 2022

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenue						
Program revenue						
Charges for services	\$ 16,454,649	\$ 17,785,942	\$ 49,830,894	\$ 62,706,351	\$ 66,285,543	\$ 80,492,293
Operating grants and contributions	46,975,411	51,550,791	118,137	535,666	47,093,548	52,086,457
Capital grants and contributions	1,242,023	1,017,974	20,441,810	3,526,902	21,683,833	4,544,876
General revenue						
Property taxes	25,268,136	26,706,218	-	-	25,268,136	26,706,218
State shared revenues - unrestricted	10,442,055	11,237,359	-	-	10,442,055	11,237,359
Other	2,262,154	1,136,773	589,980	(183,189)	2,852,134	953,584
Total revenue	102,644,428	109,435,057	70,980,821	66,585,730	173,625,249	176,020,787
Expenses						
General government	13,435,805	26,339,275	-	-	13,435,805	26,339,275
Public safety	63,817,583	(21,635,209)	-	-	63,817,583	(21,635,209)
Public works	15,924,730	4,271,336	-	-	15,924,730	4,271,336
Health and welfare	-	3,443,553	-	-	-	3,443,553
Community and economic development	14,348,148	7,179,295	-	-	14,348,148	7,179,295
Recreation and culture	909,314	3,281,776	-	-	909,314	3,281,776
Interest on long-term debt	4,765,099	4,886,375	-	-	4,765,099	4,886,375
Wastewater	-	-	32,768,446	19,692,234	32,768,446	19,692,234
Water	-	-	26,787,065	16,678,316	26,787,065	16,678,316
Total expenses	113,200,679	27,766,401	59,555,511	36,370,550	172,756,190	64,136,951
Change in net position before transfers	(10,556,251)	81,668,656	11,425,310	30,215,180	869,059	111,883,836
Transfers (out) in	(378,000)	(378,000)	378,000	378,000	-	-
Change in net position	(10,934,251)	81,290,656	11,803,310	30,593,180	869,059	111,883,836
Net position - beginning of year	179,367,916	168,883,665	176,218,052	188,021,362	355,585,968	356,905,027
Net position - end of year	\$ 168,433,665	\$ 250,174,321	\$ 188,021,362	\$ 218,614,542	\$ 356,455,027	\$ 468,788,863

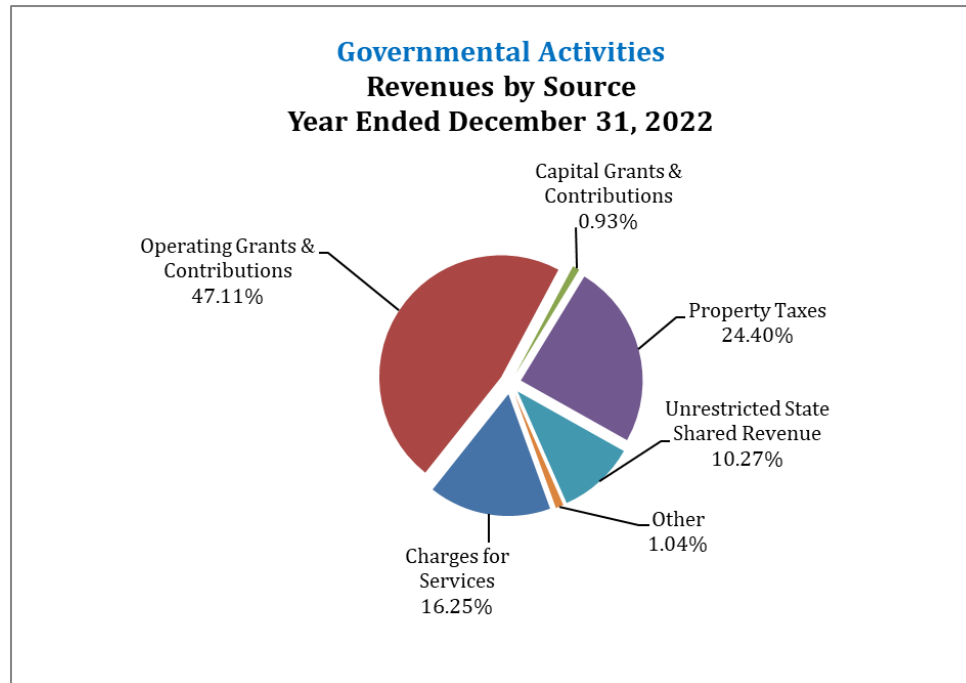
\* The 2021 information has not been restated.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Activities

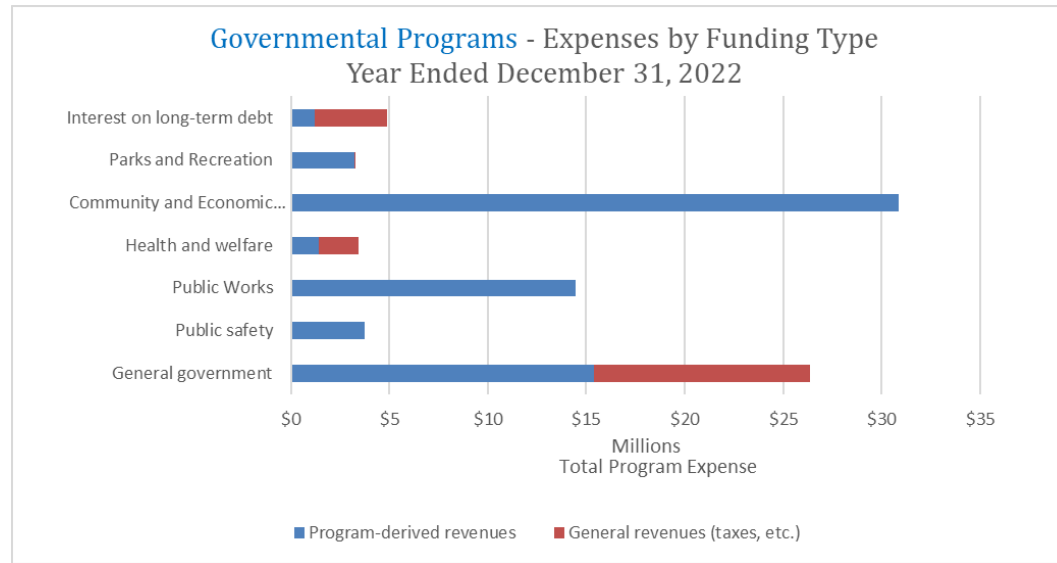
Governmental activities increased the City's net position \$81.29 million in 2022 as compared to a net decrease of \$10.9 million in 2021. Governmental revenues increased by \$6.8 million or 6.62% due to increases in operating grants and contributions. There was a decrease of \$85.4 million in total governmental expenditures as compared to 2021. This decrease is largely the result of the adjustment in the current year related to the City's net OPEB liability and related deferred outflows of resources and deferred inflows of resources.

While some revenue for governmental activities is derived from charges specific to programs, the majority of programs are generally subsidized by tax revenues and intergovernmental aid. In 2022, 36% of governmental revenues were funded from general sources that consisted of property taxes, revenue sharing from the State of Michigan, unrestricted grants and contributions, interest earnings, and other miscellaneous revenues. The remaining 64% of revenues were derived from charges or restricted to specific programs as depicted on the following chart.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses in governmental activities exceeded charges for services, grants, and contributions by \$42.6 million in 2022 and \$48 million in 2021. The following chart depicts the total expenses for each governmental program for the City of Kalamazoo and the degree to which they are self-supporting or subsidized.



### Business-type Activities

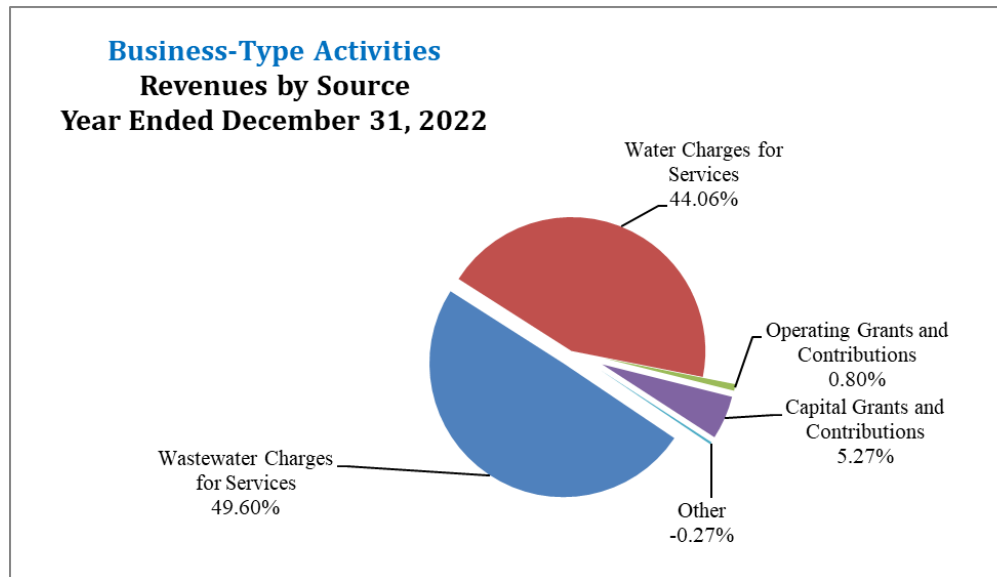
Business-type activities increased the City's net position by \$30.6 million. The key elements of this increase are as follows:

- Wastewater system operating revenues increased \$7.12 million due to increased billing rates offset by a reduction in billed wholesale municipal volumes, while operation and maintenance expenses decreased \$14.1 million from 2021.
- Water system operating revenues increased \$5.5 million due to increased billing rates and an increase in water billed volumes, while operation and maintenance expenses decreased \$11 million from 2021.
- The Wastewater and Water systems report OPEB expense under GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which decreased by \$33.8 million as compared to 2021.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

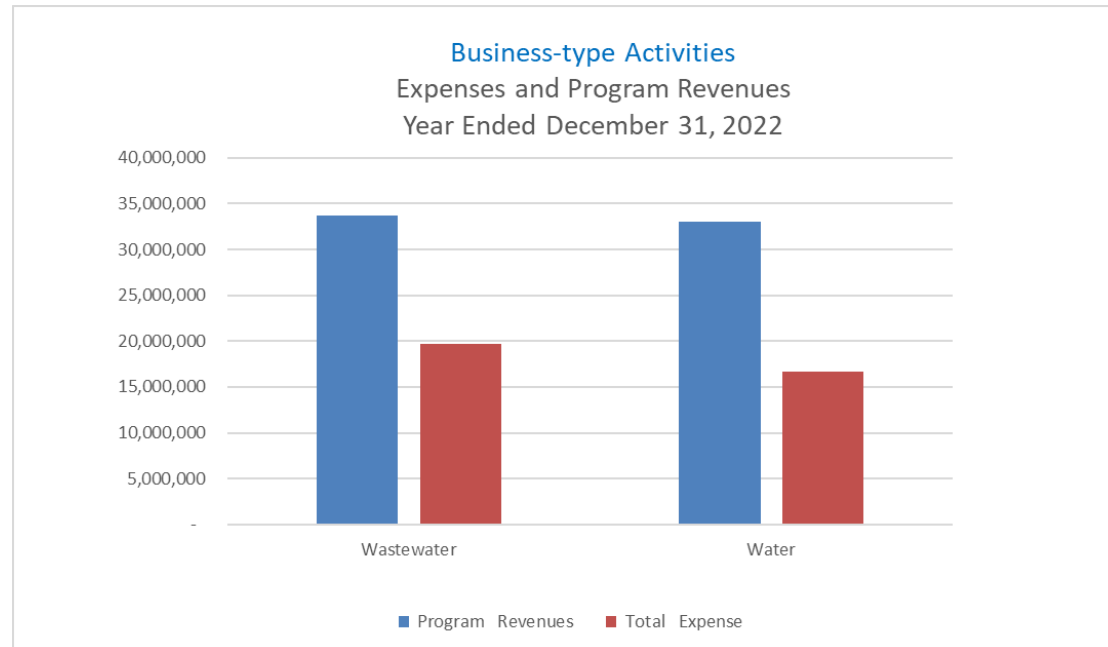
- The Wastewater and Water systems report pension expense under GASB 68, *Accounting and Financial Reporting for Pensions*, which increased \$5.9 million as compared to 2021.
- Capital infrastructure contributions of \$3.5 million for water infrastructure represented a major revenue source for the Water system in 2022. These contributions consist of water mains, service connections, and hydrants that are paid by developers or property owners and transferred to the system.

In contrast to governmental activities, business-type activities are funded through user fees and charges. Business-type activities of the City include a wastewater system and a water system.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart depicts the total expenses for each business-type activity for the City of Kalamazoo and the degree to which they are self-supporting. In 2022, the Wastewater and Water system added \$14.1 million and \$16.5 million to existing reserves.



### Financial Analysis of the Government's Funds

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

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

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the close of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$78,051,227, an decrease of \$1,207,565 in comparison of the prior year. Approximately 14% of the combined fund balances, or \$11,260,233 was available for spending at the government's discretion ("*unassigned fund balance*").

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

### General Fund

The general fund is the chief operating fund of the City of Kalamazoo. Property tax collections not collected in the time period allowed for revenue recognition by Generally Accepted Accounting Principles (GAAP) are included in deferred inflows of resources as unavailable revenues. At December 31, 2022, the amount of unavailable property taxes was \$989,180, a \$455,684 thousand increase from 2021. Other unavailable revenues totaling \$288,526 consist of other receivables not collected within 60 days after year-end as well as unavailable lease revenue in the amount of \$64,857.

The City's budget policies target undesignated reserves to be 15% of general fund operating revenues. The General Fund fund balance was \$16,719,978, or 23.2% of the total General Fund revenues. Of the total, \$16.7 million fund balance, \$3.015 million was nonspendable, \$166 thousand was restricted, \$202 thousand was committed, and \$2.076 million was assigned, leaving \$11.26 million of unassigned fund balance, or 15.61% of revenues.

The General Fund decreased the fund balance a total of \$1.3 million due to increases in operating expenses. Revenues favorably exceeded budget by \$1 million due primarily to favorable intergovernmental revenue while total expenditures remained relatively consistent in the current year, remaining under budget by \$157 thousand.

### Major Streets Fund

The Major Streets Fund fund balance decreased by \$951 thousand during the year. Revenues decreased \$130 thousand from 2021. Expenditures increased by \$4.7 million from 2021, primarily related to capital outlay expenditures.

### Grants and Donations Fund

The Grant and Donations Fund fund balance increased by \$315 thousand during the year. Revenues increased \$3.5 million from 2021, primarily from recognition of ARPA grant revenue. Expenditures increased by \$1.5 million from 2021, primarily related to general government expenditures. The Grants and Donations Fund received \$19 million in ARPA revenue during the year, the majority of which was unspent at year end and reflected in unearned revenue on the balance sheet.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

During the year, the combined fund balance for the City's nonmajor governmental funds increased by \$731 thousand in 2022. The combined \$48 million fund balance is attributable to special revenue funds (\$23.2 million), debt service funds (\$91,431), capital projects funds (\$18.4 million), and endowments held for recreational and cemetery perpetual care purposes (\$6.7 million). Because resources for these funds are, for the most part, restricted to specific purposes, their fund balances are not available for general government use.

Nonmajor governmental revenues decreased \$9.4 million or 28% from 2021. Revenues decreased most notably in the intergovernmental revenues, and interest and rents.

Nonmajor governmental expenditures increased \$662 thousand or 1.4%. The special revenue funds expenditures decreased \$6 million, debt service increased \$758 thousand, capital projects increased \$4.6 million, and permanent funds decreased \$25 thousand.

### ***Proprietary Funds***

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

### **Wastewater Fund**

*Unrestricted* net position (the amount available for future spending) of the City's Wastewater fund amounted to \$7.3 million as of December 31, 2022. The fund had an increase in total net position for the year of \$14.1 million.

The Wastewater Fund experienced an operating income of \$15.7 million.

- Wastewater operating revenues increased \$7.1 million due primarily to increased billing rates. The system had an additional rate increase in October 2022 to address rising costs in chemicals, solid disposals, and other expenditures. Volumes billed are lower than in 2022, but this was offset by a change to flat rates for municipal customers and industrial customers that opted into the systems new flat rate monitoring plans.
- Operating expenses decreased \$13.8 million as compared to 2021, with operations and maintenance decreasing \$14 million primarily due to the decrease in OPEB expenses discussed further below.
- Operating expenses includes an adjustment to OPEB liabilities that resulted in a \$13.5 million reduction of operating expenditures, which was a decrease of \$19.8 million over the net OPEB expense adjustment recognized in 2021. The Fund made contributions of \$274,800 to the OPEB trust in 2022. The Fund had a net OPEB liability of \$1.46 million, deferred outflows of resources related to OPEB of \$547 thousand, and deferred inflows of resources related to OPEB of \$8.2 million included in the Statement of Net Position at December 31, 2022. The portion of the 2015 OPEB bond reported in the Wastewater Fund at December 31, 2021 was \$8.3 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Operating expenses includes an adjustment \$1.54 million of net pension expense, which was an increase of \$3.4 million from the net pension expense recognized in 2021. The Fund was not required and did not make contributions to the pension system in 2022. The Fund had a net pension asset of \$11.4 million, deferred outflows of resources related to pensions of \$6 million, and deferred inflows of resources related to pensions of \$169 thousand included in the Statement of Net Position at December 31, 2022.
- Nonoperating Revenues and Expenses reduced net position by a total of \$2.3 million, an increase of \$1.1 million as compared to 2021. Interest earnings decreased by \$208 thousand, whereas interest expense and fiscal charges increased \$774 thousand as compared to 2021.

### Water Fund

*Unrestricted* net position (the amount available for future spending) of the City's Water fund amounted to \$13.1 million as of December 31, 2022. The fund had an increase in total net position for the year of \$16.5 million.

The Water Fund experienced an operating income of \$16 million.

- Water system operating revenues increased \$5.5 million due to increased billing rates and an increase in water billed volumes.
- Operating expenses decreased \$11 million as compared to 2021. Of this decrease, \$11.7 million was in operation and maintenance costs, primarily due to the decrease in OPEB expenses discussed further below.
- Operating expenses includes an adjustment to OPEB liabilities that resulted in a \$10 million reduction of operating expenditures, which was a decrease of \$14 million over the net OPEB expense recognized in 2021. The Fund made contributions of \$219,100 to the OPEB trust in 2022. The Fund had a net OPEB liability of \$1.2 million, deferred outflows of resources related to OPEB of \$448 thousand, and deferred inflows of resources related to OPEB of \$5.7 million included in the Statement of Net Position at December 31, 2022. The portion of the 2015 OPEB bond reported in the Water Fund at December 31, 2022 was \$7.6 million.
- Operating expenses includes an adjustment of \$1.3 million of net pension expense which was an increase of \$2.6 million over the net pension expense recognized in 2021. The Fund was not required to and did not make contributions to the pension system in 2022. The Fund had a net pension asset of \$9.2 million, deferred outflows of resources related to pensions of \$4.6 million, and deferred inflows of resources related to pensions of \$137 thousand included in the Statement of Net Position at December 31, 2022.
- Nonoperating Revenues and Expenses reduced net position by a total of \$2.7 million as compared a decrease to net position of \$2 million in 2021. Interest expense and fiscal charges increased 900 thousand due to debt financed capital improvements.
- Capital contributions of \$3 million represented a major revenue source for the Water system during the current fiscal year. Contributions consist primarily of infrastructure improvements in the form of water mains, service connections, and hydrants paid by various users of the water system. Total contributions decreased by \$17.4 million from 2021 as less projects were completed by users of the system in 2022 as compared to 2021.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Asset and Debt Administration

#### *Capital Assets*

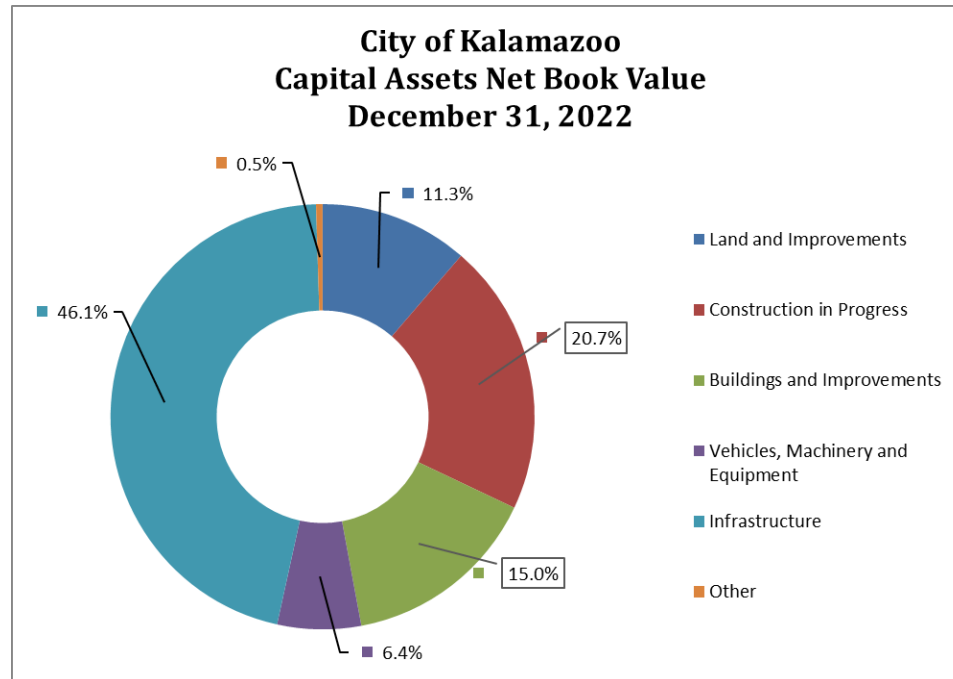
The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, totaled \$506 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, land improvements, buildings, vehicles, machinery and equipment, intangible assets, and infrastructure consisting of water, wastewater, and storm sewer systems, roads, highways, and bridges. Construction in progress includes capital outlay expenditures for projects that are not completed at December 31, 2022 and the asset has not yet been placed into service.

In addition, the City utilizes leases when lease terms can offer flexibility and stability of costs in operations. When the City enters into an agreement for a long term lease commitment, a right to use asset is recorded in the capital asset system and amortized over the life of the lease. Right to use assets include facilities for City departments, copiers and other equipment, light-duty vehicles, and infrastructure for city communications.

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 29,966,986	\$ 29,966,986	\$ 3,293,620	\$ 3,293,620	\$ 33,260,606	\$ 33,260,606
Building and improvements	28,743,870	27,842,234	49,040,756	48,239,308	77,784,626	76,081,542
Right to use - building	-	401,000	-	-	-	401,000
Land improvements	20,197,275	21,705,744	2,421,566	2,358,149	22,618,841	24,063,893
Machinery and equipment	6,869,683	7,528,958	17,219,146	15,865,944	24,088,829	23,394,902
Right to use - equipment	-	160,073	-	24,420	-	184,493
Vehicles	4,993,272	4,836,078	4,524,059	4,058,329	9,517,331	8,894,407
Right to use - vehicles	-	991,381	-	94,662	-	1,086,043
Infrastructure	81,591,811	81,551,752	148,229,107	151,502,084	229,820,918	233,053,836
Right to use - infrastructure	-	574,052	-	-	-	574,052
Intangible Assets	116,937	60,796	80,336	62,807	197,273	123,603
Rights to liquor license	139,200	139,200	-	-	139,200	139,200
Construction in progress	19,061,649	31,215,395	45,930,630	73,572,444	64,992,279	104,787,839
Total	<u>\$ 191,680,683</u>	<u>\$ 206,973,649</u>	<u>\$ 270,739,220</u>	<u>\$ 299,071,767</u>	<u>\$ 462,419,903</u>	<u>\$ 506,045,416</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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



Net capital assets increased \$13.219 million for governmental activities while net business-type activity capital assets increased \$27.997 million.

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

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

- Construction of capital projects totaling \$10.1 million was completed in 2022 and transferred to other asset categories. Completed projects included the construction, reconstruction, widening of public streets, sidewalk improvements, parks improvements, data storage and security upgrades, and other facility and equipment improvements. Approximately \$31.2 million of additional improvements are in progress.
- Land improvements of \$2.8 million include improvements to City parks, the Mountain Home cemetery, golf courses, and neighborhood trees.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Building improvements of \$147 thousand included heating and cooling upgrades, roof upgrades, and various renovations and improvements of facilities.
- Vehicle additions of \$679 thousand included seventeen public safety operations vehicles, one public works street sweeper.
- Machinery and Equipment additions of \$2 million include \$103 thousand for public safety equipment, \$596 thousand for general government information systems and other equipment, \$259 thousand for public works and streets equipment, \$1.2 million in golf equipment, and \$8 thousand in parks equipment.
- Infrastructure additions of \$3.7 million include various street and signal projects completed during 2022.
- The City entered into new lease agreements for the following right to use assets:
  - Building of \$53 thousand for a facility space for a downtown public safety station
  - Vehicles of \$424 thousand for various light duty vehicles
  - Equipment of \$85 thousand for parks equipment.
  - Infrastructure of \$225 thousand for the expansion of communications networks
- The City disposed of assets with an original cost of \$344 thousand, and a net book value of \$43 thousand. Vehicular and other machinery and equipment with no net book value was disposed as the equipment was no longer in a condition to support City operations. Right to use vehicles with a netbook value of \$43 thousand was disposed for leased assets terminated earlier than anticipated in the original lease terms.

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

#### **Wastewater:**

- Construction of Wastewater capital projects totaling \$3.7 million was completed in 2022 and transferred to other asset categories. Wastewater had \$26.6 million in construction in progress for treatment plant upgrades and infrastructure improvements.
- Wastewater added \$428 thousand of building improvements for treatment plant upgrades.
- Wastewater added \$155 thousand of land improvements for interceptor access pathways.
- Wastewater added \$335 thousand of machinery and equipment for various treatment and process control upgrades.
- Wastewater upgraded the system infrastructure consisting of various mains, interceptors, and sewer linings totaling \$3.2 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Wastewater did not enter into new lease agreements for right to use assets in 2022.
- Wastewater disposed of fully depreciated vehicles that was no longer able to support system operations.

### **Water:**

- Construction of Water capital projects totaling \$4.1 million was completed in 2022 and transferred to other asset categories. Water had \$47million in construction in progress for station improvements, storage tank improvements and various infrastructure improvements in progress at year end.
- Water upgraded the system infrastructure totaling \$5.1 million in 2022, including replacement of lead service connections and various improvements to mains, hydrants, and meters. Of this, \$2 million was constructed by third parties and transferred to the system for ownership and maintenance and \$1 million was funded by contributions from customers.
- Water added \$114 thousand in land improvements for station access road improvements.
- Water added \$849 thousand in buildings and improvements for station 24 upgrades.
- Water added \$447 thousand in machinery and equipment, consisting of various pumps, valves, well equipment, and other various system equipment.
- Water added \$48 thousand of vehicles, including one pickup truck.
- Water did not enter into new lease agreements for right to use assets in 2022.
- Water disposed of fully depreciated vehicles that was no longer able to support system operations.

Additional information on the City's capital assets, including detailed changes during 2022, can be found in Note 6 on pages 99-103 of this report.

### ***Long-term Obligations***

The City's balance of long term obligations increased by \$67 million during the current fiscal year and recognized an adjustment to beginning long term obligations of \$2.3 million to implement GASB 87 - *Leases*. Governmental Activities had net increases of \$446 thousand in governmental direct borrowings and placements, \$5.8 million in other debt, and \$487 thousand in other long-term obligations. Business-type Activities had net increases of \$5 million in direct borrowings and placements, \$55 million in other debt, and a net decrease of \$77 thousand in compensated absences. The City issued \$13.510 million in General Obligation Bonds and \$57.040 million in Revenue Bonds. The City made scheduled bond principal payments and refunded bonds totaling \$16.1 million.

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

### **General Obligation Bonds**

The City issues direct obligations where the government pledges the full faith and credit of the City. These bonds are issued as serial bonds with varying amounts of principal maturing each year. General Obligation bonds issued in 2022 consisted of \$13,510,000 par value bonds issued to fund capital improvements for streets, facility improvements, park improvements, golf course improvements, and various heavy equipment. The balance of outstanding general obligation bonds as of December 31, 2022 is \$135 million for governmental activities and \$15.8 million for business-type activities, of which \$59.3 million for governmental activities and \$15.8 million for business type activities is due to the 2015 financing of OPEB obligations.

### **Revenue Bonds**

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City issued \$57,040,000 of revenue bonds in 2022 to finance capital improvements and refund existing debt of the Wastewater fund. The balance of outstanding revenue bonds as of December 31, 2022 is \$136 million for business-type activities. The revenue bonds for governmental activities was fully paid in 2022.

### **Drinking Water Revolving Funds (DWRF) Bonds**

The City also issues bonds through agreements with the State of Michigan Finance Authority and State of Michigan Department of Environment, Great Lakes, and Energy (EGLE) under the Drinking Water Revolving Fund created by 1997 Public Act 26 and 27. Business-type activities increased obligations by \$6.2 million in 2022 and made \$900 thousand of principal payments under this program. The obligations under this program is recognized as disbursed or accrued for eligible expenditures. The Water system has approximately \$2.8 million of available funding on the initial \$21,095,000 contract, with a total of \$1.3 million to be forgiven over the life of the loan. In 2022, Water was awarded a \$4.89 million DWRF contract that will be fully forgiven over the life of the loan. Water has accrued \$2.8 million in obligations with an additional \$2 million available for future funding on eligible expenses.

### **Leases Payable**

The City entered into new long-term lease commitments for \$713 thousand in governmental activities. The primary government has total balances of \$2.1 million in leases payable as of December 31, 2022.

### **Equipment Acquisitions**

The City has entered into equipment financing contracts totaling \$900 thousand in 2022 for golf equipment. The balance of equipment acquisition agreements as of December 31, 2022 is \$808 thousand.

### **Compensated Absences**

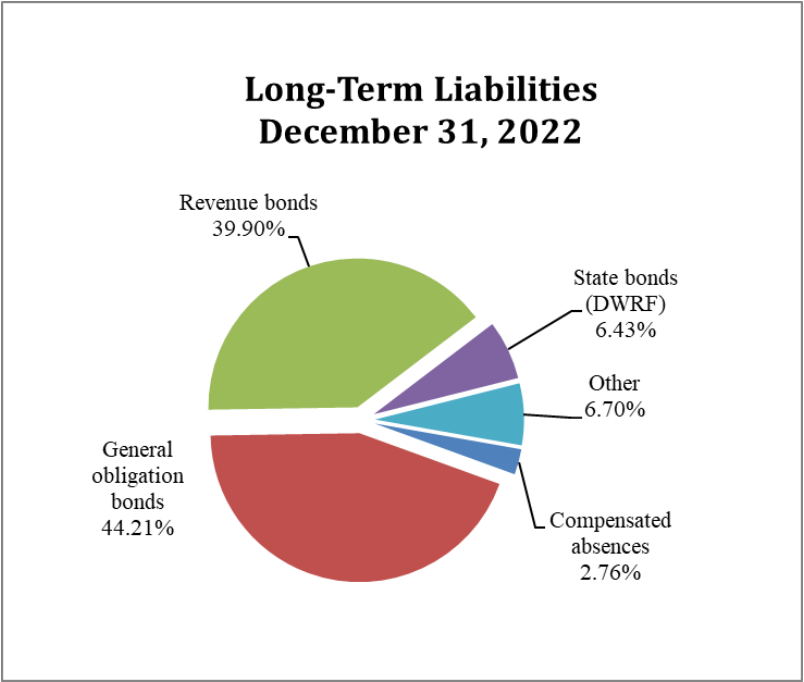
The City has accumulated a long-term liability for absences that have been earned by employees but not yet redeemed. The balance of compensated absences as of December 31, 2022 is \$9.4 million.



**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**Insurance Claims and Environmental Matters**

The City has estimated its liability for various legal issues that the City is aware of as of 2022. The estimated liability to the City is \$3 million. The major categories of long-term liabilities are depicted in the following graph:



Additional information on the City’s long-term debt can be found in Note 7 on pages 104-115. The following is the City’s credit rating for the various outstanding debt as rated by Standard and Poor’s as of December 31, 2022.

Standard & Poor’s	
General obligation bonds	AA-
Water revenue bonds	AA-
Wastewater revenue bonds	AA-

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

The City has been working with the community to identify solutions to continue to serve the community's needs with reduced revenues. In collaboration with our budgeting process, the City worked with the community to develop the Imagine Kalamazoo 2025 Strategic Vision and Master Plan (IK 2025). This master plan has defined strategic goals for: shared prosperity, connected city, inviting public places, environmental responsibility, safe community, youth development, complete neighborhoods, strength through diversity, economic vitality, and good governance. In addition, City leadership has initiated efforts to move the City operations to the characteristics of a high-performing organization and utilizing lean/six sigma strategies to improve City processes and procedures.

In concert with these improvement efforts, the City Commission voted in 2016 to approve an initial agreement for the creation of a proposed Foundation For Excellence (FFE). Under this initial agreement, the FFE's lead donors provided donations over three years, starting in 2017, of \$70.3 million to support a reduction in the City's tax mill rate (12.0000 mills) and allocate \$10 million annually for aspirational projects targeting youth employment and development, reducing poverty, and other goal areas of the IK 2025 plan. The agreement was amended in 2019 to provide an additional \$28.2 million in funding for aspirational projects in the City and \$54 million of new funds to support the budget stabilization and tax reduction in the General Fund through 2022. Beginning in 2023, funding is anticipated to be received through the FFE endowment.

In 2022, State shared revenues in the General Fund had a 7% or \$795 thousand increase. State revenue remains low relative to historic norms. According to the Michigan Municipal League's calculator at [SaveMICity.org](https://www.savemcity.org/), Kalamazoo has lost over \$60 million in State Revenue sharing from 2003-2017, assuming the statutory revenue sharing continued on the same gain or loss pattern as was the case with the constitutional revenue sharing.

The Foundation for Excellence has provided the ability for the City to shift our budget plans towards economic and strategic growth rather than service reductions. The 2023 General Fund budget includes anticipated \$18.5 million of FFE funded support of operations. As further discussed in the Note 18 in the Notes to the Financial Statements, the City has received the funds from the Foundation of Excellence Endowment to support 2023 General Fund operations as of the date of this report. The City's budgeted operating expenditures in 2023 is \$1.7 million more than the 2022 amended budget. The General Fund will transfer a total of \$5.0 million to the CIP fund, pay \$3.8 million for the 2015 Other Post Employment Benefit Bonds, and make employer contributions of \$2.7 million to the OPEB Trust.

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

Property tax millage rates are budgeted in 2022 to remain at 12.0000 mills in the General Fund as noted in the Foundation for Excellence agreement. The Solid Waste Fund is budgeted to remain at 1.8 mills in 2022.

The City of Kalamazoo's General Fund Reserve Policy guides the creation, maintenance, and use of reserves. The fund balance of the General Operating Fund will be budgeted within the target range of 15% of budgeted annual operating revenues. The City has an additional reserve account of \$500 thousand for contingency reserves. The projected fund balance in 2023 is targeted to exceed the City Commission Budget Policy target of 15% of revenues.

In 2023, the City of Kalamazoo FFE Aspirational Projects fund has budgeted \$4.5 million for FFE operations and aspirational projects. In addition, the City Grant and Donations fund has budgeted \$13.2 million for projects and initiatives under the Federal American Rescue plan's Coronavirus State and Local Fiscal Recovery Funds awarded to the City of Kalamazoo.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF KALAMAZOO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
ASSETS				
Current assets				
Cash and cash equivalents	\$ 64,806,096	\$ 25,895,848	\$ 90,701,944	\$ 8,330,712
Cash and cash equivalents, restricted	17,893,461	46,017,816	63,911,277	-
Investments	44,881,870	7,731,289	52,613,159	2,624,619
Investments with agents	3,601,718	-	3,601,718	-
Current portion of receivables	4,811,318	11,662,821	16,474,139	39,330,212
Internal balances	752,256	(752,256)	-	-
Due from other governmental units	5,251,530	7,598,381	12,849,911	398,728
Inventories	663,752	1,060,570	1,724,322	-
Prepays	896,179	15,470	911,649	-
Total current assets	143,558,180	99,229,939	242,788,119	50,684,271
Noncurrent assets				
Advance to other governmental units	1,046,895	-	1,046,895	-
Advance to developers	-	-	-	500,000
Noncurrent investments	-	-	-	160,641,982
Noncurrent portion of receivables	5,096,294	30,203	5,126,497	250,800,858
Noncurrent portion of amounts due from other governmental units	3,546,828	-	3,546,828	-
Net pension asset	107,453,879	20,624,454	128,078,333	-
Capital assets not being depreciated/amortized	61,321,581	76,866,064	138,187,645	58,162
Capital assets, net of accumulated depreciation/amortization	145,652,068	222,205,703	367,857,771	172,748
Total noncurrent assets	324,117,545	319,726,424	643,843,969	412,173,750
TOTAL ASSETS	467,675,725	418,956,363	886,632,088	462,858,021
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	259,557	99,471	359,028	-
Deferred outflows of resources related to pensions	50,008,749	10,665,645	60,674,394	-
Deferred outflows of resources related to OPEB	11,041,932	1,488,633	12,530,565	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	61,310,238	12,253,749	73,563,987	-

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2022**

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 5,996,248	\$ 8,486,833	\$ 14,483,081	\$ 510,355
Accrued payroll	2,065,224	-	2,065,224	-
Accrued interest payable	978,603	1,667,029	2,645,632	17,616
Other accrued liabilities	1,378,269	478	1,378,747	16,660
Deposits payable	289,082	810,534	1,099,616	-
Due to other governmental units	388,739	219,772	608,511	2,006,953
Due to developers	-	-	-	391,200
Unearned revenue	36,866,649	-	36,866,649	102,271
Current portion of compensated absences	2,827,055	758,985	3,586,040	5,795
Current portion of lease obligations	609,458	95,588	705,046	-
Current portion of long-term debt	10,134,930	5,998,344	16,133,274	297,071
Current portion of uninsured claim liability	1,633,708	-	1,633,708	-
Total current liabilities	63,167,965	18,037,563	81,205,528	3,347,921
Noncurrent liabilities				
Noncurrent portion of advances from other governmental units	-	-	-	1,046,895
Noncurrent portion of compensated absences	5,519,449	320,394	5,839,843	4,587
Noncurrent portion of lease obligations	1,406,435	26,473	1,432,908	-
Noncurrent portion of long-term debt	134,319,596	177,340,503	311,660,099	2,294,200
Noncurrent portion of uninsured claim liability	308,557	-	308,557	-
Net other post-employment benefits liability	13,029,824	2,687,636	15,717,460	-
Total noncurrent liabilities	154,583,861	180,375,006	334,958,867	3,345,682
<b>TOTAL LIABILITIES</b>	<b>217,751,826</b>	<b>198,412,569</b>	<b>416,164,395</b>	<b>6,693,603</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred sales of future revenues	3,527,531	-	3,527,531	-
Deferred amounts on refunding	-	841	841	-
Lease related	162,503	46,210	208,713	-
Deferred inflows of resources related to pensions	2,658,914	305,533	2,964,447	-
Deferred inflows of resources related to OPEB	54,710,868	13,830,417	68,541,285	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>61,059,816</b>	<b>14,183,001</b>	<b>75,242,817</b>	<b>-</b>

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO**  
**STATEMENT OF NET POSITION (CONCLUDED)**  
**DECEMBER 31, 2022**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION				
Net investment in capital assets	\$ 137,752,770	\$ 165,139,867	\$ 302,892,637	\$ 230,910
Restricted				
Nonexpendable	3,627,564	-	3,627,564	-
Expendable, restricted for:				
Major and local street projects	7,709,961	-	7,709,961	-
FFE aspirational projects	11,469,437	-	11,469,437	-
Solid waste program	2,882,960	-	2,882,960	-
Parks and recreation	1,314,878	-	1,314,878	-
Neighborhood and community development	3,561,168	-	3,561,168	-
Pensions	107,453,879	20,624,454	128,078,333	-
Other purposes	12,084,962	12,414,028	24,498,990	288,808,377
Unrestricted	<u>(37,683,258)</u>	<u>20,436,193</u>	<u>(17,247,065)</u>	<u>167,125,131</u>
TOTAL NET POSITION	<u>\$ 250,174,321</u>	<u>\$ 218,614,542</u>	<u>\$ 468,788,863</u>	<u>\$ 456,164,418</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 26,339,275	\$ 9,005,465	\$ 6,018,595	\$ 372,850	\$ (10,942,365)	\$ -	\$ (10,942,365)	\$ -
Public safety	(21,635,209)	779,206	2,957,454	19,762	25,391,631	-	25,391,631	-
Public works	4,271,336	2,317,908	11,497,299	625,362	10,169,233	-	10,169,233	-
Health and welfare	3,443,553	-	1,410,066	-	(2,033,487)	-	(2,033,487)	-
Community and economic development	7,179,295	1,836,582	29,026,241	-	23,683,528	-	23,683,528	-
Recreation and culture	3,281,776	3,157,299	100,189	-	(24,288)	-	(24,288)	-
Interest on long-term debt	4,886,375	689,482	540,947	-	(3,655,946)	-	(3,655,946)	-
Total governmental activities	27,766,401	17,785,942	51,550,791	1,017,974	42,588,306	-	42,588,306	-
Business-type activities								
Wastewater	19,692,234	33,208,124	-	480,819	-	13,996,709	13,996,709	-
Water	16,678,316	29,498,227	535,666	3,046,083	-	16,401,660	16,401,660	-
Total business-type activities	36,370,550	62,706,351	535,666	3,526,902	-	30,398,369	30,398,369	-
Total primary government	<u>\$ 64,136,951</u>	<u>\$ 80,492,293</u>	<u>\$ 52,086,457</u>	<u>\$ 4,544,876</u>	42,588,306	30,398,369	72,986,675	-
Component units								
Downtown Development Authority	\$ 2,195,019	\$ 1,647,617	\$ 59,210	\$ -	-	-	-	(488,192)
Economic Development Corporation	35,304	-	162,760	-	-	-	-	127,456
Brownfield Redevelopment Authority	2,017,727	-	1,849	-	-	-	-	(2,015,878)
Kalamazoo Foundation For Excellence	209,696	-	488,232	-	-	-	-	278,536
Downtown Economic Growth Authority	467,334	43,225	142,500	-	-	-	-	(281,609)
Total component units	<u>\$ 4,925,080</u>	<u>\$ 1,690,842</u>	<u>\$ 854,551</u>	<u>\$ -</u>	-	-	-	(2,379,687)
General revenues								
Property taxes					26,706,218	-	26,706,218	3,675,735
Unrestricted state shared revenues					11,237,359	-	11,237,359	-
Investment earnings (losses)					843,157	(245,333)	597,824	(30,239,668)
Gain on disposal of capital assets					97,433	1,103	98,536	-
Miscellaneous					196,183	61,041	257,224	623,572
Transfers					(378,000)	378,000	-	-
Total general revenues and transfers					38,702,350	194,811	38,897,161	(25,940,361)
Change in net position					81,290,656	30,593,180	111,883,836	(28,320,048)
Restated net position, beginning of the year					168,883,665	188,021,362	356,905,027	484,484,466
Net position, end of the year					<u>\$ 250,174,321</u>	<u>\$ 218,614,542</u>	<u>\$ 468,788,863</u>	<u>\$ 456,164,418</u>

See accompanying notes to financial statements.



**CITY OF KALAMAZOO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2022**

	General	Major Streets	Grants and Donations	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,544,226	\$ 3,809,877	\$ 12,392,109	\$ 25,716,730	\$ 50,462,942
Cash and cash equivalents - restricted	-	5,568,764	-	12,324,697	17,893,461
Investments	5,260,730	-	24,425,575	8,086,003	37,772,308
Investments with agents	-	-	131,664	3,207,282	3,338,946
Receivables					
Accounts	1,176,228	108,321	662,042	371,884	2,318,475
Interest	111,988	-	108,893	8,893	229,774
Leases	65,981	-	-	98,683	164,664
Special assessments	122	-	-	-	122
Taxes	1,290,297	-	-	167,182	1,457,479
Notes	1,650,427	-	-	3,411,366	5,061,793
Due from other funds	3,106,711	1,542,908	480,734	1,359,472	6,489,825
Due from other governmental units	1,160,734	1,368,466	811,104	5,449,923	8,790,227
Advances to other governmental units	459,000	-	-	587,895	1,046,895
Inventories	245,120	414,872	-	3,760	663,752
Prepays	660,417	-	-	-	660,417
<b>TOTAL ASSETS</b>	<b>\$ 23,731,981</b>	<b>\$ 12,813,208</b>	<b>\$ 39,012,121</b>	<b>\$ 60,793,770</b>	<b>\$ 136,351,080</b>

**CITY OF KALAMAZOO  
GOVERNMENTAL FUNDS  
BALANCE SHEET (CONCLUDED)  
DECEMBER 31, 2022**

	General	Major Streets	Grants and Donations	Nonmajor Governmental Funds	Total
<b>LIABILITIES</b>					
Accounts payable	\$ 1,208,125	\$ 628,919	\$ 291,980	\$ 3,308,545	\$ 5,437,569
Accrued liabilities	146,567	-	7,053	47,525	201,145
Due to other funds	3,995,642	300,275	1,709,546	3,502,849	9,508,312
Due to other governmental units	239,994	-	148,745	-	388,739
Deposits payable	-	-	-	289,082	289,082
Unearned revenue	-	71,456	35,659,169	1,136,024	36,866,649
<b>TOTAL LIABILITIES</b>	<b>5,590,328</b>	<b>1,000,650</b>	<b>37,816,493</b>	<b>8,284,025</b>	<b>52,691,496</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	1,356,818	42,296	-	4,046,740	5,445,854
Lease related	64,857	-	-	97,646	162,503
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,421,675</b>	<b>42,296</b>	<b>-</b>	<b>4,144,386</b>	<b>5,608,357</b>
<b>FUND BALANCES</b>					
Nonspendable	3,014,964	414,872	-	7,630,585	11,060,421
Restricted	166,335	11,355,390	1,195,628	39,202,085	51,919,438
Committed	202,168	-	-	1,532,689	1,734,857
Assigned	2,076,278	-	-	-	2,076,278
Unassigned	11,260,233	-	-	-	11,260,233
<b>TOTAL FUND BALANCES</b>	<b>16,719,978</b>	<b>11,770,262</b>	<b>1,195,628</b>	<b>48,365,359</b>	<b>78,051,227</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 23,731,981</b>	<b>\$ 12,813,208</b>	<b>\$ 39,012,121</b>	<b>\$ 60,793,770</b>	<b>\$ 136,351,080</b>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

<b>Total fund balance - governmental funds</b>	<b>\$</b>	<b>78,051,227</b>
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Amounts reported for governmental activities in the statement of net position are different because:

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

The cost of capital assets is	\$ 432,761,318	
Accumulated depreciation is	<u>(225,946,390)</u>	
Capital assets, net		206,814,928

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

Net pension asset	107,453,879	
Deferred outflows of resources related to pensions	50,008,749	
Deferred outflows of resources related to OPEB	11,041,932	
Deferred inflows of resources related to pensions	(2,658,914)	
Deferred inflows of resources related to OPEB	(54,710,868)	
Deferred charges on refunding	<u>259,557</u>	
		111,394,335

Other resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.		5,445,854
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**CITY OF KALAMAZOO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION (CONCLUDED)**  
**DECEMBER 31, 2022**

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

Net position of governmental activities accounted for in governmental activities internal service funds	\$ 17,130,319
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Bonds, loans, and leases payable	\$ (137,739,381)	
Net other post-employment benefits liability	(13,029,824)	
Environmental matters liability	(1,051,006)	
Unamortized deferred amounts on debt issuance	(7,517,024)	
Accrued interest payable	(978,603)	
Compensated absences	<u>(8,346,504)</u>	
		<u>(168,662,342)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 250,174,321</u></u>

**CITY OF KALAMAZOO  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022**

	General	Major Streets	Grants and Donations	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 24,274,800	\$ -	\$ -	\$ 3,137,568	\$ 27,412,368
Special assessments	6,631	-	-	-	6,631
Licenses and permits	2,751,717	-	-	-	2,751,717
Intergovernmental	15,852,013	8,722,241	4,102,224	5,463,958	34,140,436
Charges for services	9,067,289	192,477	14,005	3,063,605	12,337,376
Fines and forfeits	18,448	-	-	353,108	371,556
Interest and rents	899,190	108,526	308,937	743,091	2,059,744
Other					
Donations and contributions	17,848,017	3,544	201,147	10,540,768	28,593,476
Other	376,117	4,850	24,504	882,062	1,287,533
<b>TOTAL REVENUES</b>	<b>71,094,222</b>	<b>9,031,638</b>	<b>4,650,817</b>	<b>24,184,160</b>	<b>108,960,837</b>
<b>EXPENDITURES</b>					
Current					
General government	18,271,655	-	2,799,939	-	21,071,594
Public safety	36,150,899	-	147,589	233,111	36,531,599
Public works	4,455,646	4,219,720	16,096	6,529,558	15,221,020
Health and welfare	225,921	-	459,575	2,108,806	2,794,302
Community and economic development	1,334,718	-	187,808	7,790,794	9,313,320
Recreation and culture	2,763,626	-	75,943	2,617,644	5,457,213
Debt service					
Principal	619,416	-	-	8,952,746	9,572,162
Interest and fiscal charges	67,018	-	-	5,292,083	5,359,101
Capital outlay	787,867	8,714,649	-	12,920,326	22,422,842
<b>TOTAL EXPENDITURES</b>	<b>64,676,766</b>	<b>12,934,369</b>	<b>3,686,950</b>	<b>46,445,068</b>	<b>127,743,153</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,417,456</b>	<b>(3,902,731)</b>	<b>963,867</b>	<b>(22,260,908)</b>	<b>(18,782,316)</b>

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2022**

	General	Major Streets	Grants and Donations	Nonmajor Governmental Funds	Total
OTHER FINANCING SOURCES (USES)					
Issuance of debt	\$ -	\$ 4,595,000	\$ -	\$ 9,814,507	\$ 14,409,507
Lease proceeds	713,168	-	-	-	713,168
Bond premium	-	586,345	-	793,735	1,380,080
Transfers in	1,060,985	2,322,253	12,451	21,151,515	24,547,204
Transfers out	(9,494,709)	(4,551,643)	(660,756)	(8,768,100)	(23,475,208)
TOTAL OTHER FINANCING SOURCES (USES)	(7,720,556)	2,951,955	(648,305)	22,991,657	17,574,751
NET CHANGE IN FUND BALANCES	(1,303,100)	(950,776)	315,562	730,749	(1,207,565)
Restated fund balances, beginning of year	18,023,078	12,721,038	880,066	47,634,610	79,258,792
Fund balances, end of year	<u>\$ 16,719,978</u>	<u>\$ 11,770,262</u>	<u>\$ 1,195,628</u>	<u>\$ 48,365,359</u>	<u>\$ 78,051,227</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

**Net change in fund balances - total governmental funds** **\$ (1,207,565)**

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

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

Capital outlay	\$	22,365,048
Depreciation/amortization expense		(9,062,380)
Net effect of disposal of capital assets		<u>(43,694)</u>

Excess of capital outlay over depreciation/amortization expense and other		13,258,974
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		587,762
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain individual funds are included in the governmental activities.

Change in net position of governmental activities internal service funds		(606,281)
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**CITY OF KALAMAZOO**  
**RECONCILIATION OF THE CHANGES IN FUND BALANCES OF THE**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONCLUDED)**  
**YEAR ENDED DECEMBER 31, 2022**

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

Issuance of debt	\$ (15,122,675)	
Debt principal retirement	<u>9,616,300</u>	
		\$ (5,506,375)

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

(Decrease) in net pension asset	(119,701,656)	
Increase in deferred outflows of resources related to pensions	42,171,640	
(Decrease) in deferred outflows of resources related to OPEB	(21,183,182)	
Decrease in deferred inflows of resources related to pensions	67,076,111	
(Increase) in deferred inflows of resources related to OPEB	(50,318,088)	
(Decrease) in deferred charges on refunding	(37,485)	
(Increase) in deferred amounts on debt issuance	(774,695)	
(Increase) in accrued interest payable	(91,876)	
(Increase) in compensated absences	(805,436)	
(Increase) in environmental matters liability	(37,147)	
Decrease in net OPEB liability	<u>158,465,955</u>	
		<u>74,764,141</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 81,290,656</u></u>



**CITY OF KALAMAZOO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 23,986,820	\$ 23,986,820	\$ 24,274,800	\$ 287,980
Special assessments	42,000	42,000	6,631	(35,369)
Licenses and permits	2,826,725	2,826,725	2,751,717	(75,008)
Intergovernmental	14,654,145	14,654,145	15,852,013	1,197,868
Charges for services	10,098,792	10,098,792	9,067,289	(1,031,503)
Fines and forfeits	10,030	10,030	18,448	8,418
Interest and rents	55,625	55,625	899,190	843,565
Other				
Donations and contributions	18,284,247	18,300,747	17,848,017	(452,730)
Other	115,550	115,550	376,117	260,567
TOTAL REVENUES	<u>70,073,934</u>	<u>70,090,434</u>	<u>71,094,222</u>	<u>1,003,788</u>
EXPENDITURES				
Current				
General government				
Commission	194,048	294,048	138,309	155,739
Manager	1,810,923	1,818,559	1,895,074	(76,515)
Diversity, equity, and inclusion	332,354	429,169	301,435	127,734
Attorney	870,858	876,805	790,103	86,702
Clerk				
Administration	266,336	270,753	356,180	(85,427)
Election	764,637	764,637	664,154	100,483
Records management	190,304	190,304	187,758	2,546
Internal audit	99,324	101,850	101,495	355

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (continued)				
General government (concluded)				
Human resources	\$ 836,181	\$ 836,181	\$ 980,155	\$ (143,974)
Customer service	750,794	750,794	631,758	119,036
Management services				
Accounting	706,842	577,926	599,696	(21,770)
Financial services	544,214	544,214	546,382	(2,168)
Management services	288,482	288,487	284,002	4,485
Budget	-	128,916	100,247	28,669
Budgetary reserves	300,000	279,473	-	279,473
Assessor	591,194	591,194	496,911	94,283
Treasurer	1,295,425	1,295,425	1,386,740	(91,315)
Purchasing	437,134	437,134	431,233	5,901
Building and grounds	1,656,673	1,735,140	1,627,611	107,529
Information technology	4,483,585	4,483,585	3,857,463	626,122
Contribution to OPEB trust	2,698,400	2,698,400	2,808,791	(110,391)
Other	60,000	60,000	86,158	(26,158)
Total general government	19,177,708	19,452,994	18,271,655	1,181,339
Public safety				
Department of public safety	32,907,061	33,046,561	34,470,804	(1,424,243)
Building inspections	987,394	987,394	852,773	134,621
Code enforcement	1,199,079	1,199,079	827,322	371,757
Total public safety	35,093,534	35,233,034	36,150,899	(917,865)

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (concluded)				
Public works				
Department of public works	\$ 764,749	\$ 764,749	\$ 668,525	\$ 96,224
Streetlighting	1,217,050	1,217,050	1,144,999	72,051
City equipment	2,956,403	2,956,403	2,642,122	314,281
Total public works	4,938,202	4,938,202	4,455,646	482,556
Health and welfare				
Pollution control	162,000	162,000	225,921	(63,921)
Community and economic development				
Community development	1,002,285	1,002,285	757,992	244,293
Economic development	544,943	607,320	576,726	30,594
Total community and economic development	1,547,228	1,609,605	1,334,718	274,887
Recreation and culture				
Parks maintenance	1,354,446	1,370,946	1,546,379	(175,433)
Recreation	1,279,101	1,279,101	1,217,247	61,854
Total recreation and culture	2,633,547	2,650,047	2,763,626	(113,579)

**CITY OF KALAMAZOO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (CONCLUDED)				
Debt service				
Principal	\$ -	\$ -	\$ 619,416	\$ (619,416)
Interest	-	-	67,018	(67,018)
Total debt service	-	-	686,434	(686,434)
Capital outlay	-	787,868	787,867	1
TOTAL EXPENDITURES	63,552,219	64,833,750	64,676,766	156,984
EXCESS OF REVENUES OVER EXPENDITURES	6,521,715	5,256,684	6,417,456	1,160,772
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	713,168	713,168	-
Transfers in	1,267,371	1,267,371	1,060,985	(206,386)
Transfers out	(9,489,086)	(9,489,086)	(9,494,709)	(5,623)
TOTAL OTHER FINANCING SOURCES (USES)	(8,221,715)	(7,508,547)	(7,720,556)	(212,009)
NET CHANGE IN FUND BALANCE	(1,700,000)	(2,251,863)	(1,303,100)	948,763
Restated fund balance, beginning of year	18,023,078	18,023,078	18,023,078	-
Fund balance, end of year	\$ 16,323,078	\$ 15,771,215	\$ 16,719,978	\$ 948,763

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
MAJOR STREETS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental				
Federal revenue	\$ 4,803,313	\$ 4,803,313	\$ 7,459	\$ (4,795,854)
Gas and weight tax distribution	7,859,150	7,859,150	7,996,005	136,855
State trunkline maintenance	25,000	25,000	30,507	5,507
Other state revenue	650,000	647,774	688,270	40,496
Local revenue	-	79,602	-	(79,602)
Charges for services	125,000	125,000	192,477	67,477
Interest	25,000	25,000	108,526	83,526
Other				
Donations and contributions	-	-	3,544	3,544
Other	10,000	10,000	4,850	(5,150)
<b>TOTAL REVENUES</b>	<b>13,497,463</b>	<b>13,574,839</b>	<b>9,031,638</b>	<b>(4,543,201)</b>
<b>EXPENDITURES</b>				
Current				
Public works				
Administration	1,627,538	1,627,538	1,434,148	193,390
Routine and preventive maintenance	1,605,866	1,680,866	1,213,380	467,486
Winter maintenance	222,471	222,471	537,939	(315,468)
Traffic services	845,569	845,569	1,012,329	(166,760)
State trunkline maintenance	12,100	12,100	21,924	(9,824)
Capital outlay	13,669,800	20,579,444	8,714,649	11,864,795
<b>TOTAL EXPENDITURES</b>	<b>17,983,344</b>	<b>24,967,988</b>	<b>12,934,369</b>	<b>12,033,619</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(4,485,881)</b>	<b>(11,393,149)</b>	<b>(3,902,731)</b>	<b>7,490,418</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	4,501,733	4,501,733	4,595,000	93,267
Bond premium	586,345	586,345	586,345	-
Transfers in	3,840,365	3,841,584	2,322,253	(1,519,331)
Transfers out	(4,566,192)	(4,566,192)	(4,551,643)	14,549
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,362,251</b>	<b>4,363,470</b>	<b>2,951,955</b>	<b>(1,411,515)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(123,630)</b>	<b>(7,029,679)</b>	<b>(950,776)</b>	<b>6,078,903</b>
Fund balance, beginning of year	12,721,038	12,721,038	12,721,038	-
Fund balance, end of year	<u>\$ 12,597,408</u>	<u>\$ 5,691,359</u>	<u>\$ 11,770,262</u>	<u>\$ 6,078,903</u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
GRANTS AND DONATIONS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 19,436,439	\$ 23,645,908	\$ 4,102,224	\$ (19,543,684)
Charges for services	2,000	2,000	14,005	12,005
Interest	2,000	2,000	308,937	306,937
Other				
Donations and contributions	-	255,732	201,147	(54,585)
Other	-	-	24,504	24,504
TOTAL REVENUES	19,440,439	23,905,640	4,650,817	(19,254,823)
EXPENDITURES				
Current				
General government	2,265,000	7,049,756	2,799,939	4,249,817
Public safety	-	367,457	147,589	219,868
Public works	-	948,728	16,096	932,632
Health and welfare	-	1,344,348	459,575	884,773
Community and economic development	-	559,500	187,808	371,692
Recreation and culture	1,152,000	126,051	75,943	50,108
TOTAL EXPENDITURES	3,417,000	10,395,840	3,686,950	6,708,890
EXCESS OF REVENUES OVER EXPENDITURES	16,023,439	13,509,800	963,867	(12,545,933)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,144,000	59,380	12,451	(46,929)
Transfers out	(1,626,928)	(705,138)	(660,756)	44,382
TOTAL OTHER FINANCING SOURCES (USES)	(482,928)	(645,758)	(648,305)	(2,547)
NET CHANGE IN FUND BALANCE	15,540,511	12,864,042	315,562	(12,548,480)
Fund balance, beginning of year	880,066	880,066	880,066	-
Fund balance, end of year	\$ 16,420,577	\$ 13,744,108	\$ 1,195,628	\$ (12,548,480)

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Enterprise Funds			Internal Service Fund
	Wastewater	Water	Total	Insurance and Benefits
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 13,925,664	\$ 11,970,184	\$ 25,895,848	\$ 14,343,154
Cash and cash equivalents - restricted	15,513,761	30,504,055	46,017,816	-
Investments	3,692,844	4,038,445	7,731,289	7,109,562
Investments with agents	-	-	-	262,772
Receivables				
Customers	6,311,164	5,310,562	11,621,726	675,305
Leases	-	15,556	15,556	-
Interest	25,539	-	25,539	-
Due from other funds	566,488	138,453	704,941	3,912,607
Due from other governmental units	-	7,598,381	7,598,381	8,131
Inventories	238,308	822,262	1,060,570	-
Prepays	15,134	336	15,470	235,762
Total current assets	40,288,902	60,398,234	100,687,136	26,547,293
Noncurrent assets				
Net pension asset	11,383,602	9,240,852	20,624,454	-
Noncurrent portion of leases receivable	-	30,203	30,203	-
Capital assets not being depreciated/amortized	27,233,954	49,632,110	76,866,064	-
Capital assets, net of accumulated depreciation/amortization	70,031,394	152,174,309	222,205,703	158,721
Total noncurrent assets	108,648,950	211,077,474	319,726,424	158,721
<b>TOTAL ASSETS</b>	148,937,852	271,475,708	420,413,560	26,706,014

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2022**

	Enterprise Funds			Internal Service Fund
	Wastewater	Water	Total	Insurance and Benefits
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts on refunding	\$ -	\$ 99,471	\$ 99,471	\$ -
Deferred outflows of resources related to pensions	6,042,165	4,623,480	10,665,645	-
Deferred outflows of resources related to OPEB	821,902	666,731	1,488,633	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,864,067	5,389,682	12,253,749	-
LIABILITIES				
Current liabilities				
Accounts payable	4,224,973	4,261,860	8,486,833	558,679
Accrued payroll	-	-	-	2,065,224
Other accrued liabilities	98	380	478	1,177,124
Accrued interest payable	557,337	1,109,692	1,667,029	-
Deposit payable	-	810,534	810,534	-
Due to other funds	732,454	724,743	1,457,197	141,864
Due to other governmental units	165,975	53,797	219,772	-
Current portion of compensated absences	397,244	361,741	758,985	-
Current portion of lease obligations	48,697	46,891	95,588	37,218
Current portion of long-term debt	2,083,511	3,914,833	5,998,344	-
Current portion of uninsured claim liability	-	-	-	1,633,708
Total current liabilities	8,210,289	11,284,471	19,494,760	5,613,817



**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONCLUDED)  
DECEMBER 31, 2022**

	Enterprise Funds			Internal Service Fund
	Wastewater	Water	Total	Insurance and Benefits
<b>LIABILITIES (CONCLUDED)</b>				
Noncurrent liabilities				
Net other post-employment benefits liability	\$ 1,463,241	\$ 1,224,395	\$ 2,687,636	\$ -
Noncurrent portion of compensated absences	201,474	118,920	320,394	-
Noncurrent portion of lease obligations	5,652	20,821	26,473	125,790
Noncurrent portion of long-term debt	63,529,604	113,810,899	177,340,503	-
Noncurrent portion of uninsured claim liability	-	-	-	308,557
Total noncurrent liabilities	65,199,971	115,175,035	180,375,006	434,347
<b>TOTAL LIABILITIES</b>	<b>73,410,260</b>	<b>126,459,506</b>	<b>199,869,766</b>	<b>6,048,164</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred sales of future revenues	-	-	-	3,527,531
Deferred amounts on refunding	841	-	841	-
Lease related	-	46,210	46,210	-
Deferred inflows of resources related to pensions	168,638	136,895	305,533	-
Deferred inflows of resources related to OPEB	8,157,764	5,672,653	13,830,417	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>8,327,243</b>	<b>5,855,758</b>	<b>14,183,001</b>	<b>3,527,531</b>
<b>NET POSITION</b>				
Net investment in capital assets	50,534,922	114,604,945	165,139,867	(4,287)
Restricted for bond reserves	4,834,867	7,579,161	12,414,028	-
Restricted for pensions	11,383,602	9,240,852	20,624,454	-
Unrestricted	7,311,025	13,125,168	20,436,193	17,134,606
<b>TOTAL NET POSITION</b>	<b>\$ 74,064,416</b>	<b>\$ 144,550,126</b>	<b>\$ 218,614,542</b>	<b>\$ 17,130,319</b>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Internal Service Fund
	Wastewater	Water	Total	Insurance and Benefits
OPERATING REVENUES				
Charges for services	\$ 33,208,124	\$ 29,498,227	\$ 62,706,351	\$ 15,997,211
Other	2,819	197	3,016	83,163
<b>TOTAL OPERATING REVENUES</b>	<b>33,210,943</b>	<b>29,498,424</b>	<b>62,709,367</b>	<b>16,080,374</b>
OPERATING EXPENSES				
Operation and maintenance	12,604,913	8,074,646	20,679,559	-
Risk management	-	-	-	15,080,138
Depreciation/amortization	4,942,523	5,430,462	10,372,985	39,681
<b>TOTAL OPERATING EXPENSES</b>	<b>17,547,436</b>	<b>13,505,108</b>	<b>31,052,544</b>	<b>15,119,819</b>
<b>OPERATING INCOME</b>	<b>15,663,507</b>	<b>15,993,316</b>	<b>31,656,823</b>	<b>960,555</b>

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Internal Service Fund
	Wastewater	Water	Total	Insurance and Benefits
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	\$ -	\$ 535,666	\$ 535,666	\$ -
Investment earnings (losses)	(152,149)	(93,184)	(245,333)	(113,542)
Other	38,762	19,263	58,025	-
Gain on sale of capital assets	985	118	1,103	-
Amortization of:				
Bond defeasance expenses	(1,176)	(7,728)	(8,904)	-
Bond premiums and discounts	50,010	106,314	156,324	-
Interest expense and fiscal charges	(2,193,632)	(3,271,794)	(5,465,426)	(3,298)
 TOTAL NONOPERATING REVENUES (EXPENSES)	 (2,257,200)	 (2,711,345)	 (4,968,545)	 (116,840)
 NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	 13,406,307	 13,281,971	 26,688,278	 843,715
 CAPITAL CONTRIBUTIONS	 480,819	 3,046,083	 3,526,902	 -
TRANSFERS IN	216,000	162,000	378,000	-
TRANSFERS OUT	-	-	-	(1,449,996)
 CHANGE IN NET POSITION	 14,103,126	 16,490,054	 30,593,180	 (606,281)
 Net position, beginning of year	 59,961,290	 128,060,072	 188,021,362	 17,736,600
 Net position, end of year	 \$ 74,064,416	 \$ 144,550,126	 \$ 218,614,542	 \$ 17,130,319

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Internal Service Fund
	Wastewater	Water	Total	Insurance and Benefits
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 31,236,347	\$ 26,464,490	\$ 57,700,837	\$ -
Cash received from interfund services provided	1,712,031		1,712,031	16,222,061
Cash paid for interfund services provided	-	(2,371,035)	(2,371,035)	-
Cash paid to suppliers	(16,109,934)	(9,247,487)	(25,357,421)	-
Cash paid to employees	(4,805,348)	(4,848,825)	(9,654,173)	-
Cash paid for employee benefits	(1,985,221)	(1,938,057)	(3,923,278)	(15,350,785)
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,047,875	8,059,086	18,106,961	871,276
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental grant	-	535,666	535,666	-
Tax liens and reimbursements	38,762	19,263	58,025	-
Interest paid on OPEB bonds	(370,330)	(367,065)	(737,395)	-
Payments on OPEB bonds	(231,889)	(212,477)	(444,366)	-
Transfer in	216,000	162,000	378,000	-
Transfer out	-	-	-	(1,449,996)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(347,457)	137,387	(210,070)	(1,449,996)

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Internal Service Fund
	Wastewater	Water	Total	Insurance and Benefits
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	\$ (16,065,091)	\$ (20,115,231)	\$ (36,180,322)	\$ -
Contributions received	480,819	848,937	1,329,756	-
Cash received for disposal of capital assets	12,860	11,993	24,853	-
Interest paid	(1,551,503)	(2,498,101)	(4,049,604)	(3,298)
Proceeds from debt issuance	30,928,639	38,197,711	69,126,350	-
Payments on borrowings	(4,913,131)	(3,014,342)	(7,927,473)	(35,394)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	8,892,593	13,430,967	22,323,560	(38,692)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(4,218,379)	(4,613,163)	(8,831,542)	(7,631,739)
Maturity of investments	4,137,748	4,705,918	8,843,666	9,484,167
Interest received	364,673	481,534	846,207	145,863
NET CASH PROVIDED BY INVESTING ACTIVITIES	284,042	574,289	858,331	1,998,291
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,877,053	22,201,729	41,078,782	1,380,879
Cash and cash equivalents, beginning of year	10,562,372	20,302,713	30,865,085	12,962,275
Cash and cash equivalents, end of year	\$ 29,439,425	\$ 42,504,442	\$ 71,943,867	\$ 14,343,154

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Internal Service Fund
	Wastewater	Water	Total	Insurance and Benefits
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 15,663,507	\$ 15,993,316	\$ 31,656,823	\$ 960,555
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation/amortization	4,942,523	5,430,462	10,372,985	39,681
(Increase) decrease in:				
Accounts receivable	(1,974,596)	(1,604,647)	(3,579,243)	79,224
Due from other funds	2,279,323	271,125	2,550,448	6,372,656
Due from other governmental units	-	(1,317,217)	(1,317,217)	5,975
Inventories	(85,641)	(208,616)	(294,257)	-
Prepays	48,433	46,506	94,939	(235,762)
Net pension asset	13,658,879	10,525,520	24,184,399	-
Deferred outflows of resources related to pensions	(4,704,939)	(3,425,385)	(8,130,324)	-
Deferred outflows of resources related to OPEB	3,998,140	2,732,712	6,730,852	-
Increase (decrease) in:				
Accounts payable	1,778,419	903,592	2,682,011	(88,153)
Accrued liabilities	98	380	478	408,649
Due to other funds	(567,292)	(2,642,160)	(3,209,452)	(6,233,005)
Due to other governmental units	-	24,110	24,110	-
Due to customers	2	-	2	-
Deposits payable	-	(112,070)	(112,070)	-
Unavailable sales of future revenues	-	-	-	(83,163)
Compensated absences	(93,563)	15,857	(77,706)	-
Uninsured claim liability	-	-	-	(355,381)
Net other post-employment benefits liability	(24,789,934)	(17,401,938)	(42,191,872)	-
Deferred inflows of resources related to pensions	(7,410,142)	(5,845,139)	(13,255,281)	-
Deferred inflows of resources related to OPEB	7,304,658	4,672,678	11,977,336	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 10,047,875</b>	<b>\$ 8,059,086</b>	<b>\$ 18,106,961</b>	<b>\$ 871,276</b>
<b>NONCASH FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ -	\$ 2,197,146	\$ 2,197,146	\$ -

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2022**

	Pension and Other Post-Employment Benefits Trusts	General Private Purpose Trust Fund	Tax Collector's Custodial Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 189,833	\$ 188,661	\$ 22,633,055
Investments			
U.S. Treasuries	52,126,203	-	-
Corporate bonds	70,891,087	-	-
Municipal bonds	166,731	-	-
Collateralized mortgage obligations	60,265,316	-	-
Equity mutual funds	542,036,267	-	-
Real estate mutual funds	45,334,001	-	-
Receivables			
Interest and dividends	1,195,809	-	-
Investments sold	4,097,163	-	-
<b>TOTAL ASSETS</b>	<b>776,302,410</b>	<b>188,661</b>	<b>22,633,055</b>
<b>LIABILITIES</b>			
Accounts payable	680,588	-	-
Undistributed tax collections	-	-	22,633,055
Due to individuals and agencies	-	55,221	-
<b>TOTAL LIABILITIES</b>	<b>680,588</b>	<b>55,221</b>	<b>22,633,055</b>
<b>NET POSITION</b>			
Restricted for:			
Pension	673,730,455	-	-
OPEB	101,891,367	-	-
Individuals, organizations, and other governments	-	133,440	-
<b>TOTAL NET POSITION</b>	<b>\$ 775,621,822</b>	<b>\$ 133,440</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED DECEMBER 31, 2022**

	Pension and Other Post-Employment Benefits Trusts	General Private Purpose Trust	Tax Collector's Custodial Fund
ADDITIONS TO NET POSITION			
Investment income			
Change in fair value of investments	\$ (134,767,862)	\$ -	\$ -
Interest	5,617,163	564	-
Dividends	17,014,526	-	-
Total investment income	(112,136,173)	564	-
Less investment expense	(2,372,952)	-	-
Net investment income	(114,509,125)	564	-
Contributions			
Employer	3,500,000	-	-
Plan members	2,435,701	-	-
Other	-	98,050	-
Total contributions	5,935,701	98,050	-
Other additions			
Tax collections for other governments	-	-	80,361,608
TOTAL ADDITIONS TO NET POSITION	(108,573,424)	98,614	80,361,608



**CITY OF KALAMAZOO  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONCLUDED)  
YEAR ENDED DECEMBER 31, 2022**

	Pension and Other Post-Employment Benefits Trusts	General Private Purpose Trust	Tax Collector's Custodial Fund
DEDUCTIONS FROM NET POSITION			
Benefits	\$ 41,620,862	\$ -	\$ -
Refunds of contributions	143,805	-	-
Administrative expenses	420,802	12,407	-
Payment of taxes collected for other governments	-	-	80,361,608
Miscellaneous expenses	288,849	-	-
	<u>42,474,318</u>	<u>12,407</u>	<u>80,361,608</u>
TOTAL DEDUCTIONS			
	<u>42,474,318</u>	<u>12,407</u>	<u>80,361,608</u>
CHANGE IN NET POSITION	(151,047,742)	86,207	-
Net position, beginning of year	926,669,564	47,233	-
	<u>926,669,564</u>	<u>47,233</u>	<u>-</u>
Net position, end of year	\$ 775,621,822	\$ 133,440	\$ -
	<u><u>\$ 775,621,822</u></u>	<u><u>\$ 133,440</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Discretely Presented Component Units
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 2,985,389	\$ 417,639	\$ 4,558,093	\$ 8,604	\$ 360,987	\$ 8,330,712
Investments	-	-	2,624,619	-	-	2,624,619
Accounts receivable	56,727	-	4,275	-	287,226	348,228
Taxes receivable	12,346	-	96,851	-	-	109,197
Due from other governmental units	59,353	188,089	240	-	151,046	398,728
Current portion of contributions receivable	-	-	-	38,515,000	-	38,515,000
Current portion of notes receivable	308,025	-	49,762	-	-	357,787
Total current assets	3,421,840	605,728	7,333,840	38,523,604	799,259	50,684,271
Noncurrent assets						
Noncurrent investments	-	-	-	160,641,982	-	160,641,982
Noncurrent portion of contributions receivable	-	-	-	250,131,000	-	250,131,000
Noncurrent portion of notes receivable	-	-	669,858	-	-	669,858
Advance to developers	-	-	500,000	-	-	500,000
Capital assets not being depreciated	58,162	-	-	-	-	58,162
Capital assets, net of accumulated depreciation	172,748	-	-	-	-	172,748
Total noncurrent assets	230,910	-	1,169,858	410,772,982	-	412,173,750
<b>TOTAL ASSETS</b>	<b>3,652,750</b>	<b>605,728</b>	<b>8,503,698</b>	<b>449,296,586</b>	<b>799,259</b>	<b>462,858,021</b>

See accompanying notes to financial statements.

CONTINUED

**CITY OF KALAMAZOO**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION (CONCLUDED)**  
**DECEMBER 31, 2022**

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Discretely Presented Component Units
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	\$ 172,503	\$ -	\$ 86,361	\$ 32,153	\$ 219,338	\$ 510,355
Accrued liabilities	16,660	-	-	-	-	16,660
Accrued interest payable	7,616	-	-	-	10,000	17,616
Due to other governmental units	1,546,537	3,662	435,604	1,007	20,143	2,006,953
Due to developers	391,200	-	-	-	-	391,200
Unearned revenue	45,762	25,329	31,180	-	-	102,271
Current portion of compensated absences	-	911	4,884	-	-	5,795
Current portion of long-term debt	248,677	-	48,394	-	-	297,071
Total current liabilities	2,428,955	29,902	606,423	33,160	249,481	3,347,921
Noncurrent liabilities						
Noncurrent portion of compensated absences	-	625	3,962	-	-	4,587
Noncurrent portion of long-term debt	874,391	-	419,809	-	1,000,000	2,294,200
Noncurrent portion of advances from other governmental units	459,000	-	587,895	-	-	1,046,895
Total noncurrent liabilities	1,333,391	625	1,011,666	-	1,000,000	3,345,682
<b>TOTAL LIABILITIES</b>	<b>3,762,346</b>	<b>30,527</b>	<b>1,618,089</b>	<b>33,160</b>	<b>1,249,481</b>	<b>6,693,603</b>
<b>NET POSITION</b>						
Net investment in capital assets	230,910	-	-	-	-	230,910
Restricted	-	162,377	-	288,646,000	-	288,808,377
Unrestricted	(340,506)	412,824	6,885,609	160,617,426	(450,222)	167,125,131
<b>TOTAL NET POSITION</b>	<b>\$ (109,596)</b>	<b>\$ 575,201</b>	<b>\$ 6,885,609</b>	<b>\$ 449,263,426</b>	<b>\$ (450,222)</b>	<b>\$ 456,164,418</b>

See accompanying notes to financial statements.

**CITY OF KALAMAZOO**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Component Units
Governmental Activities									
Downtown Development Authority	\$ 2,195,019	\$ 1,647,617	\$ 59,210	\$ (488,192)	\$ -	\$ -	\$ -	\$ -	\$ (488,192)
Economic Development Corporation	35,304	-	162,760	-	127,456	-	-	-	127,456
Brownfield Redevelopment Authority	2,017,727	-	1,849	-	-	(2,015,878)	-	-	(2,015,878)
Kalamazoo Foundation For Excellence	209,696	-	488,232	-	-	-	278,536	-	278,536
Downtown Economic Growth Authority	467,334	43,225	142,500	-	-	-	-	(281,609)	(281,609)
<b>TOTALS</b>	<b>\$ 4,925,080</b>	<b>\$ 1,690,842</b>	<b>\$ 854,551</b>	<b>(488,192)</b>	<b>127,456</b>	<b>(2,015,878)</b>	<b>278,536</b>	<b>(281,609)</b>	<b>(2,379,687)</b>
General revenues									
Property taxes				282,733	-	3,112,226	-	280,776	3,675,735
Investment earnings (losses)				18,090	-	(56,737)	(30,201,087)	66	(30,239,668)
Miscellaneous				1,577	-	621,995	-	-	623,572
Total general revenues				302,400	-	3,677,484	(30,201,087)	280,842	(25,940,361)
Change in net position				(185,792)	127,456	1,661,606	(29,922,551)	(767)	(28,320,048)
Restated net position, beginning of year				76,196	447,745	5,224,003	479,185,977	(449,455)	484,484,466
Net position, end of year				\$ (109,596)	\$ 575,201	\$ 6,885,609	\$ 449,263,426	\$ (450,222)	\$ 456,164,418

See accompanying notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

Reporting Entity

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

Blended Component Unit

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Discretely Presented Component Units

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

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

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

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

The Hospital Finance Authority's purpose is to construct, acquire, reconstruct, remodel, improve, add to, enlarge, repair, own, and lease hospital facilities for the use of any nonprofit hospital inside or outside the boundaries of the City of Kalamazoo, Michigan. The Authority's budget is subject to approval by the City Commission. The Authority had no activity during the year ended December 31, 2022.

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

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Discretely Presented Component Units (concluded)

The Northside Cultural Business District Authority was created in 2022 as a tax-increment financing (TIF) district under the State of Michigan Corridor Improvement Authority pursuant to public act 57 of 2018. The Authority will focus on economic development to support the expansion of local, minority, and low-income owned businesses. Its goal is to enhance the district to becoming an active, mixed-use area to support the commercial and residential needs of the Northside residents. The Authority's budget is subject to approval by the City Commission. The Authority had no financial activity in 2022.

Complete financial statements of the Downtown Development Authority, the Downtown Economic Growth Authority, and the Kalamazoo Foundation for Excellence may be obtained at their administrative office: 141 East Michigan Avenue, Kalamazoo, MI 49007. The Economic Development Corporation and the Brownfield Redevelopment Authority's financial statements are included in the City's audited financial statements and are not audited separately.

Fiduciary Component Units

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

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

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



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

**FUND FINANCIAL STATEMENTS**

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

The City reports the following *Major Governmental Funds*:

- a. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The *Grants and Donations Fund* is used to account for a variant of award programs, most notably the Justice Assistance grants (JAG), COPS Hiring Program Grants (CHP), the Coronavirus State and Local Fiscal Recover Funds (SLFRF) under the American Rescue Plan Act (ARPA).
- c. The *Major Streets Fund* is used to account for the construction, maintenance, and repairs of all of the City's major streets. Revenues received include state-shared gas and weight taxes, local contributions, etc.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

The City reports the following *Major Enterprise Funds*:

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

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

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation (concluded)

FUND FINANCIAL STATEMENTS (CONCLUDED)

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

Measurement Focus

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

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

Basis of Accounting

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Accounting (concluded)

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

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

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

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

Budgets and Budgetary Accounting

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Budgets and Budgetary Accounting (concluded)

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

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

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

Cash, Cash Equivalents, and Investments

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

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

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. The United States government or federal agency obligations repurchase agreements.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Cash, Cash Equivalents, and Investments (concluded)

- d. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Restricted Cash and Cash Equivalents

Cash and cash equivalents are reported as restricted when external restrictions are imposed by creditors, grantors, contributions, or laws and regulations of other governments. The City reports the following restricted cash and cash equivalents for the year ended December 31, 2022:

Major Streets Fund: \$5,568,764 of unspent bond proceeds is restricted for capital improvements.

Nonmajor governmental funds: \$11,046,802 of unspent bond proceeds is restricted for capital improvement, \$781,491 is restricted for future debt service payments, and \$496,403 is restricted for the Cork Street Landfill environmental clean-up project.

Wastewater Fund: \$10,678,894 of unspent bond proceeds is restricted for capital improvements and \$4,834,868 is restricted for revenue bond escrow requirements.

Water Fund: \$22,924,893 of unspent bond proceeds is restricted for capital improvements and \$7,579,161 is restricted for revenue bond escrow requirements.

Receivables

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

Inventories

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Prepays

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

Capital Assets

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

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

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

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

Compensated Absences

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

Long-Term Obligations

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

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Unearned Revenue

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



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Leases

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

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

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

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

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

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

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

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Leases (concluded)

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

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

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

Deferred Outflows/Inflows of Resources

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

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Net Pension Asset

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

Net OPEB Liability

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

Property Taxes

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

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

The City is permitted by state statute to levy taxes up to 20 mills (\$20 per \$1,000 of assessed valuation) for general governmental services other than the payment of principal and interest on long-term debt. They are also permitted to levy additional mills specifically designated for waste collection. For the year ended December 31, 2022, the City levied 12.0000 mills for general governmental services and 1.8000 mills for waste collection. The total taxable value for the 2022 levy for property within the City was \$1,820,932,266.

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Notes Receivable

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

Advances to Other Governmental Units

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

Interfund Transactions

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

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

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

Fund Balance Classifications

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

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Fund Balance Classifications (concluded)

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

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

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

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

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

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

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

Restricted Net Position

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Federal Programs

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

Use of Estimates

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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

Custodial Credit Risk - Deposits

There is a custodial credit risk related to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At December 31, 2022, \$159,279,990 of the City's bank balance of \$165,975,134 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount on the books for deposits at the end of the year was \$171,373,992. The financial statements include \$5,600 of imprest cash.

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

As permitted by State statutes, the City has placed monies for investment with the Kalamazoo Community Foundation (KCF) and Michigan Municipal Risk Management Authority (MMRMA). These monies, amounting to \$3,338,946 and \$262,772, respectively, as of December 31, 2022, are pooled with other KCF funds and MMRMA funds and invested at the discretion of KCF and MMRMA, which for purposes of the City essentially functions as an external investment pool. Investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of December 31, 2022, none of the City's investments, excluding the mutual funds which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2022, the City investment in the Michigan CLASS investments was rated AAA by S&P Global Ratings and the City's investments in the U.S. Agencies investments were rated AA+ by Standard and Poor's. All of the City's investments comply with its policy regarding the types of investments it may hold.

Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the fair value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics. The City's policy provides that the maximum weighted average maturity will be limited to 18 months. As of December 31, 2022, the City's investment in the Michigan CLASS investments had a weighted average maturity of 74 days.

Concentration of Credit Risk

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

Foreign Currency Risk

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

Fair Value Measurement

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

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

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

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

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

As of December 31, 2022, the carrying amounts and fair values for the investments are as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Standard & Poor's Rating	Weighted Average Maturity
Federal Home Loan Bank	\$ -	\$ 965,839	\$ -	\$ 965,839	AA+	1,506days
Freddie Mac	-	3,662,339	-	3,662,339	AA+	766 days
Farm Credit	-	4,646,598	-	4,646,598	AA+	11,902 days
Treasury bills	-	17,858,461	-	17,858,461	AA+	299 days
Governments and agencies	-	23,781,462	-	23,781,462	AA+	7795
Municipal bonds	-	8,138,016	-	8,138,016	Not Rated	605 days
Corporate bonds	-	14,237,073	-	14,237,073	Not Rated	3270
Commercial paper	494,275	-	-	494,275	Not Rated	69 days
Equity mutual funds	127,290,839	-	-	127,290,839	Not Rated	N/A
	<u>\$ 127,785,114</u>	<u>\$ 73,289,788</u>	<u>\$ -</u>	<u>\$ 201,074,902</u>		



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

Investments in Entities that Calculate Net Asset Value Per Share

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

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

At the year ended December 31, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
Michigan CLASS	<u>\$ 29,190,915</u>	<u>\$ -</u>	No restrictions	None

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

The deposits and investments of the Other Post-Employment Benefits Trust (the Trust) have been pooled with those of the City of Kalamazoo Employees' Retirement System (the System) and the Central County Transportation Authority (CCTA) Pension Plan. The Trust has effectively adopted the investment policies and strategies of the System. The purchases, maturities, and investment performance are allocated between the System, the Trust, and the CCTA Pension Plan based on the fair value of their respective investments. As of December 31, 2022, the System's investments represented approximately 83.3% of the portfolio and the Trust's investments represented approximately 12.7% of the portfolio.

Deposits

Checking or other demand/time deposit accounts are not maintained. Amounts reported as cash and cash equivalents in the statement of plan net position include cash and short-term investments in money market accounts held by the investment managers. These accounts are insured by the Securities Investors Protection Corporation for up to \$500,000 each. The carrying amount of these accounts as of December 31, 2022, was \$189,833. These amounts were fully insured as of December 31, 2022.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

Investments

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

The adopted asset allocation policy as of December 31, 2022, is as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Long Term Expected Rate of Return</u>
U.S. Small Cap (Manager 1)	5.00%	4.13%
U.S. Small Cap (Manager 2)	10.00%	4.13%
International Developed Equity	10.00%	3.43%
U.S. Large Cap (Manager 1)	30.00%	3.63%
U.S. Large Cap (Manager 2)	5.00%	3.63%
Emerging Markets	10.00%	5.73%
Domestic Fixed Income	25.00%	2.03%
Real Estate (Manager 1)	2.50%	3.43%
Real Estate (Manager 2)	2.50%	3.43%

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

Investments (concluded)

The System's and Trust's investments are held in nine portfolios administered by five investment managers. Following is a summary of the portfolio's investments as of December 31, 2022:

U.S. Treasuries	\$ 52,126,203
Corporate bonds	70,891,087
Municipal bonds	166,731
Collateralized mortgage obligations	60,265,316
Equity mutual funds	542,036,267
Real estate mutual funds	<u>45,334,001</u>
Total investments	<u><u>\$ 770,819,605</u></u>

Fair Value Measurements

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

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

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

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

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

Fair Value Measurements (concluded)

As of December 31, 2022, the carrying amount and fair value for each investment are as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Federal Home Loan	\$ -	\$ 21,082,896	\$ -	\$ 21,082,896
Fannie Mae	-	30,862,962	-	30,862,962
Ginnie Mae	-	8,319,458	-	8,319,458
U.S. Treasury Notes	-	52,126,203	-	52,126,203
Corporate bonds	-	70,891,087	-	70,891,087
Municipal bonds	-	166,731	-	166,731
Equity mutual funds	542,036,267	-	-	542,036,267
Real estate mutual funds	45,334,001	-	-	45,334,001
	<u>\$ 587,370,268</u>	<u>\$ 183,449,337</u>	<u>\$ -</u>	<u>\$ 770,819,605</u>

Custodial Credit Risk

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

Credit Risk

The System's investment policy provides that its investments in bonds must be rated in the top four major investment grades as determined by two nationally recognized statistical rating organizations. As of December 31, 2022, the portfolio's investments in fixed income securities were rated by Standard & Poor's and Moody's as follows:

<u>Standard &amp; Poor's</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>	<u>CMO</u>
AAA	\$ 11,606,945	\$ 166,731	\$ -
AA	4,379,317	-	60,265,316
A	21,682,146	-	-
BBB	28,246,235	-	-
Not rated	4,976,444	-	-
	<u>\$ 70,891,087</u>	<u>\$ 166,731</u>	<u>\$ 60,265,316</u>
<u>Moody's</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>	<u>CMO</u>
Aaa	\$ 10,612,599	\$ 166,731	\$ 60,255,316
Aa	4,215,633	-	-
A	29,706,785	-	-
Baa	19,566,497	-	-
Ba	142,735	-	-
Not rated	6,646,838	-	-
	<u>\$ 70,891,087</u>	<u>\$ 166,731</u>	<u>\$ 60,255,316</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

Concentration of Credit Risk

The System's investment policy requires that the securities of any one company or government agency should not exceed 5% of the total fund. At December 31, 2022, the portfolio's investments were within that range.

The System's investment policy and State statutes provide that no more than 70% of the total investments may be in equity holdings and no more than 5% in real estate. As of December 31, 2022, equity holdings accounted for 70% of the total investment portfolio; the holdings in real estate were 5% at December 31, 2022.

Interest Rate Risk

For investments, the risk that changes in interest rates will adversely affect the fair value of the investment is known as interest rate risk. The System's investment policy does not address interest rate risk. As of December 31, 2022, maturities of the portfolio's debt securities were as follows:

	Fair Value	Investment Maturities (Fair Value by Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 52,126,203	\$ -	\$ 22,643,994	\$ 10,210,505	\$ 19,271,704
Corporate bonds	70,891,087	1,184,247	36,151,486	16,304,129	17,251,225
Municipal bonds	166,731	-	-	-	166,731
Collateralized mortgage obligations	60,265,316	-	1,321,682	1,327,825	57,615,809
	<u>\$ 183,449,337</u>	<u>\$ 1,184,247</u>	<u>\$ 60,117,162</u>	<u>\$ 27,842,459</u>	<u>\$ 94,305,469</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

Derivatives

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

The portfolios managed by Jennison Associates have utilized U.S. currency futures contracts, a type of derivative, to reduce overall portfolio volatility caused by interest rate risk. At December 31, 2022, the portfolio had no U.S. currency futures contracts.

Foreign Currency Risk

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

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2022, is summarized below:

<u>Currency</u>	<u>Fixed Income</u>
Canadian Dollar	\$ 1,954,764
Euro	1,802,410
Norwegian Krone	974,986
British Pound Sterling	<u>2,498,471</u>
	<u><u>\$ 7,230,631</u></u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investments captions in the basic financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of December 31, 2022:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	\$ 90,701,944	\$ 8,330,712	\$ 23,011,549	\$ 122,044,205
Cash and cash equivalents - restricted	63,911,277	-	-	63,911,277
Investments	52,613,159	163,266,601	770,819,605	986,699,365
Investments with agents	3,601,718	-	-	3,601,718
	<u>\$ 210,828,098</u>	<u>\$ 171,597,313</u>	<u>\$ 793,831,154</u>	<u>\$ 1,176,256,565</u>

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at December 31, 2022, are as follows:

Fund	Due From	Due To
General Fund	\$ 3,106,711	\$ (3,995,642)
Major Streets Fund	1,542,908	(300,275)
Grants and Donations Fund	480,734	(1,709,546)
Wastewater Fund	566,488	(732,454)
Water Fund	138,453	(724,743)
Nonmajor governmental funds	1,359,472	(3,502,849)
Internal service fund	3,912,607	(141,864)
	<u>\$ 11,107,373</u>	<u>\$ (11,107,373)</u>



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

**NOTE 4 - INTERFUND TRANSFERS**

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

Fund	Transfers In	Transfers Out
General Fund	\$ 1,060,985	\$ (9,494,709)
Major Streets Fund	2,322,253	(4,551,643)
Grants and Donations Fund	12,451	(660,756)
Wastewater Fund	216,000	-
Water Fund	162,000	-
Nonmajor governmental funds	21,151,515	(8,768,100)
Internal service fund	-	(1,449,996)
	<u>\$ 24,925,204</u>	<u>\$ (24,925,204)</u>

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

In 2022, the Internal Service Fund transferred excess net position to the General Fund, Major Streets Fund, nonmajor governmental funds, Wastewater Fund, and Water Fund. The General Fund transferred funding for debt service payments to the nonmajor governmental funds and matching grant contributions to the Grants and Donations Fund. The Major Streets Fund transferred funding for debt service payments and streets operations to the nonmajor governmental funds. The Grants and Donations Fund transferred revenue replacement funding to the General Fund, Major Streets Fund, and nonmajor governmental funds. The nonmajor governmental funds transferred capital project funding to the Major Streets Fund and debt service funding to other nonmajor governmental funds.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LEASES RECEIVABLE**

**PRIMARY GOVERNMENT**

Governmental Activities

During the current fiscal year, the City leased athletic fields to a third-party. The lease is for three years, and the City will receive annual payments of \$5,800. The City recognized \$5,496 in lease revenue and \$304 in interest revenue during the current fiscal year related to this lease. As of December 31, 2022, the City's receivable for lease payments was \$11,292. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$11,192.

During the current fiscal year, the City leased space on a cell tower to a third-party. The lease is for five years, and the City will receive monthly payments of \$1,104. The City recognized \$12,118 in lease revenue and \$1,109 in interest revenue during the current fiscal year related to this lease. As of December 31, 2022, the City's receivable for lease payments was \$54,689. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$53,665.

During the current fiscal year, the City leased building space to a third-party. The lease is for twenty-five years, and the City will receive quarterly payments of \$25,000. The City recognized \$96,609 in lease revenue and \$3,391 in interest revenue during the current fiscal year related to this lease. As of December 31, 2022, the City's receivable for lease payments was \$98,683. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$97,646.

Business-type Activities

During the current fiscal year, the City leased land to a third-party. The lease is for five years, and the City will receive annual payments of \$10,463. The City recognized \$10,463 in lease revenue and no interest revenue during the current fiscal year related to this lease. As of December 31, 2022, the City's receivable for lease payments was \$39,888. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$40,281.

During the current fiscal year, the City leased land to a third-party. The lease is for five years, and the City will receive annual payments of \$1,540. The City recognized \$1,540 in lease revenue and no interest revenue during the current fiscal year related to this lease. As of December 31, 2022, the City's receivable for lease payments was \$5,871. Also, the City has deferred inflows of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$5,929.

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022, was as follows:

**PRIMARY GOVERNMENT**

	Restated Balance Jan. 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2022
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 29,966,986	\$ -	\$ -	\$ 29,966,986
Rights to liquor license	139,200	-	-	139,200
Construction in progress	19,061,649	22,231,039	(10,077,293)	31,215,395
	<u>49,167,835</u>	<u>22,231,039</u>	<u>(10,077,293)</u>	<u>61,321,581</u>
Subtotal				
Capital assets being depreciated/amortized				
Land improvements	32,737,003	2,801,513	-	35,538,516
Buildings and improvements	51,908,960	146,749	-	52,055,709
Right to use - building	504,050	52,713	-	556,763
Vehicles	16,532,852	678,450	(247,510)	16,963,792
Right to use - vehicles	1,076,754	424,342	(78,380)	1,422,716
Machinery and equipment	24,606,031	2,058,464	(18,500)	26,645,995
Right to use - equipment	117,770	85,373	-	203,143
Intangible assets	2,949,858	-	-	2,949,858
Infrastructure	230,962,850	3,738,257	-	234,701,107
Right to use - infrastructure	375,099	225,441	-	600,540
	<u>361,771,227</u>	<u>10,211,302</u>	<u>(344,390)</u>	<u>371,638,139</u>
Subtotal				

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

PRIMARY GOVERNMENT (CONTINUED)

	Restated Balance Jan. 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2022
<b>Governmental Activities (concluded)</b>				
Less accumulated depreciation/amortization for:				
Land improvements	\$ (12,539,728)	\$ (1,293,044)	\$ -	\$ (13,832,772)
Buildings and improvements	(23,165,090)	(1,048,385)	-	(24,213,475)
Right to use - building	-	(155,763)	-	(155,763)
Vehicles	(11,539,580)	(835,644)	247,510	(12,127,714)
Right to use - vehicles	-	(466,021)	34,686	(431,335)
Machinery and equipment	(17,736,348)	(1,399,189)	18,500	(19,117,037)
Right to use - equipment	-	(43,070)	-	(43,070)
Intangible assets	(2,832,921)	(56,141)	-	(2,889,062)
Infrastructure	(149,371,039)	(3,778,316)	-	(153,149,355)
Right to use - infrastructure	-	(26,488)	-	(26,488)
Subtotal	<u>(217,184,706)</u>	<u>(9,102,061)</u>	<u>300,696</u>	<u>(225,986,071)</u>
Net capital assets being depreciated/amortized	<u>144,586,521</u>	<u>1,109,241</u>	<u>(43,694)</u>	<u>145,652,068</u>
Capital assets, net	<u><u>\$ 193,754,356</u></u>	<u><u>\$ 23,340,280</u></u>	<u><u>\$ (10,120,987)</u></u>	<u><u>\$ 206,973,649</u></u>

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

General government	\$ 1,657,451
Public safety	1,710,515
Public works	4,001,781
Community and economic development	759,355
Recreation and culture	<u>972,959</u>
Total depreciation/amortization expense	<u><u>\$ 9,102,061</u></u>

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

**PRIMARY GOVERNMENT (CONTINUED)**

	Restated Balance Jan. 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2022
<b>Business-Type Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 3,293,620	\$ -	\$ -	\$ 3,293,620
Construction in progress	45,930,630	35,565,658	(7,923,844)	73,572,444
Subtotal	49,224,250	35,565,658	(7,923,844)	76,866,064
Capital assets being depreciated/amortized				
Land improvements	14,595,243	269,810	-	14,865,053
Building and improvements	107,669,572	1,277,941	-	108,947,513
Vehicles	7,730,435	47,992	(23,750)	7,754,677
Right to use - vehicles	302,781	-	(18,330)	284,451
Machinery and equipment	74,983,416	782,327	-	75,765,743
Right to use - equipment	32,341	-	-	32,341
Infrastructure	249,631,575	8,357,584	-	257,989,159
Intangible assets	1,836,698	-	-	1,836,698
Subtotal	456,782,061	10,735,654	(42,080)	467,475,635
Less accumulated depreciation/amortization for:				
Land improvements	(12,173,677)	(333,227)	-	(12,506,904)
Building and improvements	(58,628,816)	(2,079,389)	-	(60,708,205)
Vehicles	(3,206,376)	(513,722)	23,750	(3,696,348)
Right to use - vehicles	-	(201,061)	11,272	(189,789)
Machinery and equipment	(57,764,270)	(2,135,529)	-	(59,899,799)
Right to use - equipment	-	(7,921)	-	(7,921)
Infrastructure	(101,402,468)	(5,084,607)	-	(106,487,075)
Intangible assets	(1,756,362)	(17,529)	-	(1,773,891)
Subtotal	(234,931,969)	(10,372,985)	35,022	(245,269,932)
Net capital assets being depreciated/amortized	221,850,092	362,669	(7,058)	222,205,703
Capital assets, net	\$ 271,074,342	\$ 35,928,327	\$ (7,930,902)	\$ 299,071,767

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

**PRIMARY GOVERNMENT (CONCLUDED)**

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

Wastewater	\$ 4,942,523
Water	<u>5,430,462</u>
Total depreciation/amortization expense	<u><u>\$ 10,372,985</u></u>

**COMPONENT UNITS**

**Downtown Development Authority**

	Restated Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	<u>\$ 58,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,162</u>
Capital assets being depreciated				
Land improvements	201,517	-	-	201,517
Machinery and equipment	<u>9,206</u>	<u>-</u>	<u>-</u>	<u>9,206</u>
Subtotal	<u>210,723</u>	<u>-</u>	<u>-</u>	<u>210,723</u>
Less accumulated depreciation for:				
Land improvements	(200,021)	(1,496)	-	(201,517)
Machinery and equipment	<u>(9,206)</u>	<u>-</u>	<u>-</u>	<u>(9,206)</u>
Subtotal	<u>(209,227)</u>	<u>(1,496)</u>	<u>-</u>	<u>(210,723)</u>
Net capital assets being depreciated	<u>1,496</u>	<u>(1,496)</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u><u>\$ 59,658</u></u>	<u><u>\$ (1,496)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 58,162</u></u>

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

COMPONENT UNITS (CONCLUDED)

Downtown Development Authority (concluded)

	Restated Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022
<b>Business-type Activities</b>				
Capital assets being depreciated				
Land improvements	\$ 721,103	\$ -	\$ -	\$ 721,103
Machinery and equipment	545,337	-	-	545,337
Intangible assets	75,283	-	-	75,283
	<u>1,341,723</u>	<u>-</u>	<u>-</u>	<u>1,341,723</u>
Subtotal				
	<u>1,341,723</u>	<u>-</u>	<u>-</u>	<u>1,341,723</u>
Less accumulated depreciation for:				
Land improvements	(520,847)	(31,997)	-	(552,844)
Machinery and equipment	(539,830)	(1,618)	-	(541,448)
Intangible assets	(74,363)	(320)	-	(74,683)
	<u>(1,135,040)</u>	<u>(33,935)</u>	<u>-</u>	<u>(1,168,975)</u>
Subtotal				
	<u>(1,135,040)</u>	<u>(33,935)</u>	<u>-</u>	<u>(1,168,975)</u>
Net capital assets being depreciated				
	<u>206,683</u>	<u>(33,935)</u>	<u>-</u>	<u>172,748</u>
Net capital assets being depreciated				
	<u>206,683</u>	<u>(33,935)</u>	<u>-</u>	<u>172,748</u>
Total net capital assets				
	<u>\$ 206,683</u>	<u>\$ (33,935)</u>	<u>\$ -</u>	<u>\$ 172,748</u>

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the City for the year ended December 31, 2022:

**PRIMARY GOVERNMENT**

	Restated Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022	Amounts Due Within One Year
Governmental Activities					
Direct borrowing/placements					
Revenue bonds	\$ 330,000	\$ -	\$ (330,000)	\$ -	\$ -
Leases payable	2,001,673	713,168	(698,948)	2,015,893	609,458
Equipment acquisitions	45,691	899,507	(137,112)	808,086	121,344
Total direct borrowings/placements	2,377,364	1,612,675	(1,166,060)	2,823,979	730,802
Other debt					
General obligation bonds	130,054,044	13,510,000	(8,485,634)	135,078,410	9,352,998
Bond premiums/discounts	6,742,329	1,380,080	(605,385)	7,517,024	660,588
Total other debt	136,796,373	14,890,080	(9,091,019)	142,595,434	10,013,586
Other long-term obligations					
Compensated absences	7,541,068	4,550,386	(3,744,950)	8,346,504	2,827,055
Environmental matters	1,013,859	37,147	-	1,051,006	-
Uninsured claim liability	2,297,646	10,080,398	(10,435,779)	1,942,265	1,633,708
Total other long-term obligations	10,852,573	14,667,931	(14,180,729)	11,339,775	4,460,763
Total Governmental Activities	150,026,310	31,170,686	(24,437,808)	156,759,188	15,205,151



**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

PRIMARY GOVERNMENT (CONCLUDED)

	Restated Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022	Amounts Due Within One Year
Business-type Activities					
Direct borrowing/placements					
Leases payable	\$ 335,122	\$ -	\$ (213,061)	\$ 122,061	\$ 95,588
2019 DWRP loan	823,189	-	(29,413)	793,776	30,000
2020 DWRP loan	15,849,452	3,343,988	(865,000)	18,328,440	830,000
2022 DWRP loan	-	2,814,839	-	2,814,839	-
Total direct borrowings/placements	<u>17,007,763</u>	<u>6,158,827</u>	<u>(1,107,474)</u>	<u>22,059,116</u>	<u>955,588</u>
Other debt					
General obligation bonds	16,270,956	-	(444,366)	15,826,590	457,002
Revenue bonds	85,955,000	57,040,000	(6,820,000)	136,175,000	4,375,000
Bond premiums/discounts	<u>3,680,004</u>	<u>5,876,523</u>	<u>(156,325)</u>	<u>9,400,202</u>	<u>306,342</u>
Total other debt	<u>105,905,960</u>	<u>62,916,523</u>	<u>(7,420,691)</u>	<u>161,401,792</u>	<u>5,138,344</u>
Other long-term obligations					
Compensated absences	<u>1,157,085</u>	<u>1,158,994</u>	<u>(1,236,700)</u>	<u>1,079,379</u>	<u>758,985</u>
Total Business-type Activities	<u>124,070,808</u>	<u>70,234,344</u>	<u>(9,764,865)</u>	<u>184,540,287</u>	<u>6,852,917</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 274,097,118</u>	<u>\$ 101,405,030</u>	<u>\$ (34,202,673)</u>	<u>\$ 341,299,475</u>	<u>\$ 22,058,068</u>

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

COMPONENT UNITS

	Restated Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022	Amounts Due Within One Year
Downtown Development Authority					
Direct borrowing/placements					
Notes and agreements payable	\$ 1,238,576	\$ -	\$ (115,508)	\$ 1,123,068	\$ 248,677
Economic Development Corporation					
Other long-term obligations					
Compensated absences	\$ 1,250	\$ 286	\$ -	\$ 1,536	\$ 911
Brownfield Redevelopment Authority					
Direct borrowing/placements					
Loans payable	\$ 534,026	\$ -	\$ (65,823)	\$ 468,203	\$ 48,394
Other long-term obligations					
Compensated absences	7,586	1,260	-	8,846	4,884
Total Brownfield Redevelopment Authority	\$ 541,612	\$ 1,260	\$ (65,823)	\$ 477,049	\$ 53,278
Downtown Economic Growth Authority					
Direct borrowing/placements					
Notes payable	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

**PRIMARY GOVERNMENT**

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, infrastructure, and equipment. General obligation bonds have been issued to refund both general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are issued as serial bonds with varying amounts of principal maturing each year. The original amount of the general obligation bonds issued was \$198,730,000. General obligation bonds currently outstanding are as follows:

	Issuance Date	Interest Rates	Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022	Amounts Due Within One Year
<b>Governmental Activities</b>							
2013 Capital Improvement Bonds	4/11/2013	2.00%-2.75%	\$ 2,085,000	\$ -	\$ (280,000)	\$ 1,805,000	\$ 285,000
2014 Capital Improvement Bonds	5/1/2014	2.88%	305,000	-	(305,000)	-	-
2015 Capital Improvement Bonds	6/2/2015	2.00%-3.375%	3,300,000	-	(330,000)	2,970,000	335,000
2016 Capital Improvement Refunding Bonds	6/28/2016	2.00% - 4.00%	4,025,000	-	(360,000)	3,665,000	365,000
2017 Capital Improvement Bonds	5/2/2017	3.00%-5.00%	5,925,000	-	(480,000)	5,445,000	505,000
2018 Capital Improvement Bonds	5/23/2018	2.00%-5.00%	6,550,000	-	(420,000)	6,130,000	450,000
2019 Capital Improvement Bonds	12/11/2019	5.00%	7,135,000	-	(745,000)	6,390,000	785,000
2020 Capital Improvement Bonds	9/10/2020	5.00%	11,810,000	-	(845,000)	10,965,000	880,000
2021 Capital Improvement Refunding Bonds	4/27/2021	1.85%	2,335,000	-	(15,000)	2,320,000	330,000
2021 Capital Improvement Refunding Bonds	9/16/2021	4.00%	14,550,000	-	(1,020,000)	13,530,000	1,085,000
2022 Capital Improvement Bonds	9/20/2022	4.00%-5.00%	-	13,510,000	-	13,510,000	520,000
2015 OPEB Bonds	1/7/2015	0.75%-4.67%	60,989,044	-	(1,665,634)	59,323,410	1,712,998
2015A Refunding Bonds	8/4/2015	2.00%-5.00%	3,890,000	-	(705,000)	3,185,000	745,000
2015 B Refunding Bonds	8/4/2015	5.00%-5.250%	5,230,000	-	(570,000)	4,660,000	590,000
2017 Refunding Bond	8/29/2017	1.89%	1,925,000	-	(745,000)	1,180,000	765,000
Total Governmental Activities			130,054,044	13,510,000	(8,485,634)	135,078,410	9,352,998
<b>Business-type Activities</b>							
2015 OPEB Bonds	1/7/2015	0.75%-4.67%	16,270,956	-	(444,366)	15,826,590	457,002
Total General Obligation Bonds			<u>\$ 146,325,000</u>	<u>\$ 13,510,000</u>	<u>\$ (8,930,000)</u>	<u>\$ 150,905,000</u>	<u>\$ 9,810,000</u>

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

**PRIMARY GOVERNMENT (CONTINUED)**

Revenue Bonds

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The original amount of revenue bonds issued was \$1,645,000 for governmental activities. The gas and weight tax revenue from the State of Michigan is pledged for payment of the governmental activity bonds through 2022. In 2022, pledged revenue of \$10,240,686 funded debt service of \$332,360. The original amount of revenue bonds issued was \$150,415,000 for business-type activities. The revenue from Water and Wastewater system usage net of operating expense, maintenance, and administration of the system, or the “net revenue” as defined in Michigan Public Act 94 of 1933 Section 3, as well as investment income is pledged for payment of the business-type activity bonds through 2047. In 2022 pledged revenues of \$21,983,609 funded debt service of \$6,847,415. Revenue bonds outstanding at year end are as follows:

	Issuance Date	Interest Rates	Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022	Amounts Due Within One Year
Governmental Activities							
2016 Michigan Transportation Fund	7/14/2016	1.43%	\$ 330,000	\$ -	\$ (330,000)	\$ -	\$ -
Business-type Activities							
2012 Wastewater System	3/29/2012	2.00%-4.00%	3,765,000	-	(3,765,000)	-	-
2015 Water Supply System	12/10/2015	2.00%-3.375%	2,475,000	-	(95,000)	2,380,000	95,000
2017 Water Supply System Refunding	5/2/2017	3.00%-5.00%	6,230,000	-	(370,000)	5,860,000	380,000
2018 Wastewater System	5/23/2018	3.125%-5.00%	5,405,000	-	(155,000)	5,250,000	165,000
2018 Water Supply System	5/23/2018	3.00%-5.00%	8,670,000	-	(260,000)	8,410,000	270,000
2019 Water Supply System	6/25/2019	3.00%-5.00%	9,780,000	-	(265,000)	9,515,000	280,000
2018 Wastewater System	6/25/2019	3.00%-5.00%	9,145,000	-	(245,000)	8,900,000	255,000
2020 Water System	6/25/2019	3.00%-5.00%	19,840,000	-	(510,000)	19,330,000	535,000
2020 Wastewater System	6/25/2019	3.00%-5.00%	10,115,000	-	(275,000)	9,840,000	285,000
2021 Wastewater System Refunding	4/27/2021	2.42%	1,660,000	-	(110,000)	1,550,000	115,000
2021 Water Supply System Refunding	4/27/2021	2.75%	8,870,000	-	(505,000)	8,365,000	525,000
2022 Wastewater System Refunding Bond	4/14/2022	4.00%-5.00%	-	3,560,000	(265,000)	3,295,000	280,000
2022 Wastewater System Revenue Bond	4/14/2022	4.00%-5.00%	-	24,000,000	-	24,000,000	545,000
2022 Water Supply System Revenue Bond	5/3/2022	4.00%-5.00%	-	29,480,000	-	29,480,000	645,000
Total Business-type Activities			85,955,000	57,040,000	(6,820,000)	136,175,000	4,375,000
Total Revenue Bonds			\$ 86,285,000	\$ 57,040,000	\$ (7,150,000)	\$ 136,175,000	\$ 4,375,000

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

**PRIMARY GOVERNMENT (CONTINUED)**

Environmental Matters

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

Uninsured Claim Liability

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

	<u>2022</u>	<u>2021</u>
Estimated liability, beginning of year	\$ 2,297,646	\$ 2,909,735
Estimated claims incurred, including changes in estimates	10,080,398	11,532,989
Claim payments	<u>(10,435,779)</u>	<u>(12,145,078)</u>
Estimated liability, end of year	<u>\$ 1,942,265</u>	<u>\$ 2,297,646</u>

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

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

**PRIMARY GOVERNMENT (CONTINUED)**

**Leases Payable**

	Issuance Date	Interest Rates	Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022	Amounts Due Within One Year
<b>Governmental Activities</b>							
Direct borrowings/placements							
Building - 1631 S. Westnedge	1/1/2020	1.81%	\$ 198,402	\$ -	\$ (35,394)	\$ 163,008	\$ 37,218
Building - 245 N. Rose	9/1/2019	1.81%	305,648	-	(110,609)	195,039	115,534
Building - 248 N. Kalamazoo	12/1/2022	3.89%	-	52,713	(1,500)	51,213	16,346
Equipment - Copiers	11/2/2020	1.81%	117,770	-	(28,043)	89,727	28,554
Equipment - Turf Tank	6/8/2022	2.91%	-	83,872	(15,000)	68,872	12,996
Vehicles - Enterprise	Various	Various	1,076,754	424,342	(490,304)	1,010,792	373,017
Infrastructure - Dark Fiber	Various	2.13%	303,099	152,241	(18,098)	437,242	25,793
Total Governmental Activities			2,001,673	713,168	(698,948)	2,015,893	609,458
<b>Business-type Activities</b>							
Direct borrowings/placements							
Equipment - Copiers	11/2/2020	1.81%	32,341	-	(7,701)	24,640	7,841
Vehicles - Enterprise	Various	Various	302,781	-	(205,360)	97,421	87,747
Total Business-type Activities			335,122	-	(213,061)	122,061	95,588
Total Leases Payable			<u>\$ 2,336,795</u>	<u>\$ 713,168</u>	<u>\$ (912,009)</u>	<u>\$ 2,137,954</u>	<u>\$ 705,046</u>

**Equipment Acquisitions**

	Issuance Date	Interest Rates	Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022	Amounts Due Within One Year
<b>Governmental Activities</b>							
Direct borrowings/placements							
2018 Toro installment purchase	9/20/2018	5.50%	\$ 45,691	\$ -	\$ (18,869)	\$ 26,822	\$ 19,932
2020 De Lage installment purchase	8/15/2020	3.72%	-	56,640	(20,835)	35,805	7,511
2022 De Lage installment purchase	3/1/2022	2.99%	-	842,867	(97,408)	745,459	93,901
Total Equipment Acquisitions			<u>\$ 45,691</u>	<u>\$ 899,507</u>	<u>\$ (137,112)</u>	<u>\$ 808,086</u>	<u>\$ 121,344</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

**PRIMARY GOVERNMENT (CONTINUED)**

State Drinking Water Revolving Fund (DWRF) Loans

2019 State DWRF Loan dated August 22, 2019, is payable in annual installments ranging from \$35,294 to \$64,368 through October 1, 2039, with interest of 2%, payable semi-annually. 2020 State DWRF Loan dated August 7, 2020, is payable in annual installments ranging from \$885,000 to \$1,270,000 through April 1, 2041, with interest of 2% payable semi-annually. 2022 State DWRF Loan dated June 6, 2022, is payable in annual installments ranging from \$205,000 to \$290,000 through April 1, 2043, with interest of 1.875% payable semi-annually.

Compensated Absences

In accordance with City personnel policies and/or contracts negotiated with various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$8,346,504 and \$1,079,379 for vacation and sick for governmental and business-type activities, respectively, at December 31, 2022. Of those amounts, \$2,827,055 and \$758,985 have been recorded as current liabilities for governmental and business-type activities, respectively.

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

No Commitment Debt

The City of Kalamazoo Hospital Finance Authority has issued revenue bonds to provide financial assistance to nonprofit sector entities for the acquisition and construction of hospital facilities deemed to be in the public interest. The bonds are secured by property financed and are payable solely from payments received from revenues of the obligated parties. The Hospital Finance Authority has not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the payments from the nonprofit sector entities and maintenance of the tax-exempt status of the conduit debt obligation. Accordingly, the bonds are not reported as liabilities in the financial statements. As of December 31, 2022, there were three series of Hospital Finance Authority revenue bonds outstanding with a total principal amount of \$191,120,000.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

**PRIMARY GOVERNMENT (CONCLUDED)**

No Commitment Debt (concluded)

The City of Kalamazoo Economic Development Corporation has issued revenue bonds to provide financial assistance to nonprofit sector entities for the acquisition and construction of residential facilities deemed to be in the public interest. The bonds are secured by property financed and are payable solely from payments received from revenues of the obligated parties. The Economic Development Corporation has not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the payments from the nonprofit sector entities and maintenance of the tax-exempt status of the conduit debt obligation. Accordingly, the bonds are not reported as liabilities in the financial statements. As of December 31, 2022, there were eight series of Economic Development Corporation revenue bonds outstanding with a total principal amount of \$89,435,000.

Current Refundings

On April 14, 2022, the City defeased a portion of the 2012 Wastewater System Revenue Bonds, which were due and payable through October 1, 2032. This was accomplished by establishing an irrevocable trust with an escrow agent composed of U.S. Government Securities sufficient to meet the applicable principal and interest payments. The City issued 2022 Wastewater System Revenue and Refunding Bonds in the amount of \$3,560,000. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As a result of the advance refunding, the City decreased its total debt service requirements by \$4,379,858, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,806,583.



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

COMPONENT UNITS

Downtown Development Authority

Long-term notes at December 31, 2022, are comprised of the following:

	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
The City of Kalamazoo Note	7/2/2024	2.59%	\$ 133,216
Note payable - Arcadia Creek	3/11/2025	1.50%	403,052
Developer payable - TIF agreement	10/27/2034	0.00%	276,000
Developer payable - grants	10/27/2034	0.00%	310,800
			<u>\$ 1,123,068</u>

Economic Development Corporation

In accordance with City personnel policies and/or contracts negotiated with various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. As a component unit of the City, the EDC follows those policies. The dollar amount of these vested rights, including related payroll taxes, amounted to \$1,536 for vacation and sick at December 31, 2022. Of that total amount, \$911 has been recorded as a current liability.

Brownfield Redevelopment Authority

In accordance with City personnel policies and/or contracts negotiated with various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. As a component unit of the City, the BRDA follows those policies. The dollar amount of these vested rights, including related payroll taxes, amounted to \$8,846 for vacation and sick at December 31, 2022. Of that total amount, \$4,884 has been recorded as a current liability.

Brownfield Redevelopment Loan Contract dated June 23, 2016 is due in annual installments of \$15,986 to \$18,008 through June 23, 2031, with interest of 1.50%. Brownfield Redevelopment Loan Contract dated April 20, 2018 is due in annual installments of \$27,925 to \$32,409 from April 20, 2023 through April 20, 2033, with interest of 1.50%.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

COMPONENT UNITS (CONCLUDED)

Downtown Economic Growth Authority

Long-term notes at December 31, 2022, are comprised of the following:

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

The annual requirements to pay the debt principal and interest outstanding for bonds and loans are as follows:

Year Ending Dec. 31,	Primary Government							
	Direct Borrowings/Placements				Other Debt			
	Governmental Activities		Business-Type Activities		Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 730,802	\$ 89,837	\$ 125,588	\$ 16,023	\$ 9,352,998	\$ 5,604,367	\$ 4,832,002	\$ 5,834,832
2024	572,952	64,484	52,952	22,806	9,368,256	5,227,991	5,036,744	5,632,855
2025	433,074	46,660	43,423	12,386	9,282,461	4,858,765	5,257,539	5,421,286
2026	344,851	31,465	35,980	11,695	9,434,560	4,478,168	5,475,440	5,196,359
2027	441,853	19,913	41,176	11,094	8,301,659	4,087,254	5,723,341	4,963,947
2028-2032	158,507	33,972	229,411	44,670	34,346,070	15,966,439	32,103,930	21,160,157
2033-2037	141,940	8,839	264,705	23,470	24,476,933	9,990,829	31,971,546	15,199,482
2038-2042	-	-	122,602	1,544	21,134,443	5,010,261	35,535,557	9,223,671
2043-2047	-	-	-	-	9,381,030	729,701	26,065,491	2,715,360
	<u>\$ 2,823,979</u>	<u>\$ 295,170</u>	<u>\$ 915,837</u>	<u>\$ 143,688</u>	<u>\$ 135,078,410</u>	<u>\$ 55,953,775</u>	<u>\$ 152,001,590</u>	<u>\$ 75,347,949</u>

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

Year Ending Dec. 31,	Component Units					
	Direct Borrowing/Placements					
	Downtown Development Authority		Brownfield Redevelopment Authority		Downtown Economic Growth Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 248,677	\$ 13,439	\$ 48,394	\$ 2,292	\$ -	\$ 20,000
2024	249,863	12,254	44,151	6,536	300,000	20,000
2025	184,428	1,228	44,813	5,873	134,511	14,000
2026	48,900	-	45,486	5,201	137,201	11,310
2027	48,900	-	46,168	4,519	139,945	8,567
2028-2032	244,500	-	207,261	11,996	288,343	8,679
2033-2037	97,800	-	31,930	479	-	-
2038-2042	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-
	<u>\$ 1,123,068</u>	<u>\$ 26,921</u>	<u>\$ 468,203</u>	<u>\$ 36,896</u>	<u>\$ 1,000,000</u>	<u>\$ 82,556</u>

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

Plan Description

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

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

Plan Membership

At December 31, 2022, pension plan membership consisted of the following:

Inactive employees or beneficiaries receiving benefits	929
Inactive employees entitled to but not yet receiving benefits	71
Active employees	<u>618</u>
Total employees covered by the Plan	<u><u>1,618</u></u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Benefits Provided

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

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

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

*Deferred Retirement* - Members are eligible for benefits with 10 years of service for most members, 5 years for exempt members, 9 years for AFSCME members hired before October 2, 2016, and 8 years for KMEA members hired before January 1, 2009. Benefits begin at age 62 for general members, and at age 50 for public safety members. Retirement benefits are calculated as regular or early retirement but based upon service and final average compensation at termination date for general members as early retirement for public safety members.

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Benefits Provided (concluded)

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. Pensions of AFSCME members who retire on or after October 25, 1999, are increased 1% per year, compounded annually, beginning 1 year after retirement and 2% per year, compounded annually, beginning at age 75. Pensions of KMEA members are increased 1.5% per year, compounded annually, beginning the latter of the retirees' 64<sup>th</sup> birthday and 1 year after retirement and 2% per year, compounded annually, beginning at age 75. Pensions of public safety members who retire on and after January 1, 1995, with 25 or more years of service, are increased 2% per year, compounded annually. Pensions of exempt members are increased 1.5% per year, compounded annually, beginning 1 year after retirement for members who elected to contribute by May 2006. Pensions of the City manager are increased 2% per year, compounded annually.

Deferred Retirement Option Program

Public safety administrators meeting relevant provisions for an unreduced retirement allowance, authorization by the City Manager, and approval of the City Commission are eligible for the deferred retirement option program (DROP). The annual benefit is computed as regular retirement but is frozen at date of DROP election. For the year ended December 31, 2022, the balance of amounts held by the Plan pursuant to the DROP is \$205,754.

Contributions

System members are required to contribute between 1.0% to 6.5% of annual compensation to the System for pension benefits, depending on bargaining unit. The City is required to contribute such additional amounts, as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. No employer contributions were required for year ended December 31, 2022.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.59) %. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

Net Pension Asset

The net pension asset reported at December 31, 2022 was determined using a measure of the total pension liability and the pension net position as of December 31, 2022 and an actuarial valuation date of December 31, 2021. Changes in the net pension asset during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a)-(b)
<u>Changes in Net Pension Liability (Asset)</u>			
Balances at December 31, 2021	\$ 533,960,407	\$ 805,924,795	\$ (271,964,388)
Changes for the Year			
Service cost	7,562,395	-	7,562,395
Interest on total pension liability	37,769,183	-	37,769,183
Change of benefit terms	1,650,511	-	1,650,511
Difference between expected and actual experience	(1,715,651)	-	(1,715,651)
Employee contributions	-	1,443,448	(1,443,448)
Net investment income	-	(99,471,376)	99,471,376
Benefit payments, including refunds of employee contributions	(33,574,723)	(33,574,723)	-
Administrative expense	-	(302,840)	302,840
Other	-	(288,849)	288,849
Net changes	11,691,715	(132,194,340)	143,886,055
Balances as of December 31, 2022	<u>\$ 545,652,122</u>	<u>\$ 673,730,455</u>	<u>\$ (128,078,333)</u>

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

For the year ended December 31, 2022, the City recognized pension expense of \$13,252,699. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 2,137,586	\$ 1,897,370
Changes in proportion and differences between employer contributions and share of contributions	1,067,077	1,067,077
Net difference between projected and actual earnings on pension plan investments	<u>57,469,731</u>	<u>-</u>
Total	<u><u>\$ 60,674,394</u></u>	<u><u>\$ 2,964,447</u></u>

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

Years Ending December 31,	Pension Expense
	<u>                    </u>
2023	\$ (1,026,690)
2024	13,232,481
2025	14,171,403
2026	<u>31,332,753</u>
	<u><u>\$ 57,709,947</u></u>



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Actuarial Assumptions

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

The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the December 31, 2021, valuation were based upon the results of an actuarial experience study for the period January 1, 2014 through December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Small Cap (Manager 1)	5.00%	4.13%
U.S. Small Cap (Manager 2)	10.00%	4.13%
International Developed Equity	10.00%	3.43%
U.S. Large Cap (Manager 1)	30.00%	3.63%
U.S. Large Cap (Manager 2)	5.00%	3.63%
Emerging Markets	10.00%	5.73%
Domestic Fixed Income	25.00%	2.03%
Real Estate (Manager 1)	2.50%	3.43%
Real Estate (Manager 2)	2.50%	3.43%

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

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

	1% Decrease Rate 6.25%	Current Discount Rate 7.25%	1% Increase Rate 8.25%
Total pension liability	\$ 609,949,867	\$ 545,652,122	\$ 492,100,726
Plan fiduciary net position	673,730,455	673,730,455	673,730,455
City's net pension liability (asset)	<u>\$ (63,780,588)</u>	<u>\$ (128,078,333)</u>	<u>\$ (181,629,729)</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Plan Description

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

Benefits Provided

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

Contributions

The employers contribute such amounts, as necessary, to provide assets sufficient to pay for member benefits. For the year ended December 31, 2022, the actuarially determined contributions for the employers were \$3,157,096 and actual employer contributions were \$3,500,000. The City’s share of the actuarially determined contributions was \$2,970,077 and actual City contributions were \$3,300,900.

Investment Policy

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Investment Policy (concluded)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Small Cap (Manager 1)	5.00%	4.13%
U.S. Small Cap (Manager 2)	10.00%	4.13%
International Developed Equity	10.00%	3.43%
U.S. Large Cap (Manager 1)	30.00%	3.63%
U.S. Large Cap (Manager 2)	5.00%	3.63%
Emerging Markets	10.00%	5.73%
Domestic Fixed Income	25.00%	2.03%
Real Estate (Manager 1)	2.50%	3.43%
Real Estate (Manager 2)	2.50%	3.43%

Summary of Significant Accounting Policies

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported for the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Individual entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	5 years smoothed fair value
Inflation	3.50% (which includes price inflation of 2.25%)
Projected salary increases	3.50% to 15.50% (includes inflation)
Investment rate of return	7.25%, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality rates	Pub-2010 Amount-Weighted, Male and Female tables for General and Safety 7 years for disabled members
Health care trend rates	Pre-65: 7.50% for the first year, gradually decreasing to 3.50% in year 12
Aging factors	Post-65: 6.25% for the first year, gradually decreasing to 3.50% in year 12 Based on the 2013 SOA study "Health Care Costs - From Birth to Death"

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

At December 31, 2022, the City reported a liability of \$15,717,460 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of December 31, 2020 and rolled-forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on present value of future benefits.

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

At December 31, 2021, the City's proportion was 94.300%.

	December 31, 2021	
	Plan	City's Share
Total OPEB Liability	\$ 137,412,277	\$ 129,579,777
Plan Fiduciary Net Position	120,744,769	113,862,317
Net OPEB Liability	16,667,508	15,717,460
Proportionate Share	N/A	94.300%

For the year ended December 31, 2022, the City recognized OPEB benefit of \$107,097,970. The net OPEB liability is generally liquidated by the General, Major Street, Local Street, Solid Waste, Wastewater, and Water funds.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 957,381	\$ 54,640,804
Differences between expected and actual experience	4,667,272	-
Net difference between projected and actual earnings on plan investments	-	11,355,165
Changes in proportion and differences between employer contributions and share of contributions	3,605,012	2,545,316
Contributions subsequent to the measurement date*	3,300,900	-
Total	\$ 12,530,565	\$ 68,541,285

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending December 31, 2023.

**CITY OF KALAMAZOO**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

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

<u>Year Ending December 31,</u>	<u>OPEB Expense</u>
2023	\$ (49,737,111)
2024	(4,599,854)
2025	(2,607,274)
2026	<u>(2,367,381)</u>
	<u><u>\$ (59,311,620)</u></u>

Discount Rate

A single discount rate of 7.25% was used to measure the total OPEB liability. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to \$3,500,000 per year. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 28,054,188</u>	<u>\$ 15,717,460</u>	<u>\$ 5,111,728</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

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

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 2,947,958</u>	<u>\$ 15,717,460</u>	<u>\$ 30,601,987</u>

**NOTE 10 - RISK MANAGEMENT**

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

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

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

Legal Contingencies

Contingent liabilities represent items that are not recognized in the Statement of Net Position at December 31, 2022 because there is significant uncertainty as to the outcome of a future event. Contingent liabilities are recorded in the Statement of Net Position only when the contingency is probable, and the amount can be estimated. In the opinion of the City Attorney and management, the potential uninsured liability that may result from legal actions should not exceed amounts either reserved in the Insurance and Benefits Fund (an internal service fund) or included in funds maintained by the City's claims administrators.



**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

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

Environmental Contingencies

The City of Kalamazoo has identified a number of sites within its boundaries that are in need of environmental remediation. Some are privately-held properties, and some are owned by the County and/or the City of Kalamazoo. The City of Kalamazoo has been named as a Potentially-Responsible Party (PRP) by the U.S. Environmental Protection Agency (EPA) in two such sites: the Cork Street Landfill and the Auto Ion site. The City has also entered into cleanup agreements, although not named as a PRP, for two other sites. Based on currently available information, the City has recorded liabilities for the net present value of estimated response costs for these sites in the amount of \$1,051,006 in the government-wide financial statements. The landfills do not accept municipal waste as defined by the EPA; therefore, the Government Accounting Standard Board rules on closure and post-closure care costs do not apply.

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

Commitments

The City has approximately \$100,948,063 in various contractual commitments and agreements at December 31, 2022. Commitments include obligations for various goods and services, including approximately \$47,380,722 for construction contracts on various construction projects, \$5,861,252 for equipment purchases and inventory contracts, and \$18,881,172 for various other goods and services. The City also has term contracts for agreements for goods and services expiring between one and five years, totaling \$28,824,918. These commitments are not susceptible to accrual. Accordingly, no liabilities have been recorded in the basic financial statements. A portion of these commitments were encumbered in the Governmental funds at the end of the year. The General Fund encumbered \$1,085,385, the Major Streets Fund encumbered \$3,333,539, the Grants and Donations Fund encumbered \$910,087 and the nonmajor governmental funds encumbered \$8,423,398.

True-Up Settlement

A 1988 legal settlement with Wastewater customers outside the City limits requires a true-up calculation to compare the projected revenue requirements to actual results. The difference between projected and actual results can result in either a receivable from outside city customers or a payable to outside city customers. While the agreement requires the calculation to be performed at least every two years, the City was in negotiations with the townships and therefore true-up calculations were put on hold pending negotiations. A true-up of the 2017, 2018, 2019, 2020, 2021, and 2022 results cannot be reasonably estimated at the time of this report.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - RESTRICTED NET POSITION**

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net position restrictions as of December 31, 2022:

<b>PRIMARY GOVERNMENT</b>	
Governmental Activities	
Nonexpendable	\$ 3,627,564
Expendable	
Major and local street projects	7,709,961
FFE aspirational projects	11,469,437
Solid waste program	2,882,960
Parks and recreation	1,314,878
Neighborhood and community development	3,561,168
Pensions	107,453,879
Other purposes	
Drug enforcement	488,718
Cemetery perpetual care	1,722,781
Capital improvements	8,511,500
Grants and donations	1,361,963
	<u>\$ 150,104,809</u>
Business-type Activities	
Restricted for bond reserves	
Wastewater Fund	\$ 4,834,867
Water Fund	7,579,161
Restricted for pensions	
Wastewater Fund	11,383,602
Water Fund	9,240,852
	<u>\$ 33,038,482</u>
<b>COMPONENT UNITS</b>	
Restricted for:	
Downtown Development Authority	\$ 162,377
Kalamazoo Foundation for Excellence	288,646,000
	<u>\$ 288,808,377</u>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - TAX ABATEMENTS**

**INDUSTRIAL FACILITIES EXEMPTION**

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

For the year ended December 31, 2022, the City abated property tax revenues totaling \$48,700, under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

**NEIGHBORHOOD ENTERPRISE (NEZ) ZONE ACT**

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

For the year ended December 31, 2022, the City abated property tax revenues totaling \$66,630, under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - FUND BALANCE CLASSIFICATIONS**

The following are the various fund balance classifications as of December 31, 2022:

	General Fund	Major Streets	Grants and Donations Fund	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Inventory	\$ 245,120	\$ 414,872	\$ -	\$ 3,760	\$ 663,752
Prepays	660,417	-	-	-	660,417
Notes receivable	1,650,427	-	-	3,411,366	5,061,793
Advances	459,000	-	-	587,895	1,046,895
Cemetery perpetual care	-	-	-	1,735,160	1,735,160
Endowments	-	-	-	1,892,404	1,892,404
Restricted					
Highways	-	11,355,390	-	2,512,358	13,867,748
Solid waste	-	-	-	2,882,960	2,882,960
Grants and donations	166,335	-	1,195,628	165,114	1,527,077
FFE aspirational projects	-	-	-	11,469,437	11,469,437
Drug enforcement	-	-	-	488,718	488,718
Recreation activities	-	-	-	749,301	749,301
Park activities	-	-	-	678,019	678,019
Cemetery perpetual care	-	-	-	1,722,781	1,722,781
Debt service	-	-	-	91,431	91,431
Capital improvements	-	-	-	18,441,966	18,441,966
Committed					
Economic development programs	-	-	-	1,317,293	1,317,293
Recreation activities	-	-	-	58,153	58,153
Social equity	202,168	-	-	-	202,168
Cemeteries	-	-	-	157,243	157,243
Assigned					
Subsequent year's expenditures	2,011,401	-	-	-	2,011,401
Parks and recreation	64,877	-	-	-	64,877
Unassigned	11,260,233	-	-	-	11,260,233
<b>TOTAL FUND BALANCES</b>	<b>\$ 16,719,978</b>	<b>\$ 11,770,262</b>	<b>\$ 1,195,628</b>	<b>\$ 48,365,359</b>	<b>\$ 78,051,227</b>

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 15 - PRIOR PERIOD ADJUSTMENT**

Beginning net position for discretely presented component units has been adjusted to correct overstated accrued interest payable as noted below.

	Aggregate Discretely Presented <u>Component Units</u>
Beginning net position	\$ 485,850,672
Due to developers	(342,300)
Note payable	(403,052)
Agreements payable	(635,700)
Accrued interest payable	<u>14,846</u>
Restated beginning net position	<u><u>\$ 484,484,466</u></u>

**NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2022, the City implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

**Summary:**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE (CONCLUDED)**

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

	Lease Receivable	Prepays	Capital Assets	Lease Obligations	Unavailable Revenue - Lease Related	Fund Balance/Net Position
General Fund	\$ 66,807	\$ 378,000	\$ -	\$ -	\$ 66,807	\$ 378,000
Wastewater Fund	-	-	152,480	152,480	-	-
Water Fund	-	-	182,642	182,642	-	-
Internal service fund	-	-	198,402	198,402	-	-
Nonmajor governmental funds	195,291	-	-	-	195,291	-
Governmental activities	262,098	378,000	2,073,673	2,001,673	262,098	450,000
Business-type activities	-	-	335,122	335,122	-	-

**NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. 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 City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

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

**CITY OF KALAMAZOO  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENTS (CONCLUDED)**

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

**NOTE 18 - SUBSEQUENT EVENTS**

On March 6, 2023 and June 6, 2023, the City's General Fund received contributions of \$6,993,331 each from the Foundation of Excellence Endowment in support of the 2023 General Fund operations.

On May 5, 2023, the City issued the Wastewater System Junior Lien Revenue Bond, Series 2023A in the amount of \$7,445,000 under a Purchase Contract with the State of Michigan Finance Authority as awarded from the State of Michigan Department of Environment, Great Lakes, and Energy (EGLE) Clean Water State Revolving Fund program. The annual interest of 1.875% will accrue on installments drawn for reimbursement of qualified expenditures under the program. There have been no reimbursements as of the date of this report.

**NOTE 19 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The City's budgeted expenditures have been shown at the activity level for the General Fund and the functional classification level for the Special Revenue Funds. The approved budgets for the City have been adopted at the total expenditure level for the General and Special Revenue Funds.

During the year ended December 31, 2022, the City incurred expenditures in one special revenue fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Kalamazoo Municipal Golf Association Fund	\$ 2,500,000	\$ 3,867,611	\$ 1,367,611

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF KALAMAZOO**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION ASSET AND RELATED RATIOS**  
**LAST NINE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	1,602,053	760,912	905,746
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,602,053)</u>	<u>\$ (760,912)</u>	<u>\$ (905,746)</u>
Covered payroll	\$ 42,632,621	\$ 39,983,168	\$ 39,215,899	\$ 37,425,219	\$ 34,999,543	\$ 32,780,965	\$ 37,291,474	\$ 37,198,788	\$ 36,331,892	\$ 36,539,969
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.31%	2.09%	2.48%

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 each year, which is immediately prior to the beginning of the fiscal year in which contributions are reported.
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Methods and assumptions used to determine contribution rates:

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

**CITY OF KALAMAZOO  
DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF INVESTMENT RETURNS  
LAST NINE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**

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

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

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

**CITY OF KALAMAZOO  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS  
LAST SIX FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**

	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 3,157,096	\$ 4,200,466	\$ 9,838,111	\$ 8,012,819	\$ 8,111,777	\$ 7,610,636
Contributions in relation to the actuarially determined contribution	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Contribution deficiency (excess)	<u>\$ (342,904)</u>	<u>\$ 700,466</u>	<u>\$ 6,338,111</u>	<u>\$ 4,512,819</u>	<u>\$ 4,611,777</u>	<u>\$ 4,110,636</u>
Covered payroll	\$ 17,360,357	\$ 18,758,015	\$ 21,057,232	\$ 22,773,155	\$ 39,920,744	\$ 37,363,784
Contributions as a percentage of covered payroll	20.16%	18.66%	16.62%	15.37%	8.77%	9.37%

Actuarial valuation information relative to the determination of contributions:

Valuation date                      January 1, 2022  
Actuarially determined contribution amounts are calculated as of January 1 every year.

Methods and assumptions used to determine contribution rates:

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

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

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

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

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

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

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

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

Defined Benefit Pension Plan

Actuarial valuation:	
Frequency	Annual
Latest date	December 31, 2022
Basis for contribution	December 31, 2021
Actuarial cost method	Individual entry age
Amortization method	Level percent of payroll on an open basis
Remaining amortization period	Rolling 10-year period
Asset valuation method	5-year smoothed fair value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases	3.5% - 15.5%
*Includes inflation at:	3.5%
Cost-of living adjustments	Determined annually
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality rates	Pub-2010 Amount-Weighted, Male and Female tables, with future mortality improvements projected to 2025 using scale MP-2019

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

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

OPEB Plan

Actuarial valuation:	
Frequency	Annual
Latest date	January 1, 2022
Basis for contribution	January 1, 2022
Actuarial cost method	Individual entry age
Amortization method	Level dollar on a closed basis
Remaining amortization period	20 Years
Asset valuation method	5-year smoothed fair value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases	3.5% - 15.5%
*Includes inflation at:	3.5%
Healthcare cost trend rate	3.5% - 7.50%



## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF KALAMAZOO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2022**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,012,087	\$ 92,496	\$ 7,550,498	\$ 61,649	\$ 25,716,730
Cash and cash equivalents - restricted	1,116,337	-	11,208,360	-	12,324,697
Investments	1,387,799	-	3,302,878	3,395,326	8,086,003
Investments with agents	-	-	-	3,207,282	3,207,282
Receivables					
Accounts	336,853	-	34,543	488	371,884
Interest	-	-	8,893	-	8,893
Leases	-	-	98,683	-	98,683
Taxes	167,182	-	-	-	167,182
Notes	3,411,366	-	-	-	3,411,366
Due from other funds	836,541	-	522,406	525	1,359,472
Due from other governmental units	1,467,633	3,652,290	330,000	-	5,449,923
Advances to other governmental units	587,895	-	-	-	587,895
Inventories	3,760	-	-	-	3,760
<b>TOTAL ASSETS</b>	<b>\$ 27,327,453</b>	<b>\$ 3,744,786</b>	<b>\$ 23,056,261</b>	<b>\$ 6,665,270</b>	<b>\$ 60,793,770</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,426,233	\$ -	\$ 1,882,312	\$ -	\$ 3,308,545
Accrued liabilities	47,525	-	-	-	47,525
Due to other funds	1,915,857	1,065	1,585,880	47	3,502,849
Deposits payable	289,082	-	-	-	289,082
Unearned revenue	135,809	-	1,000,215	-	1,136,024
<b>TOTAL LIABILITIES</b>	<b>3,814,506</b>	<b>1,065</b>	<b>4,468,407</b>	<b>47</b>	<b>8,284,025</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	346,208	3,652,290	48,242	-	4,046,740
Lease relatd	-	-	97,646	-	97,646
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>346,208</b>	<b>3,652,290</b>	<b>145,888</b>	<b>-</b>	<b>4,144,386</b>
<b>FUND BALANCES</b>					
Nonspendable	4,003,021	-	-	3,627,564	7,630,585
Restricted	17,631,029	91,431	18,441,966	3,037,659	39,202,085
Committed	1,532,689	-	-	-	1,532,689
<b>TOTAL FUND BALANCES</b>	<b>23,166,739</b>	<b>91,431</b>	<b>18,441,966</b>	<b>6,665,223</b>	<b>48,365,359</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 27,327,453</b>	<b>\$ 3,744,786</b>	<b>\$ 23,056,261</b>	<b>\$ 6,665,270</b>	<b>\$ 60,793,770</b>

**CITY OF KALAMAZOO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2022**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
<b>REVENUES</b>					
Property taxes	\$ 3,137,568	\$ -	\$ -	\$ -	\$ 3,137,568
Intergovernmental	5,433,958	-	30,000	-	5,463,958
Charges for services	3,010,228	-	-	53,377	3,063,605
Fines and forfeits	353,108	-	-	-	353,108
Interest and rents	842,049	811,925	102,839	(1,013,722)	743,091
Other					
Donations and contributions	9,945,406	-	595,362	-	10,540,768
Other	55,498	453,714	372,850	-	882,062
<b>TOTAL REVENUES</b>	<b>22,777,815</b>	<b>1,265,639</b>	<b>1,101,051</b>	<b>(960,345)</b>	<b>24,184,160</b>
<b>EXPENDITURES</b>					
Current					
Public safety	233,111	-	-	-	233,111
Public works	6,509,458	-	-	20,100	6,529,558
Health and welfare	2,108,806	-	-	-	2,108,806
Community and economic development	7,790,794	-	-	-	7,790,794
Recreation and culture	2,485,894	-	-	131,750	2,617,644
Debt service					
Principal	137,112	8,815,634	-	-	8,952,746
Interest and fiscal charges	21,338	5,270,745	-	-	5,292,083
Capital outlay	3,111,811	-	9,808,515	-	12,920,326
<b>TOTAL EXPENDITURES</b>	<b>22,398,324</b>	<b>14,086,379</b>	<b>9,808,515</b>	<b>151,850</b>	<b>46,445,068</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>379,491</b>	<b>(12,820,740)</b>	<b>(8,707,464)</b>	<b>(1,112,195)</b>	<b>(22,260,908)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	2,069,507	-	7,745,000	-	9,814,507
Bond premium	149,308	-	644,427	-	793,735
Transfers in	2,643,690	12,855,825	5,652,000	-	21,151,515
Transfers out	(2,193,578)	-	(6,250,210)	(324,312)	(8,768,100)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,668,927</b>	<b>12,855,825</b>	<b>7,791,217</b>	<b>(324,312)</b>	<b>22,991,657</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,048,418</b>	<b>35,085</b>	<b>(916,247)</b>	<b>(1,436,507)</b>	<b>730,749</b>
Fund balances, beginning of year	20,118,321	56,346	19,358,213	8,101,730	47,634,610
Fund balances, end of year	\$ 23,166,739	\$ 91,431	\$ 18,441,966	\$ 6,665,223	\$ 48,365,359

## **NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

**CITY OF KALAMAZOO  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2022**

	Local Streets	Cemeteries	Solid Waste	Neighborhood and Community Development	Economic Development Programs	FFE Aspirational Projects	Drug Enforcement	Kalamazoo Municipal Golf Association	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 956,965	\$ 318,639	\$ 1,803,913	\$ 306,968	\$ 819,520	\$ 13,263,390	\$ 542,692	\$ -	\$ 18,012,087
Cash and cash equivalents - restricted	1,003,895	-	-	-	-	-	-	112,442	1,116,337
Investments	-	-	974,026	-	413,773	-	-	-	1,387,799
Receivables									
Accounts	23,098	1,993	211,660	41,339	103	507	-	58,153	336,853
Taxes	-	-	167,182	-	-	-	-	-	167,182
Notes	-	-	-	3,392,294	19,072	-	-	-	3,411,366
Due from other funds	281,638	47	287,693	125,802	96,054	45,307	-	-	836,541
Due from other governmental units	403,406	-	-	1,064,227	-	-	-	-	1,467,633
Advances to other governmental units	-	-	-	-	587,895	-	-	-	587,895
Inventories	-	-	-	3,760	-	-	-	-	3,760
<b>TOTAL ASSETS</b>	<b>\$ 2,669,002</b>	<b>\$ 320,679</b>	<b>\$ 3,444,474</b>	<b>\$ 4,934,390</b>	<b>\$ 1,936,417</b>	<b>\$ 13,309,204</b>	<b>\$ 542,692</b>	<b>\$ 170,595</b>	<b>\$ 27,327,453</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 18,994	\$ 37,161	\$ 140,757	\$ 153,930	\$ 6,016	\$ 1,069,375	\$ -	\$ -	\$ 1,426,233
Accrued liabilities	-	-	-	-	-	-	47,525	-	47,525
Due to other funds	137,650	7,654	114,121	873,789	6,141	770,392	6,110	-	1,915,857
Deposits payable	-	-	-	288,743	-	-	339	-	289,082
Unearned revenue	-	118,201	-	17,608	-	-	-	-	135,809
<b>TOTAL LIABILITIES</b>	<b>156,644</b>	<b>163,016</b>	<b>254,878</b>	<b>1,334,070</b>	<b>12,157</b>	<b>1,839,767</b>	<b>53,974</b>	<b>-</b>	<b>3,814,506</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	420	306,636	39,152	-	-	-	-	346,208
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	3,396,054	606,967	-	-	-	4,003,021
Restricted	2,512,358	-	2,882,960	165,114	-	11,469,437	488,718	112,442	17,631,029
Committed	-	157,243	-	-	1,317,293	-	-	58,153	1,532,689
<b>TOTAL FUND BALANCES</b>	<b>2,512,358</b>	<b>157,243</b>	<b>2,882,960</b>	<b>3,561,168</b>	<b>1,924,260</b>	<b>11,469,437</b>	<b>488,718</b>	<b>170,595</b>	<b>23,166,739</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,669,002</b>	<b>\$ 320,679</b>	<b>\$ 3,444,474</b>	<b>\$ 4,934,390</b>	<b>\$ 1,936,417</b>	<b>\$ 13,309,204</b>	<b>\$ 542,692</b>	<b>\$ 170,595</b>	<b>\$ 27,327,453</b>

**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2022**

	Local Streets	Cemeteries	Solid Waste	Neighborhood and Community Development	Economic Development Programs	FFE Aspirational Projects	Drug Enforcement	Kalamazoo Municipal Golf Association	Total
REVENUES									
Property taxes	\$ -	\$ -	\$ 3,137,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,137,568
Intergovernmental	2,244,681	566,019	481,130	2,071,493	-	-	70,635	-	5,433,958
Charges for services	-	198,744	-	31,897	3,539	-	-	2,776,048	3,010,228
Fines and forfeits	-	-	176,858	-	-	-	176,250	-	353,108
Interest	28,079	3,928	(17,376)	2,059	11,574	809,817	3,968	-	842,049
Other									
Donations and contributions	-	-	-	-	-	9,945,406	-	-	9,945,406
Other	19,318	-	-	-	-	-	36,180	-	55,498
<b>TOTAL REVENUES</b>	<b>2,292,078</b>	<b>768,691</b>	<b>3,778,180</b>	<b>2,105,449</b>	<b>15,113</b>	<b>10,755,223</b>	<b>287,033</b>	<b>2,776,048</b>	<b>22,777,815</b>
EXPENDITURES									
Current									
Public safety	-	-	-	-	-	-	233,111	-	233,111
Public works	2,438,617	498,573	3,572,268	-	-	-	-	-	6,509,458
Health and welfare	-	-	-	2,108,806	-	-	-	-	2,108,806
Community and economic development	-	-	-	12,800	-	7,777,994	-	-	7,790,794
Recreation and culture	-	-	-	-	-	-	-	2,485,894	2,485,894
Debt service									
Principal	-	-	-	-	-	-	-	137,112	137,112
Interest and fiscal charges	-	-	-	-	-	-	-	21,338	21,338
Capital outlay	1,446,201	587,646	-	-	-	-	-	1,077,964	3,111,811
<b>TOTAL EXPENDITURES</b>	<b>3,884,818</b>	<b>1,086,219</b>	<b>3,572,268</b>	<b>2,121,606</b>	<b>-</b>	<b>7,777,994</b>	<b>233,111</b>	<b>3,722,308</b>	<b>22,398,324</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,592,740)	(317,528)	205,912	(16,157)	15,113	2,977,229	53,922	(946,260)	379,491
OTHER FINANCING SOURCES (USES)									
Issuance of debt	900,000	-	-	-	-	-	-	1,169,507	2,069,507
Bond premium	114,810	-	-	-	-	-	-	34,498	149,308
Transfers in	1,451,237	324,312	27,000	841,141	-	-	-	-	2,643,690
Transfers out	(1,125,486)	-	(81,648)	-	(6,141)	(835,000)	-	(145,303)	(2,193,578)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,340,561</b>	<b>324,312</b>	<b>(54,648)</b>	<b>841,141</b>	<b>(6,141)</b>	<b>(835,000)</b>	<b>-</b>	<b>1,058,702</b>	<b>2,668,927</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(252,179)</b>	<b>6,784</b>	<b>151,264</b>	<b>824,984</b>	<b>8,972</b>	<b>2,142,229</b>	<b>53,922</b>	<b>112,442</b>	<b>3,048,418</b>
Fund balances, beginning of year	2,764,537	150,459	2,731,696	2,736,184	1,915,288	9,327,208	434,796	58,153	20,118,321
Fund balances, end of year	\$ 2,512,358	\$ 157,243	\$ 2,882,960	\$ 3,561,168	\$ 1,924,260	\$ 11,469,437	\$ 488,718	\$ 170,595	\$ 23,166,739

**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Local Streets Fund</u>			
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental				
Gas and weight tax distribution	\$ 2,225,086	\$ 2,225,086	\$ 2,244,681	\$ 19,595
Other state revenue	152,704	152,704	-	(152,704)
Interest	8,000	8,000	28,079	20,079
Other	-	-	19,318	19,318
	<u>2,385,790</u>	<u>2,385,790</u>	<u>2,292,078</u>	<u>(93,712)</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public works				
Administration	1,133,614	1,133,614	1,065,839	67,775
Routine and preventive maintenance	1,272,903	1,272,903	874,042	398,861
Winter maintenance	157,799	157,799	303,772	(145,973)
Traffic services	79,881	79,881	194,964	(115,083)
Capital outlay	1,610,859	2,061,087	1,446,201	614,886
	<u>4,255,056</u>	<u>4,705,284</u>	<u>3,884,818</u>	<u>820,466</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(1,869,266)</u>	<u>(2,319,494)</u>	<u>(1,592,740)</u>	<u>726,754</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,343,345	1,343,345	900,000	(443,345)
Bond premium	114,810	114,810	114,810	-
Transfers in	1,451,233	1,451,233	1,451,237	4
Transfers out	(1,133,262)	(1,133,262)	(1,125,486)	7,776
	<u>1,871,126</u>	<u>1,871,126</u>	<u>1,340,561</u>	<u>(530,565)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	1,860	(448,368)	(252,179)	196,189
Fund balance, beginning of year	<u>2,764,537</u>	<u>2,764,537</u>	<u>2,764,537</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,766,397</u>	<u>\$ 2,316,169</u>	<u>\$ 2,512,358</u>	<u>\$ 196,189</u>

**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Cemeteries Fund</u>			
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 684,220	\$ 566,019	\$ (118,201)
Charges for services	175,100	175,100	198,744	23,644
Interest	3,000	3,000	3,928	928
TOTAL REVENUES	178,100	862,320	768,691	(93,629)
EXPENDITURES				
Current				
Public works				
Administration	191,862	231,966	187,261	44,705
Maintenance	263,467	266,878	311,312	(44,434)
Capital outlay	-	905,071	587,646	317,425
TOTAL EXPENDITURES	455,329	1,403,915	1,086,219	317,696
EXCESS OF REVENUES (UNDER) EXPENDITURES	(277,229)	(541,595)	(317,528)	224,067
OTHER FINANCING SOURCES				
Transfers in	502,684	523,534	324,312	(199,222)
NET CHANGE IN FUND BALANCE	225,455	(18,061)	6,784	24,845
Fund balance, beginning of year	150,459	150,459	150,459	-
Fund balance, end of year	\$ 375,914	\$ 132,398	\$ 157,243	\$ 24,845



**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Solid Waste Fund</u>			
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 3,151,086	\$ 3,151,086	\$ 3,137,568	\$ (13,518)
Intergovernmental	391,769	391,769	481,130	89,361
Fines and forfeits	90,000	-	176,858	176,858
Interest	10,000	10,000	(17,376)	(27,376)
TOTAL REVENUES	3,642,855	3,552,855	3,778,180	225,325
EXPENDITURES				
Current				
Public works				
Street cleaning	178,822	178,822	231,946	(53,124)
Rubbish collection and disposal	1,934,723	1,934,723	1,856,704	78,019
Natural waste collection and disposal	702,462	1,002,462	1,065,294	(62,832)
Property trash violations	203,846	656,846	418,324	238,522
TOTAL EXPENDITURES	3,019,853	3,772,853	3,572,268	200,585
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	623,002	(219,998)	205,912	425,910
OTHER FINANCING SOURCES (USES)				
Transfers in	27,000	27,000	27,000	-
Transfers out	(81,648)	(81,648)	(81,648)	-
TOTAL OTHER FINANCING SOURCES (USES)	(54,648)	(54,648)	(54,648)	-
NET CHANGE IN FUND BALANCE	568,354	(274,646)	151,264	425,910
Fund balance, beginning of year	2,731,696	2,731,696	2,731,696	-
Fund balance, end of year	\$ 3,300,050	\$ 2,457,050	\$ 2,882,960	\$ 425,910

**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

Neighborhood and Community Development Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 437,131	\$ 8,178,498	\$ 2,071,493	\$ (6,107,005)
Charges for services	32,900	32,900	31,897	(1,003)
Interest	-	-	2,059	2,059
<b>TOTAL REVENUES</b>	<b>470,031</b>	<b>8,211,398</b>	<b>2,105,449</b>	<b>(6,105,949)</b>
EXPENDITURES				
Current				
Health and welfare				
Program administration services	480,030	630,768	660,196	(29,428)
Community Development Block Grant	-	5,750,933	1,223,664	4,527,269
HOME	-	2,953,671	224,946	2,728,725
<b>Total health and welfare</b>	<b>480,030</b>	<b>9,335,372</b>	<b>2,108,806</b>	<b>7,226,566</b>
Community and economic development				
Demolition revolving	3,194	3,194	12,800	(9,606)
<b>TOTAL EXPENDITURES</b>	<b>483,224</b>	<b>9,338,566</b>	<b>2,121,606</b>	<b>7,216,960</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(13,193)</b>	<b>(1,127,168)</b>	<b>(16,157)</b>	<b>1,111,011</b>
OTHER FINANCING SOURCES				
Transfers in	10,000	10,000	841,141	831,141
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,193)</b>	<b>(1,117,168)</b>	<b>824,984</b>	<b>1,942,152</b>
Fund balance, beginning of year	2,736,184	2,736,184	2,736,184	-
Fund balance, end of year	<u>\$ 2,732,991</u>	<u>\$ 1,619,016</u>	<u>\$ 3,561,168</u>	<u>\$ 1,942,152</u>

**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Economic Development Programs Fund</u>			
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 7,500	\$ 7,500	\$ 3,539	\$ (3,961)
Interest	30,040	30,040	11,574	(18,466)
TOTAL REVENUES	37,540	37,540	15,113	(22,427)
EXPENDITURES				
Current				
Community and economic development				
Economic initiatives	500,000	500,000	-	500,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(462,460)	(462,460)	15,113	477,573
OTHER FINANCING (USES)				
Transfers out	-	-	(6,141)	(6,141)
NET CHANGE IN FUND BALANCE	(462,460)	(462,460)	8,972	471,432
Fund balance, beginning of year	1,915,288	1,915,288	1,915,288	-
Fund balance, end of year	\$ 1,452,828	\$ 1,452,828	\$ 1,924,260	\$ 471,432

**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>FFE Aspirational Projects</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Interest	\$ -	\$ -	\$ 809,817	\$ 809,817
Donations and contributions	8,607,500	8,610,000	9,945,406	1,335,406
TOTAL REVENUES	8,607,500	8,610,000	10,755,223	2,145,223
EXPENDITURES				
Current				
Community and economic development				
Operations	333,234	347,388	329,055	18,333
Youth development and employment	136,005	1,879,429	1,274,884	604,545
Shared prosperity	724,240	1,330,359	614,223	716,136
Complete neighborhoods	2,415,520	3,660,882	2,278,216	1,382,666
Inviting public spaces	-	90,768	39,641	51,127
Connected city	-	558,119	21,964	536,155
Economic vitality	3,406,500	6,724,897	2,957,227	3,767,670
Environmental responsibility	42,000	350,869	84,645	266,224
Safe community	406,000	459,081	178,139	280,942
TOTAL EXPENDITURES	7,463,499	15,401,792	7,777,994	7,623,798
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,144,001	(6,791,792)	2,977,229	9,769,021
OTHER FINANCING (USES)				
Transfers out for:				
Economic vitality	(1,144,000)	-	(835,000)	(835,000)
NET CHANGE IN FUND BALANCE	1	(6,791,792)	2,142,229	8,934,021
Fund balance, beginning of year	9,327,208	9,327,208	9,327,208	-
Fund balance, end of year	\$ 9,327,209	\$ 2,535,416	\$ 11,469,437	\$ 8,934,021

**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Drug Enforcement Fund</u>			
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 70,635	\$ 70,635
Fines and forfeits	-	-	176,250	176,250
Interest	-	-	3,968	3,968
Other	-	-	36,180	36,180
TOTAL REVENUES	-	-	287,033	287,033
EXPENDITURES				
Current				
Public safety	201,807	233,807	233,111	696
NET CHANGE IN FUND BALANCE	(201,807)	(233,807)	53,922	287,729
Fund balance, beginning of year	434,796	434,796	434,796	-
Fund balance, end of year	<u>\$ 232,989</u>	<u>\$ 200,989</u>	<u>\$ 488,718</u>	<u>\$ 287,729</u>

**CITY OF KALAMAZOO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)**  
**YEAR ENDED DECEMBER 31, 2022**

<u>Kalamazoo Municipal Golf Association Fund</u>				
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 1,970,000	\$ 2,500,000	\$ 2,776,048	\$ 276,048
EXPENDITURES				
Current				
Recreation and culture	1,803,600	2,333,600	2,485,894	(152,294)
Debt service				
Principal	18,900	18,900	137,112	(118,212)
Interest and fiscal charges	2,100	2,100	21,338	(19,238)
Capital outlay	-	-	1,077,964	(1,077,964)
TOTAL EXPENDITURES	1,824,600	2,354,600	3,722,308	(1,367,708)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	145,400	145,400	(946,260)	(1,091,660)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	1,169,507	1,169,507
Bond premium	-	-	34,498	34,498
Transfers out	(145,400)	(145,400)	(145,303)	97
TOTAL OTHER FINANCING SOURCES (USES)	(145,400)	(145,400)	1,058,702	1,204,102
NET CHANGE IN FUND BALANCE	-	-	112,442	112,442
Fund balance, beginning of year	58,153	58,153	58,153	-
Fund balance, end of year	\$ 58,153	\$ 58,153	\$ 170,595	\$ 112,442

## NONMAJOR DEBT SERVICE FUNDS

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

**Michigan Transportation Fund** - The Michigan Transportation Fund is used to account for the debt service activity of the Michigan Transportation Fund bond issues. Financing is provided by transfers from the Major and Local Streets Special Revenue Funds.

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

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

**CITY OF KALAMAZOO  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2022**

	Building Authority Debt Service	Michigan Transportation Fund	General Debt Service	OPEB Bond Debt Service	Total
ASSETS					
Cash and cash equivalents	\$ 91,496	\$ -	\$ 1,000	\$ -	\$ 92,496
Due from other governmental units	-	-	-	3,652,290	3,652,290
<b>TOTAL ASSETS</b>	<b>\$ 91,496</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 3,652,290</b>	<b>\$ 3,744,786</b>
LIABILITIES					
Due to other funds	\$ 1,065	\$ -	\$ -	\$ -	\$ 1,065
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	3,652,290	3,652,290
FUND BALANCES					
Restricted	90,431	-	1,000	-	91,431
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 91,496</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 3,652,290</b>	<b>\$ 3,744,786</b>



**CITY OF KALAMAZOO  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022**

	Building Authority Debt Service	Michigan Transportation Fund	General Debt Service	OPEB Bond Debt Service	Total
REVENUES					
Interest and rents	\$ 811,925	\$ -	\$ -	\$ -	\$ 811,925
Other	-	-	187,400	266,314	453,714
TOTAL REVENUES	811,925	-	187,400	266,314	1,265,639
EXPENDITURES					
Debt service					
Principal	1,275,000	330,000	5,545,000	1,665,634	8,815,634
Interest and fiscal charges	395,730	2,360	2,212,115	2,660,540	5,270,745
TOTAL EXPENDITURES	1,670,730	332,360	7,757,115	4,326,174	14,086,379
EXCESS OF REVENUES (UNDER) EXPENDITURES	(858,805)	(332,360)	(7,569,715)	(4,059,860)	(12,820,740)
OTHER FINANCING SOURCES					
Transfers in	892,950	332,360	7,570,655	4,059,860	12,855,825
NET CHANGE IN FUND BALANCES	34,145	-	940	-	35,085
Fund balances, beginning of year	56,286	-	60	-	56,346
Fund balances, end of year	\$ 90,431	\$ -	\$ 1,000	\$ -	\$ 91,431

## **NONMAJOR CAPITAL PROJECTS FUNDS**

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

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

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

**CITY OF KALAMAZOO  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2022**

	Cork Street Landfill Cap Construction	Capital Improvement Projects	Streets Jurisdiction Transfer	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 4,708,428	\$ 2,842,070	\$ 7,550,498
Cash and cash equivalents - restricted	496,403	10,711,957	-	11,208,360
Investments	-	-	3,302,878	3,302,878
Receivables				
Accounts	34,543	-	-	34,543
Interest	-	-	8,893	8,893
Leases	-	98,683	-	98,683
Due from other funds	-	522,406	-	522,406
Due from other governmental units	-	330,000	-	330,000
<b>TOTAL ASSETS</b>	<u>\$ 530,946</u>	<u>\$ 16,371,474</u>	<u>\$ 6,153,841</u>	<u>\$ 23,056,261</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,882,312	\$ -	\$ 1,882,312
Due to other funds	527,059	700	1,058,121	1,585,880
Unearned revenue	-	1,000,215	-	1,000,215
<b>TOTAL LIABILITIES</b>	<u>527,059</u>	<u>2,883,227</u>	<u>1,058,121</u>	<u>4,468,407</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	48,242	-	48,242
Lease related	-	97,646	-	97,646
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>145,888</u>	<u>-</u>	<u>145,888</u>
<b>FUND BALANCES</b>				
Restricted	<u>3,887</u>	<u>13,342,359</u>	<u>5,095,720</u>	<u>18,441,966</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 530,946</u>	<u>\$ 16,371,474</u>	<u>\$ 6,153,841</u>	<u>\$ 23,056,261</u>

**CITY OF KALAMAZOO**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2022**

	Cork Street Landfill Cap Construction	Capital Improvement Projects	Streets Jurisdiction Transfer	Total
REVENUES				
Intergovernmental	\$ -	\$ 30,000	\$ -	\$ 30,000
Interest and rents	3,887	226,047	(127,095)	102,839
Other				
Donations and contributions	-	595,362	-	595,362
Other	-	372,850	-	372,850
TOTAL REVENUES	3,887	1,224,259	(127,095)	1,101,051
EXPENDITURES				
Capital outlay	-	9,808,515	-	9,808,515
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,887	(8,584,256)	(127,095)	(8,707,464)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	7,745,000	-	7,745,000
Bond premium	-	644,427	-	644,427
Transfers in	-	5,652,000	-	5,652,000
Transfers out	-	(4,364,913)	(1,885,297)	(6,250,210)
TOTAL OTHER FINANCING SOURCES (USES)	-	9,676,514	(1,885,297)	7,791,217
NET CHANGE IN FUND BALANCES	3,887	1,092,258	(2,012,392)	(916,247)
Fund balances, beginning of year	-	12,250,101	7,108,112	19,358,213
Fund balances, end of year	\$ 3,887	\$ 13,342,359	\$ 5,095,720	\$ 18,441,966

## **NONMAJOR PERMANENT FUNDS**

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

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

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

**CITY OF KALAMAZOO  
NONMAJOR PERMANENT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2022**

	Cemetery Perpetual Care	Recreation Endowment	Parks Endowment	Total
ASSETS				
Cash and cash equivalents	\$ 61,649	\$ -	\$ -	\$ 61,649
Investments	3,395,326	-	-	3,395,326
Investments with agents	-	1,574,065	1,633,217	3,207,282
Accounts receivable	488	-	-	488
Due from other funds	525	-	-	525
TOTAL ASSETS	<u>\$ 3,457,988</u>	<u>\$ 1,574,065</u>	<u>\$ 1,633,217</u>	<u>\$ 6,665,270</u>
LIABILITIES				
Due to other funds	\$ 47	\$ -	\$ -	\$ 47
FUND BALANCES				
Nonspendable	1,735,160	937,206	955,198	3,627,564
Restricted	1,722,781	636,859	678,019	3,037,659
TOTAL FUND BALANCES	<u>3,457,941</u>	<u>1,574,065</u>	<u>1,633,217</u>	<u>6,665,223</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,457,988</u>	<u>\$ 1,574,065</u>	<u>\$ 1,633,217</u>	<u>\$ 6,665,270</u>

**CITY OF KALAMAZOO  
NONMAJOR PERMANENT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022**

	Cemetery Perpetual Care	Recreation Endowment	Parks Endowment	Total
REVENUES				
Charges for services	\$ 53,377	\$ -	\$ -	\$ 53,377
Interest and dividends	(541,198)	(230,808)	(241,716)	(1,013,722)
TOTAL REVENUES	(487,821)	(230,808)	(241,716)	(960,345)
EXPENDITURES				
Current				
Public works	20,100	-	-	20,100
Parks and recreation	-	84,625	47,125	131,750
TOTAL EXPENDITURES	20,100	84,625	47,125	151,850
EXCESS OF REVENUES (UNDER) EXPENDITURES	(507,921)	(315,433)	(288,841)	(1,112,195)
OTHER FINANCING (USES)				
Transfers out	(324,312)	-	-	(324,312)
NET CHANGE IN FUND BALANCES	(832,233)	(315,433)	(288,841)	(1,436,507)
Fund balances, beginning of year	4,290,174	1,889,498	1,922,058	8,101,730
Fund balances, end of year	\$ 3,457,941	\$ 1,574,065	\$ 1,633,217	\$ 6,665,223

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

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

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



**CITY OF KALAMAZOO**  
**PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	Employees' Retirement System	Other Post- Employment Benefits	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 169,587	\$ 20,246	\$ 189,833
Investments			
U.S. Treasuries	45,241,438	6,884,765	52,126,203
Corporate bonds	61,527,879	9,363,208	70,891,087
Municipal bonds	144,709	22,022	166,731
Collateralized mortgage obligations	52,305,547	7,959,769	60,265,316
Equity mutual funds	470,444,779	71,591,488	542,036,267
Real estate mutual funds	39,346,342	5,987,659	45,334,001
Receivables			
Interest and dividends	1,037,733	158,076	1,195,809
Investments sold	3,556,014	541,149	4,097,163
<b>TOTAL ASSETS</b>	<b>673,774,028</b>	<b>102,528,382</b>	<b>776,302,410</b>
<b>LIABILITIES</b>			
Accounts payable	43,573	637,015	680,588
<b>NET POSITION</b>			
Restricted for pension and OPEB	<u>\$ 673,730,455</u>	<u>\$ 101,891,367</u>	<u>\$ 775,621,822</u>

**CITY OF KALAMAZOO**  
**PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2022**

	Employees' Retirement System	Other Post- Employment Benefits	Total
ADDITIONS TO NET POSITION			
Investment income			
Change in fair value of investments	\$ (117,065,647)	\$ (17,702,215)	\$ (134,767,862)
Interest	4,879,656	737,507	5,617,163
Dividends	14,772,097	2,242,429	17,014,526
Total investment income	(97,413,894)	(14,722,279)	(112,136,173)
Less investment expense	(2,057,482)	(315,470)	(2,372,952)
Net investment income	(99,471,376)	(15,037,749)	(114,509,125)
Contributions			
Employer	-	3,500,000	3,500,000
Plan members	1,443,448	992,253	2,435,701
Total contributions	1,443,448	4,492,253	5,935,701
TOTAL ADDITIONS TO NET POSITION	(98,027,928)	(10,545,496)	(108,573,424)
DEDUCTIONS FROM NET POSITION			
Benefits	33,430,918	8,189,944	41,620,862
Refunds of contributions	143,805	-	143,805
Administrative expenses	302,840	117,962	420,802
Miscellaneous expenses	288,849	-	288,849
TOTAL DEDUCTIONS	34,166,412	8,307,906	42,474,318
CHANGE IN NET POSITION	(132,194,340)	(18,853,402)	(151,047,742)
Net position, beginning of year	805,924,795	120,744,769	926,669,564
Net position, end of year	\$ 673,730,455	\$ 101,891,367	\$ 775,621,822

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
BALANCE SHEET - ECONOMIC DEVELOPMENT CORPORATION  
DECEMBER 31, 2022**

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 417,639
Due from other governmental units	<u>188,089</u>
TOTAL ASSETS	<u><u>\$ 605,728</u></u>
LIABILITIES	
Due to other governmental units	\$ 3,662
Unearned revenue	<u>25,329</u>
TOTAL LIABILITIES	28,991
FUND BALANCE	
Restricted	162,377
Unassigned	<u>414,360</u>
TOTAL FUND BALANCE	<u>576,737</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 605,728</u></u>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -  
ECONOMIC DEVELOPMENT CORPORATION  
DECEMBER 31, 2022**

<b>Total fund balance - governmental fund</b>	\$ 576,737
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Amounts reported for governmental activities in the statement of net position are different because:

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

Compensated absences	<u>(1,536)</u>
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<b>Net position of governmental activities</b>	<u><u>\$ 575,201</u></u>
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**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
ECONOMIC DEVELOPMENT CORPORATION  
YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>
REVENUES	
Intergovernmental	<u>\$ 162,760</u>
EXPENDITURES	
Current	
Community and economic development	<u>35,018</u>
NET CHANGE IN FUND BALANCE	127,742
Fund balance, beginning of year	<u>448,995</u>
Fund balance, end of year	<u><u>\$ 576,737</u></u>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES -  
ECONOMIC DEVELOPMENT CORPORATION  
YEAR ENDED DECEMBER 31, 2022**

<b>Net change in fund balance - governmental fund</b>	<b>\$ 127,742</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Change in compensated absences	<u>(286)</u>
<b>Change in net position of governmental activities</b>	<b><u><u>\$ 127,456</u></u></b>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
BALANCE SHEET - BROWNFIELD REDEVELOPMENT AUTHORITY  
DECEMBER 31, 2022**

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 4,558,093
Investments	2,624,619
Receivables	
Accounts	4,275
Taxes	96,851
Notes	719,620
Due from other governmental units	240
Advance to developers	<u>500,000</u>
TOTAL ASSETS	<u><u>\$ 8,503,698</u></u>
LIABILITIES	
Accounts payable	\$ 86,361
Due to other governmental units	435,604
Advance from other governmental units	587,895
Unearned revenue	<u>31,180</u>
TOTAL LIABILITIES	<u>1,141,040</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>96,851</u>
FUND BALANCE	
Nonspendable	631,725
Assigned	160,785
Unassigned	<u>6,473,297</u>
TOTAL FUND BALANCE	<u>7,265,807</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 8,503,698</u></u>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -  
BROWNFIELD REDEVELOPMENT AUTHORITY  
DECEMBER 31, 2022**

<b>Total fund balance - governmental fund</b>	<b>\$ 7,265,807</b>
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Amounts reported for governmental activities in the statement of net position are different because:

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

Unavailable revenue	96,851
---------------------	--------

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

Loans payable	\$ (468,203)	
Compensated absences	<u>(8,846)</u>	
		<u>(477,049)</u>

<b>Net position of governmental activities</b>	<b><u><u>\$ 6,885,609</u></u></b>
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**CITY OF KALAMAZOO**  
**DISCRETELY PRESENTED COMPONENT UNIT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BROWNFIELD REDEVELOPMENT AUTHORITY**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>
REVENUES	
Taxes	\$ 3,016,258
Intergovernmental	1,849
Interest	(56,737)
Other	<u>621,995</u>
TOTAL REVENUES	<u>3,583,365</u>
EXPENDITURES	
Current	
Community and economic development	2,013,939
Debt service	<u>68,351</u>
TOTAL EXPENDITURES	<u>2,082,290</u>
NET CHANGE IN FUND BALANCE	1,501,075
Fund balance, beginning of year	<u>5,764,732</u>
Fund balance, end of year	<u><u>\$ 7,265,807</u></u>

**CITY OF KALAMAZOO  
DISCRETELY PRESENTED COMPONENT UNIT FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES -  
BROWNFIELD REDEVELOPMENT AUTHORITY  
YEAR ENDED DECEMBER 31, 2022**

<b>Net change in fund balance - governmental fund</b>	<b>\$ 1,501,075</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Change in unavailable revenue	95,968
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Loan repayments	65,823
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund. These activities consist of:

Change in compensated absences	<u>(1,260)</u>
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<b>Change in net position of governmental activities</b>	<b><u><u>\$ 1,661,606</u></u></b>
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## STATISTICAL SECTION

This part of the City of Kalamazoo's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends.....	180-184
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	185-188
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity.....	189-197
<i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information .....	198-199
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information.....	200-204
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Supplementary Schedules .....	205-240

**TABLE 1**

**CITY OF KALAMAZOO  
NET POSITION BY COMPONENT  
2013-2022  
(UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 123,492,323	\$ 122,338,669	\$ 121,402,730	\$ 122,361,164	\$ 120,389,124	\$ 122,213,595	\$ 124,191,725	\$ 126,527,295	\$ 133,948,050	\$ 137,752,770
Restricted	14,512,704	15,031,494	13,951,012	14,937,512	22,611,812	29,541,823	46,788,941	196,897,575	224,313,087	150,104,809
Unrestricted	<u>(42,557,926)</u>	<u>(46,283,678)</u>	<u>84,120,446</u>	<u>85,140,274</u>	<u>93,207,875</u>	<u>31,002,648</u>	<u>15,099,509</u>	<u>(145,782,756)</u>	<u>(189,827,472)</u>	<u>(37,683,258)</u>
Total governmental activities net position	<u>\$ 95,447,101</u>	<u>\$ 91,086,485</u>	<u>\$ 219,474,188</u>	<u>\$ 222,438,950</u>	<u>\$ 236,208,811</u>	<u>\$ 182,758,066</u>	<u>\$ 186,080,175</u>	<u>\$ 177,642,114</u>	<u>\$ 168,433,665</u>	<u>\$ 250,174,321</u>
Business-type activities										
Net investment in capital assets	\$ 145,375,261	\$ 143,182,090	\$ 141,668,888	\$ 140,434,583	\$ 144,557,184	\$ 145,972,507	\$ 148,065,618	\$ 153,783,289	\$ 168,863,713	\$ 165,139,867
Restricted	2,831,960	2,454,033	2,164,039	2,094,054	2,089,731	2,811,148	4,112,996	38,299,446	41,448,296	33,038,482
Unrestricted	<u>15,684,847</u>	<u>16,092,853</u>	<u>48,245,428</u>	<u>49,851,898</u>	<u>45,467,985</u>	<u>22,705,613</u>	<u>14,617,705</u>	<u>(15,864,683)</u>	<u>(22,290,647)</u>	<u>20,436,193</u>
Total business-type activities net position	<u>\$ 163,892,068</u>	<u>\$ 161,728,976</u>	<u>\$ 192,078,355</u>	<u>\$ 192,380,535</u>	<u>\$ 192,114,900</u>	<u>\$ 171,489,268</u>	<u>\$ 166,796,319</u>	<u>\$ 176,218,052</u>	<u>\$ 188,021,362</u>	<u>\$ 218,614,542</u>
Primary government										
Net investment in capital assets	\$ 268,867,584	\$ 265,520,759	\$ 263,071,618	\$ 262,795,747	\$ 264,946,308	\$ 268,186,102	\$ 272,257,343	\$ 280,310,584	\$ 302,811,763	\$ 302,892,637
Restricted	17,344,664	17,485,527	16,115,051	17,031,566	24,701,543	32,352,971	50,901,937	235,197,021	265,761,383	183,143,291
Unrestricted	<u>(26,873,079)</u>	<u>(30,190,825)</u>	<u>132,365,874</u>	<u>134,992,172</u>	<u>138,675,860</u>	<u>53,708,261</u>	<u>29,717,214</u>	<u>(161,647,439)</u>	<u>(212,118,119)</u>	<u>(17,247,065)</u>
Total primary government net position	<u>\$ 259,339,169</u>	<u>\$ 252,815,461</u>	<u>\$ 411,552,543</u>	<u>\$ 414,819,485</u>	<u>\$ 428,323,711</u>	<u>\$ 354,247,334</u>	<u>\$ 352,876,494</u>	<u>\$ 353,860,166</u>	<u>\$ 356,455,027</u>	<u>\$ 468,788,863</u>

TABLE 2

**CITY OF KALAMAZOO  
CHANGES IN NET POSITION  
2013-2022  
(UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities										
General government	\$ 8,416,014	\$ 9,930,643	\$ 8,766,309	\$ 5,721,625	\$ 3,749,149	\$ 14,756,851	\$ 13,337,417	\$ 5,421,764	\$ 13,435,805	\$ 26,339,275
Public safety	36,060,961	34,662,862	41,688,680	35,180,743	37,129,688	48,251,573	44,946,326	57,333,724	63,817,583	(21,635,209)
Public works	18,023,279	17,534,605	17,745,839	14,953,810	15,533,907	17,056,118	21,434,101	18,381,668	15,924,730	4,271,336
Health and welfare	-	-	-	-	-	-	-	-	-	3,443,553
Community and economic development	5,056,773	4,718,105	6,429,186	4,500,102	4,536,753	11,683,998	9,779,012	13,505,444	14,348,148	7,179,295
Recreation and culture	2,589,433	3,054,139	2,026,717	2,100,881	3,168,551	4,039,342	6,299,389	4,954,960	909,314	3,281,776
Interest on long-term debt	2,169,930	2,189,831	4,626,913	4,735,609	5,174,409	4,700,844	4,630,744	4,756,337	4,765,099	4,886,375
Total governmental activities expenses	<u>72,316,390</u>	<u>72,090,185</u>	<u>81,283,644</u>	<u>67,192,770</u>	<u>69,292,457</u>	<u>100,488,726</u>	<u>100,426,989</u>	<u>104,353,897</u>	<u>113,200,679</u>	<u>27,766,401</u>
Business-type activities										
Wastewater	22,461,092	22,214,421	21,637,512	21,294,272	21,035,419	26,827,856	29,961,234	32,304,437	32,768,446	19,692,234
Water	14,019,746	14,617,217	16,069,239	15,953,040	15,509,780	19,978,024	21,391,499	23,330,783	26,787,065	16,678,316
Other	<u>1,616,741</u>	<u>1,638,861</u>	<u>1,704,812</u>	<u>1,714,755</u>	<u>1,676,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities expenses	<u>38,097,579</u>	<u>38,470,499</u>	<u>39,411,563</u>	<u>38,962,067</u>	<u>38,221,952</u>	<u>46,805,880</u>	<u>51,352,733</u>	<u>55,635,220</u>	<u>59,555,511</u>	<u>36,370,550</u>
Total primary government expenses	<u>\$ 110,413,969</u>	<u>\$ 110,560,684</u>	<u>\$ 120,695,207</u>	<u>\$ 106,154,837</u>	<u>\$ 107,514,409</u>	<u>\$ 147,294,606</u>	<u>\$ 151,779,722</u>	<u>\$ 159,989,117</u>	<u>\$ 172,756,190</u>	<u>\$ 64,136,951</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 10,880,322	\$ 11,316,006	\$ 10,972,764	\$ 7,581,047	\$ 7,798,637	\$ 7,020,944	\$ 8,785,840	\$ 9,946,432	\$ 10,336,312	\$ 9,005,465
Community development and planning	1,525,283	1,471,008	1,668,372	1,573,669	1,686,416	1,955,984	2,072,539	1,741,114	2,142,154	1,836,582
Other	1,029,481	1,052,534	1,241,443	1,805,820	2,653,944	4,682,641	4,485,685	3,470,210	3,976,183	6,943,895
Operating grants and contributions	11,661,313	12,679,339	13,957,992	14,323,779	33,765,675	45,961,378	41,823,581	45,878,127	46,975,411	51,550,791
Capital grants and contributions	<u>5,744</u>	<u>6,618</u>	<u>43,390</u>	<u>10,944</u>	<u>18,008</u>	<u>9,077</u>	<u>8,958,293</u>	<u>535,170</u>	<u>1,242,023</u>	<u>1,017,974</u>
Total governmental activities program revenues	<u>25,102,143</u>	<u>26,525,505</u>	<u>27,883,961</u>	<u>25,295,259</u>	<u>45,922,680</u>	<u>59,630,024</u>	<u>66,125,938</u>	<u>61,571,053</u>	<u>64,672,083</u>	<u>70,354,707</u>
Business-type activities										
Charges for services										
Wastewater	21,111,243	20,758,450	19,819,546	19,599,234	15,736,474	20,836,363	23,805,086	23,954,176	25,836,935	33,208,124
Water	13,480,979	12,948,883	14,348,122	15,451,374	16,726,191	17,471,819	18,616,280	21,938,383	23,993,959	29,498,227
Other	<u>1,628,563</u>	<u>1,566,381</u>	<u>1,695,902</u>	<u>1,674,904</u>	<u>1,706,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating grants and contributions	212,011	155,215	90,507	131,334	36,855	1,646,220	860,080	2,111,355	118,137	535,666
Capital grants and contributions	<u>1,834,883</u>	<u>870,240</u>	<u>3,154,597</u>	<u>2,130,600</u>	<u>3,186,467</u>	<u>2,734,745</u>	<u>1,857,181</u>	<u>9,594,948</u>	<u>20,441,810</u>	<u>3,526,902</u>
Total business-type activities program revenues	<u>38,267,679</u>	<u>36,299,169</u>	<u>39,108,674</u>	<u>38,987,446</u>	<u>37,392,732</u>	<u>42,689,147</u>	<u>45,138,627</u>	<u>57,598,862</u>	<u>70,390,841</u>	<u>66,768,919</u>
Total primary government program revenues	<u>\$ 63,369,822</u>	<u>\$ 62,824,674</u>	<u>\$ 66,992,635</u>	<u>\$ 64,282,705</u>	<u>\$ 83,315,412</u>	<u>\$ 102,319,171</u>	<u>\$ 111,264,565</u>	<u>\$ 119,169,915</u>	<u>\$ 135,062,924</u>	<u>\$ 137,123,626</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (47,214,247)	\$ (45,564,680)	\$ (53,399,683)	\$ (41,046,743)	\$ (23,369,777)	\$ (40,858,702)	\$ (34,301,051)	\$ (42,782,844)	\$ (48,528,596)	\$ 42,588,306
Business-type activities	<u>170,100</u>	<u>(2,171,330)</u>	<u>(302,889)</u>	<u>25,379</u>	<u>(829,220)</u>	<u>(4,116,733)</u>	<u>(6,214,106)</u>	<u>1,963,642</u>	<u>10,835,330</u>	<u>30,398,369</u>
Total primary government net expense	<u>\$ (47,044,147)</u>	<u>\$ (47,736,010)</u>	<u>\$ (53,702,572)</u>	<u>\$ (41,021,364)</u>	<u>\$ (24,198,997)</u>	<u>\$ (44,975,435)</u>	<u>\$ (40,515,157)</u>	<u>\$ (40,819,202)</u>	<u>\$ (37,693,266)</u>	<u>\$ 72,986,675</u>

TABLE 2

**CITY OF KALAMAZOO**  
**CHANGES IN NET POSITION (CONCLUDED)**  
**2013-2022**  
**(UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
General revenues										
Property taxes	\$ 31,011,014	\$ 31,834,240	\$ 32,085,449	\$ 34,350,331	\$ 24,802,341	\$ 22,927,422	\$ 23,498,110	\$ 24,628,307	\$ 25,268,136	\$ 26,706,218
Grants and contributions not restricted to specific programs	8,851,208	8,441,077	8,505,032	8,563,853	9,046,844	10,355,402	11,303,841	9,115,496	10,442,055	11,237,359
Unrestricted investment earnings	1,438,503	672,910	74,925	997,789	1,913,430	43,192	3,191,077	538,957	1,813,305	843,157
Gain on sale of assets	7,800	74,590	31,638	8,850	1,487,317	1,485,625	69,257	14,980	2,961	97,433
Other	219,059	167,497	118,374	90,682	111,987	276,267	213,867	425,043	445,888	196,183
Transfers - internal activities	(50,000)	-	-	-	(222,281)	(831,618)	(652,992)	(378,000)	(378,000)	(378,000)
Total governmental activities	<u>41,477,584</u>	<u>41,190,314</u>	<u>40,815,418</u>	<u>44,011,505</u>	<u>37,139,638</u>	<u>34,256,290</u>	<u>37,623,160</u>	<u>34,344,783</u>	<u>37,594,345</u>	<u>38,702,350</u>
Business-type activities										
Unrestricted investment earnings	48,810	56,253	111,566	124,116	182,701	432,037	723,717	280,428	115,869	(245,333)
Gain on sale of assets	168,408	(98,631)	-	4,008	25,605	37,839	29,641	38,839	107,726	1,103
Legal settlement	-	-	-	-	-	-	-	5,400,000	-	-
Other	170,578	50,616	105,932	148,677	132,998	166,174	114,807	309,232	366,385	61,041
Transfers - internal activities	50,000	-	-	-	222,281	831,618	652,992	378,000	378,000	378,000
Total business-type activities	<u>437,796</u>	<u>8,238</u>	<u>217,498</u>	<u>276,801</u>	<u>563,585</u>	<u>1,467,668</u>	<u>1,521,157</u>	<u>6,406,499</u>	<u>967,980</u>	<u>194,811</u>
Total primary government	<u>\$ 41,915,380</u>	<u>\$ 41,198,552</u>	<u>\$ 41,032,916</u>	<u>\$ 44,288,306</u>	<u>\$ 37,703,223</u>	<u>\$ 35,723,958</u>	<u>\$ 39,144,317</u>	<u>\$ 40,751,282</u>	<u>\$ 38,562,325</u>	<u>\$ 38,897,161</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (5,736,663)	\$ (4,360,616)	\$ (12,584,265)	\$ 2,964,762	\$ 13,769,861	\$ (6,602,412)	\$ 3,322,109	\$ (8,438,061)	\$ (10,934,251)	\$ 81,290,656
Business-type activities	607,896	(2,163,092)	(85,391)	302,180	(265,635)	(2,649,065)	(4,692,949)	8,370,141	11,803,310	30,593,180
Total primary government	<u>\$ (5,128,767)</u>	<u>\$ (6,523,708)</u>	<u>\$ (12,669,656)</u>	<u>\$ 3,266,942</u>	<u>\$ 13,504,226</u>	<u>\$ (9,251,477)</u>	<u>\$ (1,370,840)</u>	<u>\$ (67,920)</u>	<u>\$ 869,059</u>	<u>\$ 111,883,836</u>

TABLE 3

**CITY OF KALAMAZOO  
FUND BALANCES  
GOVERNMENTAL FUNDS  
2013-2022  
(UNAUDITED)  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 637,833	\$ 1,339,401	\$ 1,212,622	\$ 1,145,445	\$ 1,166,644	\$ 1,230,482	\$ 1,230,482	\$ 2,482,065	\$ 2,743,017	\$ 3,014,964
Restricted	-	-	-	-	-	-	-	-	-	166,335
Committed	-	-	-	-	-	-	-	-	-	202,168
Assigned	922,527	403,248	3,459,061	2,703,090	407,342	1,347,804	1,347,804	1,012,279	2,263,295	2,076,278
Unassigned	3,921,706	5,975,442	6,533,218	8,120,863	10,812,051	9,244,320	9,244,320	12,277,493	12,638,766	11,260,233
Total general fund	<u>\$ 5,482,066</u>	<u>\$ 7,718,091</u>	<u>\$ 11,204,901</u>	<u>\$ 11,969,398</u>	<u>\$ 12,386,037</u>	<u>\$ 11,822,606</u>	<u>\$ 11,822,606</u>	<u>\$ 15,771,837</u>	<u>\$ 17,645,078</u>	<u>\$ 16,719,978</u>
All other governmental funds										
Nonspendable	\$ 7,774,612	\$ 7,286,926	\$ 5,628,997	\$ 5,815,832	\$ 3,880,499	\$ 4,708,506	\$ 4,708,506	\$ 4,727,448	\$ 4,210,613	\$ 8,045,457
Restricted	9,264,935	10,133,623	9,337,109	10,320,453	18,794,512	24,934,188	24,934,188	46,851,013	54,901,201	51,753,103
Committed	2,864,507	1,660,293	1,741,297	841,999	2,002,503	2,037,803	2,037,803	1,396,746	2,123,900	1,532,689
Total all other governmental funds	<u>\$ 19,904,054</u>	<u>\$ 19,080,842</u>	<u>\$ 16,707,403</u>	<u>\$ 16,978,284</u>	<u>\$ 24,677,514</u>	<u>\$ 31,680,497</u>	<u>\$ 31,680,497</u>	<u>\$ 52,975,207</u>	<u>\$ 61,235,714</u>	<u>\$ 61,331,249</u>

TABLE 4

**CITY OF KALAMAZOO  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
2013-2022  
(UNAUDITED)  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Property taxes and special assessments	\$ 31,172,950	\$ 31,922,256	\$ 32,258,838	\$ 34,350,331	\$ 24,802,341	\$ 22,927,423	\$ 23,836,445	\$ 24,652,041	\$ 25,329,203	\$ 27,418,999
Licenses and permits	2,060,482	2,183,405	2,464,874	2,401,934	2,467,735	2,709,592	2,786,500	2,460,132	2,844,543	2,751,717
Intergovernmental revenue	18,992,137	19,362,091	20,836,848	21,252,260	23,524,707	26,256,483	35,456,567	28,999,795	30,709,121	34,140,436
Charges for services	9,173,002	9,571,894	10,283,027	10,565,330	9,664,577	11,090,392	11,556,318	11,793,440	12,563,757	12,337,376
Fines and forfeits	262,385	529,900	222,239	244,278	154,511	215,587	66,726	126,869	191,048	371,556
Interest and rents	2,936,162	2,568,116	2,064,308	1,832,803	1,961,057	1,987,803	3,192,420	1,292,139	2,675,019	2,059,744
Net investment earnings	1,053,215	191,328	(349,763)	585,136	840,048	(754,813)	643,463	-	-	-
Other revenue										
Donations and contributions	-	-	-	-	19,775,051	29,094,726	27,253,766	25,502,915	27,634,839	28,593,476
Other	1,129,797	1,434,156	1,363,588	1,257,290	2,505,971	2,613,642	1,415,191	1,366,097	1,358,567	1,287,533
<b>Total revenues</b>	<b>66,780,130</b>	<b>67,763,146</b>	<b>69,143,959</b>	<b>72,489,362</b>	<b>85,695,998</b>	<b>96,140,835</b>	<b>106,207,396</b>	<b>96,193,428</b>	<b>103,306,097</b>	<b>108,960,837</b>
<b>Expenditures</b>										
Current Expenditures										
General government	6,615,189	6,643,957	7,194,591	7,341,895	9,157,348	10,607,154	11,099,230	12,450,620	12,971,708	21,071,594
Public safety	32,188,577	32,709,081	29,206,949	30,528,266	31,105,681	33,482,897	33,488,526	34,087,818	33,137,382	36,531,599
Public works	14,955,973	14,961,783	14,532,464	14,790,370	17,129,352	17,625,761	17,718,363	19,073,957	20,517,972	15,221,020
Health and welfare	-	-	-	-	-	-	-	-	-	2,794,302
Community and economic development	4,682,899	4,653,737	5,410,168	4,231,956	4,012,858	10,283,249	9,862,013	11,278,596	14,311,847	9,313,320
Recreation and culture	2,129,592	2,222,040	2,133,438	2,412,924	3,300,482	5,033,609	5,819,733	4,627,442	5,843,745	5,457,213
Other	2,793,985	2,254,801	2,261,078	4,789,158	3,660,911	3,694,424	3,882,174	3,795,578	4,055,619	-
Debt service										
Principal	5,928,958	5,606,130	6,023,928	6,358,284	6,903,019	6,960,929	6,928,137	7,601,761	8,166,132	9,572,162
Interest and fiscal charges	2,332,509	2,211,867	4,423,291	4,658,360	4,816,081	4,822,209	4,804,497	4,940,694	5,182,682	5,359,101
Capital outlay	2,123,126	1,595,160	2,546,759	2,072,309	6,019,394	5,847,792	5,447,404	4,830,724	5,180,605	22,422,842
<b>Total expenditures</b>	<b>73,750,808</b>	<b>72,858,556</b>	<b>73,732,666</b>	<b>77,183,522</b>	<b>86,105,126</b>	<b>98,358,024</b>	<b>99,050,077</b>	<b>102,687,190</b>	<b>109,367,692</b>	<b>127,743,153</b>
Excess (deficiency) of revenues over expenditures	(6,970,678)	(5,095,410)	(4,588,707)	(4,694,160)	(409,128)	(2,217,189)	7,157,319	(6,493,762)	(6,061,595)	(18,782,316)
<b>Other financing sources (uses)</b>										
Transfers in	11,376,270	11,702,851	13,303,995	13,901,129	14,184,803	21,289,956	21,030,157	21,241,047	23,563,294	24,547,204
Transfers out	(10,485,854)	(9,389,594)	(12,778,406)	(13,901,129)	(14,407,084)	(20,766,485)	(19,205,149)	(20,169,051)	(22,491,298)	(23,475,208)
Issuance of long-term debt	4,000,000	5,510,000	21,035,000	7,135,000	7,895,000	7,750,000	8,688,665	12,600,000	16,885,000	14,409,507
Issuance of refunding debt	-	-	-	-	3,780,000	-	-	-	-	-
Issuance of OPEB debt	-	-	66,995,633	-	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-	-	-	-	713,168
Payments to advance refunding escrow agent	-	(1,336,964)	(16,821,549)	(2,156,567)	(3,722,683)	-	-	(2,428,136)	(6,090,000)	-
Bond premium (discount)	80,115	21,930	933,117	751,105	794,961	383,270	1,580,851	1,242,000	2,602,545	1,380,080
<b>Total other financing sources (uses)</b>	<b>4,970,531</b>	<b>6,508,223</b>	<b>72,667,790</b>	<b>5,729,538</b>	<b>8,524,997</b>	<b>8,656,741</b>	<b>12,094,524</b>	<b>12,485,860</b>	<b>14,469,541</b>	<b>17,574,751</b>
<b>Special items</b>										
Contribution to OPEB trust	-	-	(66,965,712)	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ (2,000,147)</b>	<b>\$ 1,412,813</b>	<b>\$ 1,113,371</b>	<b>\$ 1,035,378</b>	<b>\$ 8,115,869</b>	<b>\$ 6,439,552</b>	<b>\$ 19,251,843</b>	<b>\$ 5,992,098</b>	<b>\$ 8,407,946</b>	<b>\$ (1,207,565)</b>



TABLE 5

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

Year	Taxable Assessed Value (A)			Total Taxable Assessed Value (A)	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value
	Real	Personal	Industrial and Commercial Subject to Act 198				
2013	\$ 1,260,004,911	\$ 223,183,160	\$ 45,132,312	\$ 1,528,320,383	21.4205	\$ 3,160,534,680	48.4%
2014	1,269,889,280	202,698,640	53,340,534	1,525,928,454	21.4205	3,227,882,104	47.3%
2015	1,293,261,250	209,982,700	53,831,794	1,557,075,744	21.4205	3,310,022,160	47.0%
2016	1,309,987,962	153,133,500	32,866,275	1,495,987,737	21.0705	3,216,646,530	46.5%
2017	1,321,157,164	156,804,200	30,651,422	1,508,612,786	13.8000	3,379,206,496	44.6%
2018	1,378,858,390	153,497,100	22,410,089	1,554,765,579	13.8000	3,458,363,098	45.0%
2019	1,436,532,666	161,537,300	15,894,342	1,613,964,308	13.8000	3,736,212,958	43.2%
2020	1,506,412,301	166,266,600	13,475,178	1,686,154,079	13.8000	4,136,406,164	40.8%
2021	1,573,007,345	170,248,600	7,109,097	1,750,365,042	13.8000	4,411,866,260	39.7%
2022	1,666,450,358	173,854,400	7,058,007	1,847,362,765	13.8000	4,783,746,600	38.6%

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

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

(A) Taxable values include adjustments to the final adopted assessment roll due to Tax Tribunal Judgments, Board of Review decisions and other adjustments affecting the assessment roll or the tax levy as of December 31, 2020. These values do not reflect adjustments for real estate taxes cancelled through foreclosure, or personal property taxes cancelled by the Circuit Court.

TABLE 6

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

Year Ended December 31,	City of Kalamazoo				Overlapping Rates						Totals	
	Operating	Refuse Collection and Disposal	Mass Transportation (D)	Total City Millage (A)	Kalamazoo Public Schools (B)	County (D)	State Education Tax	Kalamazoo Valley Intermediate School District	Kalamazoo Valley Community College	District Library	Non- Homestead	Homestead (C)
2013	19.2705	1.5500	0.6000	21.4205	24.9500	6.7695	6.0000	4.8916	2.8135	3.9583	70.8034	52.8034
2014	19.2705	1.5500	0.6000	21.4205	24.9500	6.7695	6.0000	4.8916	2.8135	3.9583	70.8034	52.8034
2015	19.2705	1.5500	0.6000	21.4205	24.9500	6.8890	6.0000	6.4066	2.8135	3.9583	72.4379	54.4379
2016	19.2705	1.8000	0.0000	21.0705	24.9500	7.6163	6.0000	6.4066	2.8135	3.9583	72.8152	54.8152
2017	12.0000	1.8000	0.0000	13.8000	24.8204	7.5920	6.0000	6.4028	2.8089	3.9487	65.3728	47.5024
2018	12.0000	1.8000	0.0000	13.8000	26.0704	7.8298	6.0000	6.4028	2.8089	3.9487	66.8606	48.9902
2019	12.0000	1.8000	0.0000	13.8000	26.0489	7.8276	6.0000	6.4028	2.8089	3.9487	66.8369	48.9880
2020	12.0000	1.8000	0.0000	13.8000	25.8757	8.4215	6.0000	6.2935	2.7970	3.9213	67.1090	49.4333
2021	12.0000	1.8000	0.0000	13.8000	25.8757	9.0652	6.0000	6.0187	2.7918	3.9117	67.4631	49.7874
2022	12.0000	1.8000	0.0000	13.8000	25.8757	9.1773	6.0000	6.9853	2.7802	3.8999	68.5184	50.8427

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

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

(A) The City's Downtown Development Authority levies an additional \$1.9638 for each \$1,000 of Taxable Value within the City's Downtown Development District.

(B) Kalamazoo Public Schools is the largest school district within the City. Portions of other school districts overlap the City's boundaries. Of those which do, the millage rates for the fiscal year ended December 31, 2020 ranged from \$24.0000 to \$27.0100 for each \$1,000 of Taxable Value. The total tax rates for property owners in these other school districts would differ accordingly.

(C) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or entity. Homestead also includes certain agricultural property, registered life care facilities, and property owned by a cooperative housing corporation and occupied as a Homestead.

TABLE 7

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

Taxpayer	Industry	2022					2012		
		Taxable Value of Property			Rank	(B) Percent of Total	Taxable Assessed Value	Rank	Percent of Total
		Ad Valorem	Abated (A)	Total					
Consumer's Energy	Utility	\$ 84,512,925	\$ -	\$ 84,512,925	1	4.57%	\$ 34,330,218	3	2.20%
Catalyst Development	Real Estate	35,898,491	-	35,898,491	2	1.94%	24,503,083	4	1.57%
Zoetis	Pharmaceuticals	36,517,504	474,973	36,992,477	3	2.00%	85,989,633	1	5.50%
Plaza Corp Properties	Real estate development, property holdings	33,851,455	-	33,851,455	4	1.83%	-		0.00%
MIMG LXVI Drakes Pond, LLC	Apartment Complexes	27,378,004	-	27,378,004	5	1.48%	10,206,400	6	0.65%
Lifecare (Friendship Village)	Retirement Community	17,460,973	-	17,460,973	6	0.95%	10,206,282	7	0.65%
Knollwood Loft, LLC	Apartment Complexes	15,553,263	-	15,553,263	7	0.84%	7,600,100	10	0.49%
Hinman Properties	Real Estate	15,169,071	-	15,169,071	8	0.82%	-		2.83%
Graphic Packaging	Manufacturing	8,819,466	3,972,475	12,791,941	9	0.69%	44,206,872	2	2.83%
Parkway Flats, LLC	Apartment Complexes	12,621,655	-	12,621,655	10	0.68%	-		0.00%
Former Top 10 Taxpayers	Various	-	-	-		0.00%	33,926,219	5, 8, 9	2.17%
		<u>\$ 287,782,807</u>	<u>\$ 4,447,448</u>	<u>\$ 292,230,255</u>		<u>15.82%</u>	<u>\$ 250,968,807</u>		<u>16.06%</u>

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

(A) Represents equivalent taxable value of property granted tax abatement under Acts 198.

(B) The City's total taxable value of \$1,847,362,765 for the year ending December 31, 2022 includes the taxable value of property granted tax abatement under Act 198 and board adjustments. See Table 5 for data on taxable values.

(C) Values are the basis for the 2012 Assessment Roll and the 2012 Tax Roll. The City's Total Taxable Valuation, including Act 198 and Act 255 values totaled \$1,562,414,393.

TABLE 8

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

Year	(A) Total Adjusted Tax Levy	Collection of Current Year's Taxes During Year Levied	Percent of Levy Collected During Year Levied	(B) Collection Subsequent to the Year of Tax Levy	Total Collections	Percent of Total Collections to Tax Levy
2013	\$ 28,847,614	\$ 27,356,314	94.83%	\$ 1,455,479	\$ 28,811,793	99.88%
2014	28,827,524	27,525,133	95.48%	1,094,765	28,619,898	99.28%
2015	29,455,095	28,435,803	96.54%	991,796	29,427,599	99.91%
2016	28,478,647	27,466,876	96.45%	979,189	28,446,065	99.89%
2017	17,919,973	17,441,490	97.33%	454,425	17,895,915	99.87%
2018	18,372,464	17,859,355	97.21%	484,067	18,343,422	99.84%
2019	19,141,882	18,620,712	97.28%	506,856	19,127,568	99.93%
2020	20,036,179	19,557,536	97.61%	460,771	20,018,307	99.91%
2021	20,847,985	19,951,610	95.70%	401,596	20,353,206	97.63%
2022	22,045,564	21,048,148	95.48%	958,757	22,006,905	99.82%

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

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

TABLE 9

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

Year	Governmental Activities					Business-Type Activities				Total Primary Government (B)	Percentage of Personal Income	Per Capita (C)
	General Obligation Bonds (D)	Revenue Bonds	Installment Purchase Contracts	Leases	Special Assessment Bonds (A)	General Obligation Bonds (D)	Revenue Bonds	Installment Purchase Contracts	Leases			
2013	\$ 48,368,335	\$ 4,240,000	\$ -	\$ -	\$ -	\$ 951,665	\$ 30,405,000	\$ -	\$ -	\$ 83,965,000	6.08%	\$ 1,118
2014	48,167,205	3,035,000	-	-	-	972,795	28,105,000	-	-	80,280,000	5.75%	1,063
2015	120,078,542	2,305,000	-	-	-	19,816,696	28,655,000	-	-	170,855,238	11.80%	2,250
2016	119,915,640	1,920,000	-	-	-	19,477,081	26,755,000	-	-	168,067,721	11.49%	2,210
2017	122,372,761	1,615,000	-	-	-	19,117,993	29,820,000	-	-	172,925,754	11.42%	2,281
2018	124,554,024	1,295,000	-	-	-	18,132,151	43,045,000	-	-	187,026,175	11.42%	2,443
2019	127,939,101	975,000	80,463	-	-	18,731,665	60,540,000	274,304	-	208,266,229	11.95%	2,733
2020	131,756,998	655,000	63,554	-	-	20,540,373	88,800,000	7,718,638	-	249,534,563	14.23%	3,360
2021	136,796,373	330,000	45,691	-	-	19,950,960	85,955,000	16,672,641	-	259,750,665	14.71%	3,529
2022	142,595,434	-	808,086	2,015,893	-	25,226,792	136,175,000	21,937,055	122,061	328,880,321	17.83%	4,513

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

(A) Special assessment bonds were issued in 1999.

(B) The long term debt in the Statement of Net Position is reported net of premiums and discounts. Premiums and discounts are generally associated with the cost of financing (interest rate).

(C) See the Schedule of Demographic and Economic Statistics at Table 14 for personal income and population data.

(D) During 2015 a General Obligation Bond was issued in the amount of \$90,955,000 for Other Post Employment Benefits.

TABLE 10

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

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds (A)	Total	Percentage of Estimated Actual Value of Property (B)	Per Capita (C)
2013	\$ 49,320,000	\$ 61,851	\$ 49,258,149	1.35%	\$ 656
2014	49,140,000	62,266	49,077,734	1.36%	650
2015	139,895,238	59,966	139,835,272	4.06%	1,842
2016	139,392,721	58,232	139,334,489	4.33%	1,832
2017	141,490,754	62,691	141,427,793	4.19%	1,866
2018	142,686,175	60,376	142,625,799	4.12%	1,863
2019	146,670,766	58,947	146,611,819	3.92%	1,924
2020	152,297,371	57,289	152,240,082	3.68%	2,050
2021	156,747,333	56,346	156,690,987	3.55%	2,129
2022	167,822,226	91,431	167,730,795	3.51%	2,302

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

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

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

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

TABLE 11

**CITY OF KALAMAZOO  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2022  
(UNAUDITED)**

<b>Overlapping</b>			
	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Comstock School District	\$ 51,125,000	12.10%	\$ 6,186,125
Kalamazoo School District	203,381,667	56.57%	115,053,009
Parchment School District	32,335,653	0.99%	320,123
Portage School District	201,880,000	1.85%	3,734,780
Kalamazoo County	148,080,000	18.21%	26,965,368
Kalamazoo Intermediate School District	-	0.00%	-
Kalamazoo Community College	5,780,000	17.99%	1,039,822
<b>Total overlapping debt</b>	<b>\$ 642,582,320</b>		<b>\$ 153,299,227</b>
<b>Direct</b>			
			<b>Gross Debt</b>
General obligation bonds			
Building Authority			\$ 7,845,000
Capital improvement			75,427,024
OPEB			59,323,410
Leases			2,015,893
Equipment acquisitions			808,086
<b>Total direct debt</b>			<b>\$ 145,419,413</b>
<b>Total net direct and overlapping debt of governmental activities</b>			<b>\$ 298,718,640</b>

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

TABLE 12A

**CITY OF KALAMAZOO  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2022  
(UNAUDITED)**

State Equalized Value (A)	
Ad valorem property	\$ 2,371,934,300
Tax abated property	9,789,071
Revenue Sharing (B)	829,653,917
LCSA/PPT ( C )	<u>177,509,538</u>
<b>Total State Equalized Value (SEV)</b>	<b><u>\$ 3,388,886,826</u></b>
Limitation per Section 5.2074 of the Home Rule Act of the State of Michigan	<u>10.0%</u>
<b>Legal Limitation</b>	<b><u>\$ 338,888,683</u></b>
Debt Obligations of the Primary Government (B)	\$ 328,880,321
Less debt not subject to limitation:	
Water System and Wastewater System Revenue Bonds	(136,175,000)
Water System DWRP Bonds	<u>(21,937,055)</u>
	<u>(158,112,055)</u>
<b>Total Debt of the City Subject to Limitation</b>	<b><u>\$ 170,768,266</u></b>
<b>LEGAL DEBT MARGIN</b>	<b><u>\$ 168,120,417</u></b>

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

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

(A) State equalized assessed property values are assessed at December 31, 2021 for the basis of the year ending December 31, 2022 tax levy. See supplemental Schedule of State Equalized Value at Table 22 for property value data.

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

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



TABLE 12B

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

Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2013	\$ 150,241,644	\$ 49,320,000	\$ 100,921,644	32.8%
2014	197,332,997	49,140,000	148,192,997	24.9%
2015	202,333,982	137,575,000	64,758,982	68.0%
2016	199,808,878	139,392,721	60,416,157	69.8%
2017	209,685,061	141,490,754	68,194,307	67.5%
2018	238,356,369	142,686,175	95,670,194	59.9%
2019	254,504,290	146,751,229	107,753,061	57.7%
2020	295,592,596	154,560,523	141,032,073	52.3%
2021	316,942,824	156,793,024	160,149,800	49.5%
2022	338,888,683	170,768,266	168,120,417	50.4%

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

TABLE 13

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

<b>Michigan Transportation Revenue Bonds (A)</b>					
Year	Gas and Weight Tax Revenues (A)	Debt Service			Coverage
		Principal	Interest	Total	
2013	\$ 5,210,499	\$ 1,355,000	\$ 176,264	\$ 1,531,264	3.40
2014	5,314,650	1,205,000	132,808	1,337,808	3.97
2015	5,562,139	730,000	104,293	834,293	6.67
2016	5,718,839	465,000	77,508	542,508	10.54
2017	7,454,420	305,000	28,947	333,947	22.32
2018	7,812,157	320,000	20,768	340,768	22.93
2019	9,095,547	320,000	16,192	336,192	27.05
2020	8,996,648	320,000	11,655	331,655	27.13
2021	9,982,172	325,000	7,030	332,030	30.06
2022	10,240,686	330,000	2,360	332,360	30.81

<b>Special Assessment Bonds (B)</b>					
Year	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest	Total	
2013	\$ 2,438	\$ 45,000	\$ 2,385	\$ 47,385	0.05
2014	237	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-

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

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

(B) Special assessment bonds were issued in 1999.

TABLE 13

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

	<b>Wastewater System Revenue Bonds</b>									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues (B)										
Operating Revenues	\$ 21,113,101	\$ 20,758,450	\$ 19,819,546	\$ 19,599,234	\$ 15,748,201	\$ 20,836,520	\$ 23,805,086	\$ 23,965,835	\$ 25,836,935	\$ 33,210,943
Interest Revenue	36,474	41,072	82,258	84,217	105,670	213,890	374,336	217,973	56,376	373,380
Intergovernmental	46,020	19,017	-	-	-	327,025	394,098	673,392	-	-
Total Revenues	21,195,595	20,818,539	19,901,804	19,683,451	15,853,871	21,377,435	24,573,520	24,857,200	25,893,311	33,584,323
Direct Operating Expenses (C)										
Operation and Maintenance (O&M)	17,260,718	17,305,246	16,261,847	16,036,230	15,822,715	21,684,795	24,525,759	26,426,771	26,693,797	12,604,913
Other Post Employment Benefits (OPEB)										
OPEB Debt Service										
Principal	-	-	224,196	204,414	207,162	210,459	214,305	219,251	225,295	231,889
Interest	-	-	342,432	397,269	427,638	391,735	387,589	382,617	376,890	370,330
Add: OPEB Contributions Made (D)				357,700	357,700	357,700	423,390	377,400	371,400	274,800
Less:										
Payment in Lieu of Taxes	(691,464)	(703,596)	(718,176)	(719,064)	(722,952)	(734,592)	(747,264)	(757,104)	(757,104)	(757,104)
Pension and OPEB (E)	(642,212)	(404,370)	(1,358,067)	(350,037)	78,839	(2,821,842)	(2,923,190)	(3,328,195)	(4,485,536)	11,943,338
Total Direct Operating Expenses	15,927,042	16,197,280	14,752,232	15,926,512	16,171,102	19,088,255	21,880,589	23,320,740	22,424,742	24,668,166
Net Available Revenue	5,268,553	4,621,259	5,149,572	3,756,939	(317,231)	2,289,180	2,692,931	1,536,460	3,468,569	8,916,157
Debt Service										
Principal	495,000	595,000	660,000	675,000	680,000	700,000	850,000	1,095,000	1,045,000	1,050,000
Interest	494,608	355,092	352,909	295,345	247,449	398,214	645,813	884,533	1,060,300	1,527,939
Total Debt Service	989,608	950,092	1,012,909	970,345	927,449	1,098,214	1,495,813	1,979,533	2,105,300	2,577,939
Coverage (A)	5.32	4.86	5.08	3.87	-0.34	2.08	1.80	0.78	1.65	3.46

TABLE 13

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

	<b>Water System Revenue Bonds</b>									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues (B)										
Operating Revenues	\$ 13,560,159	\$ 12,976,357	\$ 14,402,391	\$ 15,451,374	\$ 16,755,588	\$ 17,550,913	\$ 18,656,544	\$ 21,938,811	\$ 23,993,959	\$ 29,498,424
Interest Revenue	12,316	15,160	29,280	39,851	77,031	218,147	349,381	62,455	59,493	481,531
Intergovernmental	165,991	99,309	7,128	131,334	36,855	319,195	73,204	169,755	103,243	374,788
<b>Total Revenues</b>	<b>13,738,466</b>	<b>13,090,826</b>	<b>14,438,799</b>	<b>15,622,559</b>	<b>16,869,474</b>	<b>18,088,255</b>	<b>19,079,129</b>	<b>22,171,021</b>	<b>24,156,695</b>	<b>30,354,743</b>
Direct Operating Expenses (C)										
Operation and Maintenance (O&M)	9,715,638	10,565,861	11,791,040	11,468,537	11,028,537	15,175,424	16,033,733	17,074,341	19,734,595	8,074,646
Other Post Employment Benefits (OPEB)										
OPEB Debt Service										
Principal			205,428	187,302	189,820	192,841	196,365	200,897	206,435	212,477
Interest			313,767	364,013	391,840	375,339	355,143	350,587	345,340	339,329
Add: OPEB Contributions Made (D)				298,200	298,200	298,200	315,080	283,600	259,700	219,100
Less:										
Payment in Lieu of Taxes	(572,844)	(582,900)	(584,724)	(595,716)	(598,188)	(604,560)	(614,988)	(623,088)	(623,088)	(300,000)
Pension and OPEB (E)	(565,523)	(427,422)	(1,085,887)	(315,810)	256,436	(2,161,936)	(2,242,472)	(2,390,454)	(2,648,548)	8,741,552
<b>Total Direct Operating Expenses</b>	<b>8,577,271</b>	<b>9,555,539</b>	<b>10,639,624</b>	<b>11,406,526</b>	<b>11,566,645</b>	<b>13,275,308</b>	<b>14,042,861</b>	<b>14,895,883</b>	<b>17,274,434</b>	<b>17,287,104</b>
<b>Net Available Revenue</b>	<b>5,161,195</b>	<b>3,535,287</b>	<b>3,799,175</b>	<b>4,216,033</b>	<b>5,302,829</b>	<b>4,812,948</b>	<b>5,036,268</b>	<b>7,275,138</b>	<b>6,882,261</b>	<b>13,067,639</b>
Debt Service										
Principal	1,600,000	1,675,000	1,825,000	1,225,000	1,335,000	1,300,000	1,525,000	1,345,000	1,915,000	2,005,000
Interest	968,005	798,448	651,950	676,511	720,214	976,017	1,264,192	1,552,119	1,995,408	2,264,476
<b>Total Debt Service</b>	<b>2,568,005</b>	<b>2,473,448</b>	<b>2,476,950</b>	<b>1,901,511</b>	<b>2,055,214</b>	<b>2,276,017</b>	<b>2,789,192</b>	<b>2,897,119</b>	<b>3,910,408</b>	<b>4,269,476</b>
<b>Coverage</b>	<b>2.01</b>	<b>1.43</b>	<b>1.53</b>	<b>2.22</b>	<b>2.58</b>	<b>2.11</b>	<b>1.81</b>	<b>2.51</b>	<b>1.76</b>	<b>3.06</b>

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

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

TABLE 13A

**CITY OF KALAMAZOO  
DOWNTOWN DEVELOPMENT AUTHORITY  
PROJECTED TAX INCREMENT REVENUES AND DEBT SERVICE COVERAGE  
DECEMBER 31, 2022  
(UNAUDITED)**

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

Source: City of Kalamazoo

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

TABLE 14

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

Fiscal Year	(A) Population	(A) Per Capita Income	Personal Income	(A) Median Age	(B) School Enrollment	(C) Unemployment Rate
2013	75,092	\$ 18,402	\$ 1,381,842,984	26.2	12,216	7.3%
2014	75,548	18,468	1,395,220,464	26.2	12,216	7.4%
2015	75,922	19,064	1,447,377,008	26.2	12,538	5.2%
2016	76,041	19,242	1,463,180,922	25.7	12,764	4.9%
2017	75,807	19,968	1,513,714,176	25.8	12,759	5.1%
2018	76,545	22,146	1,695,165,570	39.8	12,673	4.1%
2019	76,200	22,879	1,743,379,800	26.0	12,880	3.4%
2020	74,262	23,619	1,753,994,178	26.5	12,583	7.5%
2021	73,598	23,999	1,766,278,402	26.4	12,376	6.2%
2022	72,873	25,305	1,844,051,265	26.4	12,300	4.9%

Data Sources:

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

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

(C) Michigan Department of Labor and Economic Growth - Office of Labor Market Information  
See the Schedule of Employment Statistics at Table 27 for employment data.

Note: Population and median age are based on the most current available census data. Personal income information is an estimate based on the per capita income of the Kalamazoo County. Unemployment rate information is an unadjusted annual rate for the City of Kalamazoo as included in Table 27. School enrollment is based on student counts in fall 2021.

TABLE 15

**CITY OF KALAMAZOO  
PRINCIPAL EMPLOYERS IN KALAMAZOO COUNTY  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)**

Company	Principal Product or Service	2022			2012		
		Approx. Number of Employees (A)	Rank	Percentage of Employment (B)	Approx. Number of Employees (A)	Rank	Percentage of Employment (B)
Bronson Healthcare Group	Health Care	5,900	1	4.3%	3,400	2	2.7%
Western Michigan University	Education	4,237	2	3.1%	2,657	4	2.1%
Stryker Corporation	Medical Equipment	3,300	3	2.4%	1,750	6	1.4%
Pfizer Corporation	Pharmaceuticals	2,200	4	1.6%	4,300	1	3.4%
Kalamazoo Public Schools	Education	1,800	5	1.3%	2,200	5	1.8%
Borgess Medical Center	Pharmaceuticals	1,400	6	1.0%	2,685	3	2.2%
Meijer, Inc.	Retail Goods	1,200	7	0.9%	1,500	8	1.2%
Kalamazoo Valley CC	Education	1,100	8	0.8%	915	N/A	0.7%
Portage Public Schools	Education	1,000	9	0.7%	1,261	10	1.0%
Parker Hannafin Corp	Aerospace and Aircraft Comp	1,000	10	0.7%	602	N/A	0.5%
Total		23,137		16.8%	21,270		17.0%

Sources:

City of Kalamazoo

Note: Only data for the top ten employers for the respective year are shown above.

(A) The approximate number of employees represents only full time employees.

(B) Percentage of employment from major employers is based on the total labor force for Kalamazoo-Portage Metropolitan Statistical Area (MSA) as employees above are not limited to residents of the City of Kalamazoo.

TABLE 16

**CITY OF KALAMAZOO**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN YEARS**  
**(UNAUDITED)**

Function/Program	Full-time Equivalent Employees (A)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	60	60	59	61	74	81	92	90	88	94
Public safety	262	257	259	259	270	281	276	293	294	295
Economic development	4	4	4	6	6	7	4	3	2	4
Community development and planning	36	30	30	30	33	34	35	38	37	40
Parks and recreation	14	14	14	13	14	14	15	17	17	18
Public works	39	37	37	39	41	36	32	28	23	30
Streets	27	23	25	25	30	31	30	34	36	33
Wastewater	64	67	68	67	75	73	88	91	85	81
Water	50	51	47	46	57	71	70	68	73	79
Total	<u>556</u>	<u>543</u>	<u>543</u>	<u>546</u>	<u>600</u>	<u>628</u>	<u>642</u>	<u>662</u>	<u>655</u>	<u>674</u>

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

(A) Data represents the number of full-time equivalent positions allocated in the respective year's annual budget.



TABLE 17

**CITY OF KALAMAZOO  
OPERATING INDICATORS BY FUNCTION  
LAST TEN YEARS  
(UNAUDITED)**

	2013	2014	2015	2015 (B)	2016 (A)	2017	2018	2019	2020	2021
General Government										
Assessors										
Number of real property parcels	23,256	23,788	23,275	23,300	23,840	23,644	23,677	23,677	23,658	23,671
Cost to assess real property - per parcel	\$18.38	\$18.38	\$17.27	\$17.46	N/A	N/A	N/A	N/A	N/A	N/A
Revenue gained per real property parcel for new development	\$3.11	\$0.00	\$0.00	(\$0.19)	N/A	N/A	N/A	N/A	N/A	N/A
Number of personal property accounts	2,985	3,243	3,064	3,200	3,073	2,825	2,797	2,797	2,777	2,837
Cost to assess personal property - per parcel	\$23.93	\$23.79	\$23.15	\$22.43	N/A	N/A	N/A	N/A	N/A	N/A
New personal property accounts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cost savings due to office realignment - per period	19	\$0.14	\$0.78	\$0.72	N/A	N/A	N/A	N/A	N/A	N/A
Treasury										
Percent of City operation tax collected at year end	95%	95%	95%	95%	97%	97%	97%	97%	97%	96%
Average rate of return on investments	T-Bill + 20 basis points	T-Bill + 20 basis points	T-Bill + 20 basis points	T-Bill + 15 basis pts	T-Bill + 15 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts
Public Safety										
Fire safety										
Number of residential fires/Number of fatal fires	N/A	N/A	N/A	N/A	69 / 2	60 / 0	75 / 3	75 / 3	84/2	71/2
Number of fire inspections completed	N/A	N/A	N/A	N/A	2231	2455	421	421	9 ( C )	260
Kalamazoo Valley Enforcement Team (KVET)										
Number of investigations	640	871	1,000	1,100	404	332	345	345	228	231
Number of arrests (includes warrants)	660	871	800	900	354	200	159	159	338	349
Operations										
Number of calls for service	101,000	101,000	102,000	102,000	107,797	107,508	114,444	114,444	124,766	129,319
Number of persons arrested	8,500	8,836	8,500	8,200	5,346	5,918	5,422	5,422	3,412	3,008
Traffic citations issued	15,000	17,537	15,000	12,000	6,491	6,414	6,635	6,635	5,585	4,974
Traffic accidents / OUIL Arrests	3,000	2,700	3,000	3,000	3,283/280	3,136/273	3,354/243	3,354/243	2,732 / 220	3,160/171
Economic development										
Number of tax exempt acres redeveloped	2.62	2.62	2.23	7.133	0.21	0.564	11.3	11.3	11.49	3.95
Private investment leveraged / jobs created	\$12,900,000/47	\$12,900,000/47	\$10,100,000/128	\$23,000,000/182	\$8,900,000/45	\$5,375,000/55	\$53,400,000/299	\$53,400,000/299	\$39,900,000/47	\$117,000,000/97
New taxable value added to the City	\$727,000	\$727,000	\$4,400,000	\$4,400,000	\$1,330,918	\$1,524,906	\$9,718,209	\$9,718,209	\$5,842,900	\$8,340,000
Community development and planning										
Number of housing inspections	10,100	10,310	12,900	13,000	1,681	1,495	2,046	2,046	1,245	1,678
Number of rental units inspected/reinspected	N/A	N/A	N/A	N/A	7461	6310	6,940	6,940	2,865	2,931
Number of rental units certified	N/A	N/A	N/A	N/A	6318	6160	7,052	7,052	2,519	4,517
Zoning enforcement actions	268	N/A	N/A	N/A	171	159	100	100	50	140
Number of persons impacted by housing-related grant award activities	428	N/A	N/A	N/A	1027	506	2,117	2,117	1,491	3,164
Parks and recreation										
Number of park reservations and public events	170	180	180	185	1,750	222	222	222	794	2,321
Number of family programs	N/A	N/A	N/A	N/A	30	53	53	53	25	30
Number of people served through family programs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,592	9,950
Number of youth development programs	50	N/A	N/A	N/A	41	45	45	45	16	25
Number of people served through youth development programs	4,883	N/A	N/A	N/A	N/A	547	547	547	765	1,299
Number of youth served through grant programs	-	-	-	N/A	N/A	N/A	N/A	N/A	25	26

TABLE 17

**CITY OF KALAMAZOO  
OPERATING INDICATORS BY FUNCTION (CONCLUDED)  
LAST TEN YEARS  
(UNAUDITED)**

	2013	2014	2015	2015 (B)	2016 (A)	2017	2018	2019	2020	2021
General Government (concluded)										
Public works										
Volume of leaves collected (cubic yards)	90,500	90,000	90,000	90,000	90,000	N/A	N/A	N/A	N/A	11,375
Volume of material recycled (tons)	2,510	2,550	2,550	2,550	588	2,140	2,220	2,220	2,262	2,216
Number of housing units participating in recycling activities	21,575	21,700	8,200	8,200	9,500	10,812	11,261	11,261	11,290	12,008
Volume of solid waste collected (cubic yards)	9,989	10,000	17,451	15,625	3,572	1,652	1,035	1,035	9,316	1,825
Water										
Cubic meters of water billed (millions)	22.4	22.9	21.4	20.19	22.24	21.14	21.6	21.6	21.9	22.2
Average operating cost to produce one cubic meter of water	\$0.520	\$0.510	\$0.500	\$0.800	\$0.496	\$0.718	\$0.758	\$0.758	\$0.971	\$1.102
Number of utility bills mailed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater										
Cubic meters of wastewater treated (millions)	35.5	35.2	35.6	35.95	36.054	28.7	30.3	30.3	37.8	27.1
Average operating cost to treat one cubic meter of wastewater	\$0.620	\$0.610	\$0.500	\$0.660	\$0.572	\$0.755	\$0.703	\$0.703	\$1.123	\$1.156
Number of sanitary main line stoppages	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source:

(A) 2016 has been adopted in conjunction with the 2016 budget. The City is undergoing review of the of performance measures with the implementation of priority based budgeting.

(B) 2015 data is projected in conjunction with the City of Kalamazoo 2016 proposed budget procedures.

(C) Fire inspections were reduced due to the COVID-19 pandemic.

\* Solid waste collected was changed from cubic yards to tons from 2013-2022

TABLE 18

**CITY OF KALAMAZOO  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN YEARS  
(UNAUDITED)**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	4	4	4	2	2
Parking lots	7	7	12	12	12	12	12	12	11	7
Parking ramps	3	3	3	3	3	3	3	3	3	3
Public safety										
Public safety headquarters building	1	1	1	1	1	1	1	1	1	1
Public safety stations	6	6	6	6	5	5	5	5	5	5
Training facility	1	1	1	1	1	1	1	1	1	1
Vehicles	165	162	161	163	163	163	163	163	170	170
Community development and planning										
Vehicles	15	13	13	13	13	13	13	13	1	1
Parks and recreation										
Administration building	1	1	1	1	1	1	1	1	1	1
Youth development center	1	1	1	1	1	1	1	1	2	2
Acreage of parks										
Mini-parks	5.7	5.7	5.7	5.7	5.7	5.7	5.71	5.71	5.71	5.71
Neighborhood parks and playgrounds	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5
Major community parks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Open green space and preserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community parks	188.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2
Large urban parks	181.0	181.0	181.0	181.0	181.0	181.0	181	181	181	181
Small urban parks	6.2	6.1	6.1	6.1	6.1	6.1	6.14	6.14	6.14	6.14
Sports complex	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1
Natural resources areas	89.2	92.6	92.6	92.6	92.6	92.6	92.61	92.61	92.61	92.61
Green spaces	6.0	25.9	25.9	25.9	25.9	25.9	25.88	25.88	25.88	25.88
Islands and right of ways	16.2	182.2	182.2	182.2	182.2	182.2	182.23	182.23	182.23	182.23
Number of parks (C)										
Mini-parks	8	8	8	8	8	8	8	8	8	8
Neighborhood parks and playgrounds	14	14	14	14	14	14	14	14	14	14
Major community parks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Open green space and preserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community parks	6.0	6.0	6.0	6.0	6	6	6	6	6	6
Large urban parks	1.0	1.0	1.0	1.0	1	1	1	1	1	1
Small urban parks	4.0	4.0	4.0	4.0	4	4	4	4	4	4
Sports complex	1.0	1.0	1.0	1.0	1	1	1	1	1	1
Natural resources areas	1.0	2.0	2.0	2.0	2	2	2	2	2	2
Green spaces	6.0	10.0	10.0	10.0	10	10	10	10	10	10
Islands and right of ways	28.0	40.0	40.0	40.0	40	40	40	40	40	40
Festival site	1	1	1	1	1	1	1	1	1	1
Farmers market	1	1	1	1	1	1	1	1	1	1
Cemeteries	2	2	2	2	2	2	2	2	2	2
Swimming pool	1	1	1	1	1	1	1	1	1	1
Beach	1	1	1	1	1	1	1	1	1	1
Golf courses	3	3	3	3	3	3	3	3	2	2
Vehicles	2	3	3	3	3	3	3	3	12	12

TABLE 18

**CITY OF KALAMAZOO**  
**CAPITAL ASSET STATISTICS BY FUNCTION (CONCLUDED)**  
**LAST TEN YEARS**  
**(UNAUDITED)**

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Public works										
Gravel pit	1	1	1	1	1	1	1	1	1	1
Salt storage building	1	1	1	1	1	1	1	1	1	1
Streets										
Local streets (miles)	166.38	166.38	166.30	166.24	166.25	166.07	166.07	166.07	167.07	167.07
Major streets (miles)	83.62	83.62	83.62	83.62	83.62	83.62	97.27	97.27	97.27	97.27
Traffic signals	85	85	85	84	84	84	134	134	134	134
Wastewater										
Sanitary sewers (miles)	294	294	294	295	295	295	295	295	295	295
Storm sewers mains (miles)	188.1	188.7	188.9	188.9	188.9	188.9	188.9	188.9	189.0	189.1
Number of lift stations maintained	60	60	60	62	62	62	62	62	62	64
Maximum daily treatment capacity (millions of gallons)	53.5	53.5	53.3	53.3	53.3	53.3	53.3	53.3	53.3	53.5
Water										
Water facility	1	1	1	1	1	1	1	1	1	1
Storage stations	8	8	8	8	8	8	9	10	9	10
Pumping stations	16	16	17	16	16	16	16	13	13	13
Booster/bleeder stations	17	17	15	19	22	22	25	25	21	21
Water mains (miles)	755	756	758	761	768	771	776	780	767	839
Wells in Service	99	99	98	98	98	98	98	94	92	90
Maximum daily well capacity (millions of gallons)	60.00	60.00	66.75	71.86	77.00	77.00	77.00	72.00	74.88	72.58
Storage capacity (millions of gallons)	15.10	15.10	15.30	15.10	15.10	15.10	15.30	15.30	17.45	18.95
Internal service										
Public works equipment (A)										
Utility and other vehicles	107	99	99	103	103	103	99	99	86	75
Public utilities equipment (B)										
Utility and other vehicles	81	79	86	84	84	84	92	92	91	90

Sources: Various city departments.

(A) The Public Works Equipment fund holds assets allocated primarily to general government, community development and planning, parks and recreation, and public works based on actual use.

(B) The Public Utilities Equipment fund holds assets allocated primarily to water and wastewater based on actual use.

TABLE 19

**CITY OF KALAMAZOO**  
**SCHEDULE OF REVENUES AND EXPENDITURES FOR ACTIVITIES**  
**RELATED TO THE STATE CONSTRUCTION CODE ACT**  
**MICHIGAN PUBLIC ACT 245**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(UNAUDITED)**

REVENUES	
Building Permits	\$ 370,774
Electrical Permits	164,256
Mechanical Permits	254,322
Plumbing Permits	105,639
Other Permits and License Fees	<u>40,496</u>
TOTAL REVENUES	935,487
EXPENDITURES	
Wages, Salaries, and Benefits	809,190
Supplies	3,522
Services	40,032
Administrative Overhead*	<u>316,727</u>
TOTAL EXPENDITURES	<u>1,169,471</u>
EXCESS/(DEFICIT) REVENUES OVER EXPENDITURES	<u>\$ (233,984)</u>

\* Administrative overhead is computed for all City departments using a full cost-allocation plan. However, it is not charged to General Fund departments. Public Act 245 of 1999, which requires the inclusion of this schedule, also includes overhead as part of the expenditures to be reported.

TABLE 20

**CITY OF KALAMAZOO  
EMPLOYEES' RETIREMENT SYSTEM  
REVENUE BY SOURCE AND EXPENSES BY TYPE  
LAST TEN YEARS  
(UNAUDITED)**

<b>Revenue by Source</b>					
<u>Year Ended December 31</u>	<u>Employee Contributions</u>	<u>Employer Contributions (B)</u>	<u>Employer Contributions as a % of Covered Payroll</u>	<u>Investment Income (Loss)</u>	<u>Total</u>
2013	\$ 1,110,057	\$ 905,746	2.49%	\$ 104,987,302	\$ 107,003,105
2014	1,067,029	760,912	2.05%	41,283,239	43,111,180
2015	1,084,798	1,602,053	2.05%	(9,974,518)	(7,287,667)
2016	1,085,940	-	-	72,939,990	74,025,930
2017	1,086,258	-	-	94,301,279	95,387,537
2018	1,209,623	-	-	(47,440,721)	(46,231,098)
2019	1,238,420	-	-	112,193,171	113,431,591
2020	1,285,845	-	-	57,798,914	59,084,759
2021	1,345,658	-	-	133,637,208	134,982,866
2022	1,443,447	-	-	(99,471,376)	(98,027,929)

<b>Expenses by Type</b>				
<u>Year Ended December 31</u>	<u>Benefits</u>	<u>Administrative Expenses (A)</u>	<u>Refunds</u>	<u>Total</u>
2013	\$ 27,111,793	\$ 470,974	\$ 46,718	\$ 27,629,485
2014	27,775,093	450,226	27,035	28,252,354
2015	28,156,585	300,655	200,115	28,657,355
2016	28,474,218	153,024	22,652	28,649,894
2017	28,407,023	147,099	84,357	28,638,479
2018	29,858,901	147,100	72,516	30,078,517
2019	30,254,967	228,905	179,863	30,663,735
2020	31,375,608	224,903	46,733	31,647,244
2021	33,339,138	236,148	59,568	33,634,854
2022	33,719,767	302,840	143,805	34,166,412

(A) Investment advisor fees are reported as a reduction of investment income, rather than as administrative expense.

(B) The City's pension costs were \$0 for 2012 and 2013. Contributions were made as payback for the early retirement incentive program.

TABLE 21

**CITY OF KALAMAZOO  
TAXABLE VALUE  
LAST TEN YEARS  
(UNAUDITED)**

<b>TOTAL TAXABLE VALUE</b>						
Taxable Value as of December 31	Year of State Equalization and Tax Levy	Year Ended December 31	Ad Valorem Taxable Value (1)	Abated Taxable Value (2)	Total Taxable Value	Percent Increase over Prior Year
2012	2013	2013	\$ 1,485,634,988	\$ 24,847,940	\$ 1,510,482,928	-1.59%
2013	2014	2014	1,482,368,086	29,600,663	1,511,968,749	0.10%
2014	2015	2015	1,506,388,780	30,107,186	1,536,495,966	1.62%
2015	2016	2016	1,462,323,703	19,985,624	1,482,309,327	-3.53%
2016	2017	2017	1,493,291,518	19,211,958	1,512,503,476	2.04%
2017	2018	2018	1,526,454,237	15,000,119	1,541,454,356	1.91%
2018	2019	2019	1,593,012,675	11,435,906	1,604,448,581	4.09%
2019	2020	2020	1,665,092,583	10,866,235	1,675,958,818	4.64%
2020	2021	2021	1,724,739,669	8,752,032	1,733,491,701	3.59%
2021	2022	2022	1,829,118,903	8,674,892	1,837,793,795	6.22%
Per Capita Total Taxable Value for the Fiscal Year Ending December 31, 2022 (3) .....						\$ 24,747.43

Note: The taxable values represent starting taxable property values rendered by the March Board of Review. The taxable values above do not reflect final adjustments of the Tax Tribunal Judgments, Board of Review decisions, or other adjustments.

(1) Does not include the value of property located within the City's Renaissance Zone which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376"). Act 376 was designed to stimulate private investment within the Zone through the abatement of certain property, income, and business taxes. For the fiscal year ending December 31, 2020, the Taxable Value of the property located in the Zone totaled \$56,856.

(2) Abated taxable value is the equivalent taxable value of property granted tax abatement under Act 198.

(3) Based on the City's 2022 census of 74,262.

TABLE 21

**CITY OF KALAMAZOO  
TAXABLE VALUE (CONCLUDED)  
LAST TEN YEARS  
(UNAUDITED)**

**TOTAL TAXABLE VALUE BY USE AND CLASS**

	Years Ended December 31									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Use</b>										
Commercial	\$ 496,887,366	\$ 487,837,784	\$ 495,694,299	\$ 497,082,445	\$ 507,506,210	\$ 533,395,918	\$ 563,065,239	\$ 596,480,576	\$ 622,118,583	\$ 654,679,342
Industrial	241,670,513	251,912,978	252,055,024	170,554,616	166,053,319	138,437,989	128,457,376	123,220,852	119,156,416	119,664,581
Residential	760,483,770	763,340,056	776,157,346	787,374,141	806,386,916	831,394,149	862,339,314	897,626,408	927,899,246	984,194,273
Utility	34,142,600	36,559,200	40,787,600	45,404,800	49,645,800	51,298,700	59,728,200	66,715,800	72,081,700	79,255,400
	<u>\$ 1,533,184,249</u>	<u>\$ 1,539,650,018</u>	<u>\$ 1,564,694,269</u>	<u>\$ 1,500,416,002</u>	<u>\$ 1,529,592,245</u>	<u>\$ 1,554,526,756</u>	<u>\$ 1,613,590,129</u>	<u>\$ 1,684,043,636</u>	<u>\$ 1,741,255,945</u>	<u>\$ 1,837,793,596</u>
<b>Class</b>										
Real	\$ 1,289,236,999	\$ 1,297,776,318	\$ 1,321,922,169	\$ 1,330,865,302	\$ 1,357,875,745	\$ 1,390,289,956	\$ 1,443,101,929	\$ 1,511,530,436	\$ 1,573,007,345	\$ 1,663,837,846
Personal	243,947,250	241,873,700	242,772,100	169,550,700	171,716,500	164,236,800	170,488,200	172,513,200	170,248,600	173,955,750
	<u>\$ 1,533,184,249</u>	<u>\$ 1,539,650,018</u>	<u>\$ 1,564,694,269</u>	<u>\$ 1,500,416,002</u>	<u>\$ 1,529,592,245</u>	<u>\$ 1,554,526,756</u>	<u>\$ 1,613,590,129</u>	<u>\$ 1,684,043,636</u>	<u>\$ 1,743,255,945</u>	<u>\$ 1,837,793,596</u>

**PERCENT OF TOTAL TAXABLE VALUE BY USE AND CLASS**

	Years Ended December 31									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Use</b>										
Commercial	32.41%	31.68%	31.68%	33.13%	33.18%	34.31%	34.90%	35.42%	35.73%	35.62%
Industrial	15.76%	16.36%	16.11%	11.37%	10.86%	8.91%	7.96%	7.32%	6.84%	6.51%
Residential	49.60%	49.58%	49.60%	52.48%	52.72%	53.48%	53.44%	53.30%	53.29%	53.55%
Utility	2.23%	2.37%	2.61%	3.03%	3.25%	3.30%	3.70%	3.96%	4.14%	4.31%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>44.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Class</b>										
Real	84.09%	84.29%	84.48%	88.70%	88.77%	89.43%	89.43%	89.76%	90.23%	90.53%
Personal	15.91%	15.71%	15.52%	11.30%	11.23%	10.57%	10.57%	10.24%	9.77%	9.47%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>



TABLE 22

**CITY OF KALAMAZOO  
STATE EQUALIZED VALUATION  
LAST TEN YEARS  
(UNAUDITED)**

Total State Equalized Value (SEV)						
Assessed Value as of December 31	Year of State Equalization and Tax Levy	Year Ended December 31	Ad Valorem SEV Value (1)	Abated SEV Value (2)	Total SEV Value	Percent Increase
2012	2013	2013	\$ 1,533,026,202	\$ 25,245,611	\$ 1,558,271,813	-1.65%
2013	2014	2014	1,557,339,300	30,023,505	1,587,362,805	1.87%
2014	2015	2015	1,603,667,252	30,582,223	1,634,249,475	2.95%
2015	2016	2016	1,573,848,720	20,479,741	1,594,328,461	-2.44%
2016	2017	2017	1,673,583,796	19,949,507	1,693,533,303	6.22%
2017	2018	2018	1,700,749,306	15,553,589	1,716,302,895	1.34%
2018	2019	2019	1,847,688,738	12,385,324	1,860,074,062	8.38%
2019	2020	2020	2,047,236,882	12,076,905	2,059,313,787	10.71%
2020	2021	2021	2,186,104,330	9,584,683	2,195,689,013	6.62%
2021	2022	2022	2,371,934,300	9,789,071	2,381,723,371	8.47%
Per Capita Total SEV for the Fiscal Year Ending December 31, 2022 (3) .....						\$ 32,071.90

(1) Does not include the value of property located within the City's Renaissance Zone which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376") Act 376 was designed to stimulate private investment within the Zone through the abatement of certain property, income, and business taxes. For the fiscal year ending December 31, 2020, the State Equalized Value of the property located in the Zone totaled \$224,800.

(2) Abated SEV Value is the equivalent state equalized value of property granted tax abatement under Act 198.

(3) Based on the City's 2022 census of 74,262.

TABLE 22

**CITY OF KALAMAZOO  
STATE EQUALIZED VALUATION (CONCLUDED)  
LAST TEN YEARS  
(UNAUDITED)**

<b>Total SEV by Use and Class</b>										
Years Ended December 31										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Use</b>										
Commercial	\$ 510,655,940	\$ 519,565,900	\$ 530,117,600	\$ 529,093,000	\$ 582,129,960	\$ 607,493,600	\$ 662,546,700	\$ 747,872,400	\$ 807,275,968	\$ 881,614,371
Industrial	244,041,700	254,342,700	254,647,200	173,331,600	171,329,300	142,322,700	132,570,233	133,000,300	128,190,900	130,334,000
Residential	792,134,862	804,607,000	837,001,552	864,730,520	907,877,736	928,268,606	1,014,914,005	1,120,464,582	1,198,384,562	1,290,519,600
Utility	34,142,600	36,559,200	40,787,600	45,404,800	49,645,800	51,298,700	59,728,200	66,715,800	72,081,700	79,255,400
	<u>\$ 1,580,975,102</u>	<u>\$ 1,615,074,800</u>	<u>\$ 1,662,553,952</u>	<u>\$ 1,612,559,920</u>	<u>\$ 1,710,982,796</u>	<u>\$ 1,729,383,606</u>	<u>\$ 1,869,759,138</u>	<u>\$ 2,068,053,082</u>	<u>\$ 2,205,933,130</u>	<u>\$ 2,381,723,371</u>
<b>Class</b>										
Real	\$ 1,337,044,452	\$ 1,373,272,700	\$ 1,419,877,652	\$ 1,443,105,420	\$ 1,539,350,196	\$ 1,565,235,306	\$ 1,699,349,838	\$ 1,895,597,582	\$ 2,035,745,130	\$ 2,207,838,421
Personal	243,930,650	241,802,100	242,676,300	169,454,500	171,632,600	164,148,300	170,409,300	172,455,500	170,188,000	173,884,950
	<u>\$ 1,580,975,102</u>	<u>\$ 1,615,074,800</u>	<u>\$ 1,662,553,952</u>	<u>\$ 1,612,559,920</u>	<u>\$ 1,710,982,796</u>	<u>\$ 1,729,383,606</u>	<u>\$ 1,869,759,138</u>	<u>\$ 2,068,053,082</u>	<u>\$ 2,205,933,130</u>	<u>\$ 2,381,723,371</u>
<b>Percent of Total SEV by Use and Class</b>										
Years Ended December 31										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Use</b>										
Commercial	32.30%	32.17%	31.89%	32.81%	34.02%	35.13%	35.43%	36.16%	32.95%	37.02%
Industrial	15.44%	15.75%	15.32%	10.75%	10.01%	8.23%	7.09%	6.43%	14.94%	5.47%
Residential	50.10%	49.82%	50.34%	53.62%	53.06%	53.68%	54.28%	54.18%	52.11%	54.18%
Utility	2.16%	2.26%	2.45%	2.82%	2.90%	2.97%	3.19%	3.23%	0.00%	3.33%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Class</b>										
Real	84.57%	85.03%	85.40%	89.49%	89.97%	90.51%	90.89%	91.66%	88.74%	92.70%
Personal	15.43%	14.97%	14.60%	10.51%	10.03%	9.49%	9.11%	8.34%	11.26%	7.30%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

TABLE 23

**CITY OF KALAMAZOO  
MAXIMUM AND ACTUAL TAX RATES  
DECEMBER 31, 2022  
(UNAUDITED)**

<u>Millage Classification</u>	<u>Millage Authorized</u>	<u>Cumulative Millage Reduction Fraction (A)</u>	<u>Maximum Allowable Millage</u>	<u>Actual Millage Levied</u>
Operating	20.0000		18.6986	12.0000
Refuse Collection and Disposal	<u>2.8906</u>		<u>2.8047</u>	<u>1.8000</u>
	<u><u>22.8906</u></u>		<u><u>21.5033</u></u>	<u><u>13.8000</u></u>

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

(A) The cumulative millage reduction fraction reduces the authorized millage based on the Headlee amendment which limits the rate of growth of property tax revenue to the consumers price index.

TABLE 24

**CITY OF KALAMAZOO  
REVENUE SHARING PAYMENTS FROM THE STATE OF MICHIGAN  
LAST TEN YEARS  
(UNAUDITED)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Constitutional	\$ 5,451,748	\$ 5,619,666	\$ 5,591,705	\$ 5,650,526	\$ 6,113,479	\$ 6,234,855	\$ 6,496,509	\$ 6,390,741	\$ 6,853,490	\$ 7,893,940
Statutory	<u>2,517,264</u>	<u>2,855,788</u>	<u>2,913,327</u>	<u>2,913,324</u>	<u>2,933,365</u>	<u>2,973,344</u>	<u>2,956,061</u>	<u>2,534,605</u>	<u>3,102,357</u>	<u>3,102,354</u>
Total payments received	7,969,012	8,475,454	8,505,032	8,563,850	9,046,844	9,208,199	9,452,570	8,925,346	9,955,847	10,996,294
Disbursement to other governmental units (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue sharing	<u>\$ 7,969,012</u>	<u>\$ 8,475,454</u>	<u>\$ 8,505,032</u>	<u>\$ 8,563,850</u>	<u>\$ 9,046,844</u>	<u>\$ 9,208,199</u>	<u>\$ 9,452,570</u>	<u>\$ 8,925,346</u>	<u>\$ 9,955,847</u>	<u>\$ 10,996,294</u>
% of General Fund revenue (2)	16.1%	16.6%	16.0%	16.0%	15.5%	14.6%	14.6%	13.8%	15.4%	17.0%

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

(1) The City receives revenue sharing payments on behalf of the Kalamazoo Library, Parchment Library, Metro Transit, and Downtown Development Authority.

(2) The percentage of General Fund revenue is calculated using the non-GAAP, budgetary basis of actual revenues.

TABLE 25

**CITY OF KALAMAZOO**  
**RECEIPTS FROM THE MICHIGAN TRANSPORTATION FUND**  
**LAST TEN YEARS**  
**(UNAUDITED)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b><u>Cash Basis</u></b>										
Major Streets	\$ 4,058,818	\$ 4,142,990	\$ 4,305,689	\$ 4,364,625	\$ 5,681,289	\$ 5,655,318	\$ 7,184,681	\$ 7,029,151	\$ 7,559,569	\$ 7,932,245
Local Streets	1,144,434	1,170,270	1,216,344	1,233,421	1,605,587	1,735,940	1,873,912	1,976,621	2,130,684	2,225,802
	<u>\$ 5,203,253</u>	<u>\$ 5,313,260</u>	<u>\$ 5,522,033</u>	<u>\$ 5,598,046</u>	<u>\$ 7,286,876</u>	<u>\$ 7,391,258</u>	<u>\$ 9,058,593</u>	<u>\$ 9,005,772</u>	<u>\$ 9,690,253</u>	<u>\$ 10,158,046</u>
<b><u>Accrual Basis</u></b>										
Major Streets	\$ 4,064,225	\$ 4,144,079	\$ 4,336,895	\$ 4,458,804	\$ 5,811,846	\$ 6,091,576	\$ 7,092,786	\$ 7,022,117	\$ 7,785,158	\$ 7,996,005
Local Streets	1,146,275	1,170,571	1,225,244	1,260,035	1,642,573	1,720,581	2,002,761	1,974,531	2,197,015	2,244,681
	<u>\$ 5,210,499</u>	<u>\$ 5,314,650</u>	<u>\$ 5,562,140</u>	<u>\$ 5,718,839</u>	<u>\$ 7,454,420</u>	<u>\$ 7,812,157</u>	<u>\$ 9,095,547</u>	<u>\$ 8,996,648</u>	<u>\$ 9,982,172</u>	<u>\$ 10,240,686</u>

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

TABLE 26

**CITY OF KALAMAZOO  
LABOR CONTRACTS  
DECEMBER 31, 2022  
(UNAUDITED)**

<u>Bargaining Unit</u>	<u>Membership</u>	<u>Contract Expiration Date</u>
American Federation of State, County and Municipal Employees	126	October 2, 2022
Kalamazoo Municipal Employees Association	107	December 31, 2022
Kalamazoo Police Supervisors Association (Captains, Lieutenants and Sergeants)	56	December 31, 2026
Kalamazoo Police Officers Association (Officers and Detectives)	212	December 31, 2026
<u>Non-Union</u>	<u>174</u>	<u>Not Applicable</u>
<b>Total Employees</b>	<b><u><u>675</u></u></b>	

Source: City of Kalamazoo, Human Resources

TABLE 27

**CITY OF KALAMAZOO  
EMPLOYMENT STATISTICS  
LAST TEN YEARS  
(UNAUDITED)**

	City of Kalamazoo				State of Michigan			
	Employed	Unemployed	Total Labor Force	Unemployed as a % of Labor Force	Employed	Unemployed	Total Labor Force	Unemployed as a % of Labor Force
2013	37,631	2,976	40,607	7.3%	4,667,000	357,000	5,024,000	7.1%
2014	35,718	2,853	38,571	7.4%	4,420,000	317,000	4,737,000	6.7%
2015	35,088	1,910	36,998	5.2%	4,493,000	258,000	4,751,000	5.4%
2016	35,616	1,820	37,436	4.9%	4,599,000	238,000	4,837,000	4.9%
2017	35,396	1,917	37,313	5.1%	4,657,000	227,000	4,884,000	4.6%
2018	35,585	1,527	37,112	4.1%	4,695,000	201,000	4,896,000	4.1%
2019	36,147	1,263	37,410	3.4%	4,747,000	175,000	4,922,000	3.6%
2020	33,813	2,761	36,574	7.5%	4,455,000	401,000	4,856,000	8.3%
2021	33,516	2,228	35,744	6.2%	4,496,000	280,000	4,776,000	5.9%
2022	34,628	1,795	36,423	4.9%	4,633,000	203,000	4,836,000	4.2%

Source: Michigan Department of Technology, Management & Budget - Michigan Bureau of Labor Market Information and Strategic Initiatives

Note: Unemployment data represents annual averages not adjusted for seasonal changes.

TABLE 28

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY FRANCHISES  
(UNAUDITED)**

<u>Franchisor</u>	<u>Effective Date</u>	<u>Year of Renewal</u>
Comstock Township	15-Mar-21	2061
Cooper Township	15-Mar-21	2061
Kalamazoo Township	15-Mar-21	2061
Oshtemo Township	15-Mar-21	2061
Pavilion Township	15-Mar-21	2061
City of Portage	1-Oct-12	2042
Richland Township	15-Mar-21	2061
Richland Village	15-Mar-21	2061
Texas Township	15-Mar-21	2061

Source: City of Kalamazoo, Public Services Department, Water Division

\* For any contracts which have expired, the City and the affected Township(s) are continuing their relationship under the continuation portion of the agreement(s) while new agreements are being negotiated.



TABLE 29

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
APPROXIMATE NUMBER OF WATER SUPPLY CUSTOMERS  
BY LOCATION AND USER CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

Customer Location and Classification	2018 (2)		2019 (2)		2020		2021		2022	
City										
Residential	17,748	40.75%	17,884	40.39%	18,014	40.79%	18,077	40.93%	18,129	40.19%
Commercial / Industrial	<u>4,031</u>	<u>9.25%</u>	<u>4,088</u>	<u>9.23%</u>	<u>4,148</u>	<u>9.39%</u>	<u>4,140</u>	<u>9.37%</u>	<u>4,198</u>	<u>9.31%</u>
Total City	<u>21,779</u>	<u>50.00%</u>	<u>21,972</u>	<u>49.63%</u>	<u>22,162</u>	<u>50.18%</u>	<u>22,217</u>	<u>50.31%</u>	<u>22,327</u>	<u>49.50%</u>
Out City										
Residential	18,547	42.58%	19,071	43.08%	18,685	42.31%	19,066	43.17%	19,394	42.99%
Commercial / Industrial	<u>3,232</u>	<u>7.42%</u>	<u>3,230</u>	<u>7.30%</u>	<u>3,316</u>	<u>7.51%</u>	<u>3,350</u>	<u>7.59%</u>	<u>3,387</u>	<u>7.51%</u>
Total Out City	<u>21,779</u>	<u>50.00%</u>	<u>22,301</u>	<u>50.37%</u>	<u>22,001</u>	<u>49.82%</u>	<u>22,416</u>	<u>50.76%</u>	<u>22,781</u>	<u>50.50%</u>
Total System										
Residential	36,295	83.33%	36,955	83.47%	36,699	83.10%	37,143	84.10%	37,523	83.18%
Commercial / Industrial	<u>7,263</u>	<u>16.67%</u>	<u>7,318</u>	<u>16.53%</u>	<u>7,464</u>	<u>16.90%</u>	<u>7,490</u>	<u>16.96%</u>	<u>7,585</u>	<u>16.82%</u>
Total System	<u>43,558</u>	<u>100.00%</u>	<u>44,273</u>	<u>100.00%</u>	<u>44,163</u>	<u>100.00%</u>	<u>44,633</u>	<u>101.06%</u>	<u>45,108</u>	<u>100.00%</u>

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Data listed represents the number of meters and/or fire protection lines/hydrants for each year.

Since many commercial and industrial customers have more than one service connection, the number of customers by meter and/or fire protection line/hydrant more accurately reflects System growth and concentration by user classification.

(2) The means of figuring stats was updated starting with FY2021. Prior data was adjusted to be consistent with revised calculation.

TABLE 30

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
APPROXIMATE NUMBER OF WATER CUSTOMERS BY LOCATION  
AND SIZE OF METER OR FIRE PROTECTION LINE/HYDRANT  
LAST FIVE YEARS  
(UNAUDITED)**

		2018		2019		2020 (1)		2021		2022	
<u>Meter Location and Size</u>											
City											
	5/8" - 3/4"	16,278	37.37%	16,801	37.95%	16,872	38.20%	16,910	37.89%	16,939	37.55%
	1"	2,991	6.87%	2,628	5.94%	2,705	6.13%	2,748	6.16%	2,778	6.16%
	1 1/2"	233	0.53%	273	0.62%	282	0.64%	283	0.63%	284	0.63%
	2"	1,181	2.71%	1,089	2.46%	1,086	2.46%	1,081	2.42%	1,086	2.41%
	3"	211	0.48%	212	0.48%	212	0.48%	212	0.48%	214	0.47%
	4"	113	0.26%	105	0.24%	118	0.27%	112	0.25%	118	0.26%
	6"	1	0.00%	2	0.00%	13	0.03%	11	0.02%	12	0.03%
	8"	-	0.00%	-	0.00%	-	0.00%	-	0.00%	6	0.01%
Total City		21,008	48.23%	21,110	47.68%	21,288	48.20%	21,357	47.86%	21,437	47.52%
Out City											
	5/8" - 3/4"	9,420	21.63%	9,427	21.29%	8,845	20.03%	8,802	19.72%	8,831	19.58%
	1"	9,830	22.57%	9,837	22.22%	10,705	24.24%	600	1.35%	11,456	25.39%
	1 1/2"	351	0.81%	375	0.85%	376	0.85%	10,909	24.45%	387	0.86%
	2"	1,150	2.64%	994	2.25%	1,004	2.27%	965	2.16%	1,016	2.25%
	3"	122	0.28%	779	1.76%	127	0.29%	183	0.41%	128	0.28%
	4"	57	0.13%	56	0.13%	63	0.14%	66	0.15%	66	0.15%
	6"	13	0.03%	15	0.03%	13	0.03%	17	0.04%	13	0.03%
	8"	-	0.00%	-	0.00%	2	0.00%	2	0.00%	2	0.00%
Total Out City		20,943	48.08%	21,483	48.52%	21,135	47.86%	21,544	48.28%	21,899	48.54%
Total Meters		41,951	96.31%	42,593	96.20%	42,423	96.06%	42,901	96.13%	43,336	96.06%

TABLE 30

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
APPROXIMATE NUMBER OF WATER CUSTOMERS BY LOCATION  
AND SIZE OF METER OR FIRE PROTECTION LINE/HYDRANT (CONCLUDED)  
LAST FIVE YEARS  
(UNAUDITED)**

		2018		2019		2020 (1)		2021		2022	
<b>Location and Size of Fire Protection Line/Hydrant</b>											
City	4"	223	0.51%	238	0.54%	244	0.55%	244	0.55%	247	0.55%
	6"	158	0.36%	183	0.41%	186	0.42%	187	0.42%	192	0.43%
	8"	77	0.18%	87	0.20%	90	0.20%	84	0.19%	93	0.21%
	10"	2	0.00%	2	0.00%	2	0.00%	2	0.00%	11	0.02%
	Hydrants	311	0.71%	354	0.80%	352	0.80%	341	0.76%	356	0.79%
Total City		771	1.77%	864	1.95%	874	1.98%	858	1.92%	899	1.99%
Out City	4"	234	0.54%	207	0.47%	209	0.47%	209	0.47%	215	0.48%
	6"	110	0.25%	115	0.26%	118	0.27%	123	0.27%	123	0.27%
	8"	75	0.17%	77	0.17%	83	0.19%	82	0.18%	83	0.18%
	10"	5	0.01%	5	0.01%	5	0.01%	5	0.01%	5	0.01%
	Hydrants	412	0.95%	414	0.94%	451	1.02%	449	1.01%	451	1.00%
Total Out City		836	1.92%	818	1.85%	866	1.96%	867	1.94%	877	1.94%
Total Fire Protection		1,607	3.69%	1,682	3.80%	1,740	3.94%	1,725	3.87%	1,776	3.94%
Total Service Connections		43,558	100.00%	44,275	100.00%	44,163	100.00%	44,626	100.00%	45,112	100.00%

Source: City of Kalamazoo, Public Services Department, Water Division

TABLE 31

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY READY-TO-SERVE CHARGES BY METER LOCATION AND SIZE  
LAST FIVE YEARS  
(UNAUDITED)**

Meter Location and Size	2018	2019	2020	2021	2022
City (Quarterly Billed Accounts)					
5/8" Meter	\$ 25.72	\$ 27.03	\$ 30.70	\$ 35.45	\$ 44.47
1" Meter	34.14	36.03	41.19	47.48	59.71
1-1/2" Meter	42.58	45.06	51.70	59.52	74.95
2" Meter	65.74	69.82	80.54	92.60	116.86
City (Monthly Billed Accounts)					
5/8" Meter	11.66	11.90	13.18	15.38	19.06
1" Meter	14.47	15.00	16.69	19.40	24.14
1-1/2" Meter	17.28	18.00	20.19	23.41	29.22
2" Meter	25.00	26.27	29.82	34.45	43.19
3" Meter	81.89	87.09	100.65	115.66	146.08
4" Meter	102.97	109.63	126.89	145.74	184.18
6" Meter	152.14	162.19	188.10	215.92	273.10
8" Meter	208.32	222.24	258.03	296.12	374.71
City (Monthly Fire Protection Charge)					
4" Detector Check	27.28	29.73	34.16	39.85	45.20
6" Detector Check	34.02	36.67	41.64	47.90	59.76
8" Detector Check	47.49	50.56	56.83	64.44	87.77
10" Detector Check	101.15	106.48	120.88	136.79	186.79
Fire Hydrant	3.33		3.33	3.33	3.33

TABLE 31

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY READY-TO-SERVE CHARGES BY METER LOCATION AND SIZE (CONCLUDED)  
LAST FIVE YEARS  
(UNAUDITED)**

Meter Location and Size	2018	2019	2020	2021	2022
Out City (Quarterly Billed Accounts)					
5/8" Meter	30.64	30.82	33.51	37.04	44.47
1" Meter	41.28	41.55	45.30	49.79	59.71
1-1/2" Meter	51.93	52.29	57.09	62.55	74.95
2" Meter	81.21	81.82	89.52	97.62	116.86
Out City (Monthly Billed Accounts)					
5/8" Meter	12.89	12.93	13.86	15.77	19.06
1" Meter	16.44	16.51	17.79	20.02	24.14
1-1/2" Meter	20.00	20.09	21.72	24.28	29.22
2" Meter	29.75	29.93	32.53	35.98	43.19
3" Meter	101.62	102.40	112.13	122.07	146.08
4" Meter	128.24	129.23	141.60	153.96	184.18
6" Meter	190.30	191.85	210.38	228.35	273.10
8" Meter	261.31	263.42	288.99	313.38	374.71
Out City (Monthly Fire Protection Charge)					
4" Detector Check	37.19	37.50	39.88	43.06	45.20
6" Detector Check	45.40	45.52	48.10	51.48	59.76
8" Detector Check	61.56	61.43	64.71	68.77	87.77
10" Detector Check	13.57	123.73	133.52	143.81	186.79
Fire Hydrant	3.33	3.33	3.33	3.33	3.33

Source: City of Kalamazoo, Public Services Department, Water Division

TABLE 32

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY COMMODITY CHARGES BY METER  
LOCATION AND CLASSIFICATION (1)  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Meter Location and Classification</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City					
Residential	\$0.342	\$0.465	\$0.496	\$0.617	\$0.734
Multifamily	0.309	0.465	0.405	0.482	0.540
Commercial/Industrial	0.344	0.465	0.454	0.541	0.612
Fire Protection - First 15 M3	0.337	0.370	0.449	0.539	0.612
Fire Protection - Over 15 M3	1.012	1.110	1.346	1.615	1.834
Seasonal Uses	0.532	0.611	0.741	0.877	1.193
Out City					
Residential	\$0.607	\$0.870	\$0.660	\$0.711	\$0.734
Multifamily	0.407	0.870	0.465	0.516	0.540
Commercial/Industrial	0.456	0.870	0.522	0.580	0.612
Fire Protection - First 15 M3	0.449	0.459	0.518	0.578	0.612
Fire Protection - Over 15 M3	1.345	1.377	1.555	1.737	1.834
Seasonal Uses	0.946	0.941	0.988	1.012	1.193

Source: City of Kalamazoo, Public Services Department, Water Division

(1) per cubic meter

TABLE 33

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
HISTORY OF SYSTEM RATE INCREASES  
(UNAUDITED)**

Date Increase Effective	Percent Increase (1)
January 1, 1984	5.00%
February 8, 1985	7.60%
March 2, 1987	5.00%
January 1, 1991	8.00%
January 1, 1993	8.00%
January 1, 1995	5.00%
March 3, 1997	5.00%
February 1, 1998	4.90%
March 15, 1999	2.00%
July 1, 2001	2.00%
February 1, 2002	2.00%
April 30, 2004	3.00%
March 4, 2005	3.00%
March 16, 2006	4.50%
July 1, 2007	3.50%
March 1, 2008	4.00%
March 1, 2009	5.00%
February 1, 2010	5.00%
March 1, 2011	3.50%
March 1, 2012	5.00%
June 1, 2014	3.00%
July 1, 2017	8.00%
January 29, 2018	4.00%
February 4, 2019	4.00%
March 2, 2020	14.00%
March 2, 2021	14.00%
February 21, 2022	15.00%

Source: City of Kalamazoo, Public Services Department, Water Division

TABLE 34

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY VOLUME AS PUMPED AND BILLED (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Pumped	27,186,486	27,797,406	26,723,103	26,723,103	26,714,852
Billed	<u>21,137,276</u>	<u>21,612,091</u>	<u>21,851,721</u>	<u>22,245,676</u>	<u>24,045,745</u>
Unaccounted (2) (3)	<u><u>6,049,210</u></u>	<u><u>6,185,315</u></u>	<u><u>4,871,382</u></u>	<u><u>4,477,427</u></u>	<u><u>2,669,107</u></u>
Unaccounted as a Percent of Pumped (3)	<u><u>22.25%</u></u>	<u><u>22.25%</u></u>	<u><u>18.23%</u></u>	<u><u>16.75%</u></u>	<u><u>9.99%</u></u>

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Measured in Cubic Meters

(2) Unaccounted water volume is due primarily to the flushing of lines, pressure releases during routine maintenance and, to a diminishing degree, line loss and inaccurate meters.

(3) Back flushing for City of Parchment PFAS emergency was not billed until March 2019. The volume was not available at the time of this report. This is part of the Unaccounted Volume.



TABLE 35

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER VOLUME AS BILLED BY METER  
LOCATION AND CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

Meter Location and Classification	2018		2019		2020		2021		2022	
City										
Residential	3,779,291	17.88%	3,972,491	18.38%	4,076,141	18.65%	4,001,334	17.99%	3,850,610	16.01%
Multifamily	1,726,211	8.17%	1,623,242	7.51%	1,706,516	7.81%	1,766,798	7.94%	1,763,070	7.33%
Commercial/Industrial	5,092,378	24.09%	5,115,857	23.67%	4,761,521	21.79%	4,966,027	22.32%	5,765,746	23.98%
Fire Protection	20,687	0.10%	5,277	0.02%	48,731	0.22%	73,823	0.33%	-88,413	-0.37%
Seasonal Uses (1)	450,164	2.13%	437,715	2.03%	455,152	2.08%	536,704	2.41%	1,209,607	5.04%
Total City	11,068,731	52.37%	11,154,582	51.61%	11,048,061	50.55%	11,344,686	51.00%	12,500,620	51.99%
Out City										
Residential	5,146,635	24.35%	5,604,885	25.93%	5,915,697	27.07%	5,922,394	26.62%	6,572,037	27.33%
Multifamily	1,659,616	7.85%	1,692,317	7.83%	1,701,525	7.79%	1,777,071	7.99%	1,739,191	7.23%
Commercial/Industrial	2,854,022	13.50%	2,791,302	12.92%	2,724,781	12.47%	2,747,044	12.35%	2,767,563	11.51%
Fire Protection	3,662	0.02%	5,206	0.02%	41,851	0.19%	-23,782	-0.11%	2,595	0.01%
Seasonal Uses (1)	404,610	1.91%	363,799	1.68%	419,806	1.92%	478,263	2.15%	463,739	1.93%
Total Out City	10,068,545	47.63%	10,457,510	48.39%	10,803,660	49.44%	10,900,990	49.00%	11,545,125	48.01%
Total System										
Residential	8,925,926	42.23%	9,577,376	44.31%	9,991,838	45.73%	9,923,728	44.61%	10,422,647	43.35%
Multifamily	3,385,827	16.02%	3,315,559	15.34%	3,408,041	15.60%	3,543,869	15.93%	3,502,261	14.56%
Commercial/Industrial	7,946,400	37.59%	7,907,158	36.59%	7,486,302	34.26%	7,713,071	34.67%	8,533,309	35.49%
Fire Protection	24,349	0.12%	10,483	0.05%	90,582	0.41%	50,041	0.22%	-85,818	-0.36%
Seasonal Uses (2)	854,774	4.04%	801,515	3.71%	874,958	4.00%	1,014,967	4.56%	1,673,346	6.96%
Total System	21,137,276	100.00%	21,612,091	100.00%	21,851,721	100.00%	22,245,676	100.00%	24,045,745	100.00%

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Water volume is measured in cubic meters.

(2) Represents flow relating to sprinkler systems which are metered separately.

TABLE 36

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
AVERAGE AND PEAK DAILY WATER SUPPLY VOLUME (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Average Daily Water Supply	15.750	19.740	19.340	19.040	20.08
Peak Daily Water Supply	34.440	28.290	36.240	34.070	33.56
Peak as a Percent of Average	218.67%	143.31%	187.38%	178.94%	167.13%

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Measured in millions of gallons per day. Water Treatment capacity is 66.79.

TABLE 37

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
WATER SUPPLY REVENUE AS BILLED BY METER  
LOCATION AND CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

Meter Location and Classification	2018		2019		2020		2021		2022	
City										
Residential	\$ 3,099,630	19.53%	\$ 3,274,009	20.17%	\$ 4,168,819	21.61%	\$ 4,938,420	22.25%	\$ 5,967,556	22.10%
Multifamily	789,785	4.98%	808,837	4.98%	972,447	5.04%	1,177,460	5.31%	1,370,846	5.07%
Commercial/Industrial	2,361,881	14.88%	2,533,640	15.61%	2,820,185	14.62%	3,480,593	15.68%	4,599,591	17.03%
Fire Protection	214,603	1.35%	217,255	1.34%	315,932	1.64%	405,789	1.83%	211,332	0.78%
Seasonal Uses	280,139	1.76%	303,193	1.87%	379,820	1.97%	520,468	2.35%	1,475,380	5.46%
Total City	6,746,038	42.50%	7,136,935	43.97%	8,657,203	44.88%	10,522,730	47.42%	13,624,705	50.44%
Out City										
Residential	5,705,270	35.94%	5,739,965	35.36%	6,793,436	35.22%	7,455,208	33.60%	8,688,839	32.16%
Multifamily	977,053	6.15%	1,002,793	6.18%	1,102,803	5.72%	1,256,650	5.66%	1,359,845	5.03%
Commercial/Industrial	1,830,144	11.53%	1,770,489	10.91%	1,980,244	10.27%	2,227,636	10.04%	2,460,966	9.11%
Fire Protection	216,700	1.37%	221,747	1.37%	316,286	1.64%	221,017	1.00%	299,130	1.11%
Seasonal Uses	399,424	2.52%	360,705	2.22%	437,116	2.27%	507,600	2.29%	579,968	2.15%
Total Out City	9,128,591	57.50%	9,095,699	56.03%	10,629,885	55.12%	11,668,111	52.58%	13,388,748	49.56%
Total System										
Residential	8,804,900	55.47%	9,013,974	55.53%	10,962,255	56.83%	12,393,628	55.85%	14,656,395	54.25%
Multifamily	1,766,838	11.13%	1,811,629	11.16%	2,075,250	10.76%	2,434,110	10.97%	2,730,691	10.11%
Commercial/Industrial	4,192,025	26.41%	4,304,129	26.52%	4,800,429	24.89%	5,708,229	25.72%	7,060,557	26.14%
Fire Protection	431,303	2.72%	439,003	2.70%	632,218	3.28%	626,806	2.82%	510,462	1.89%
Seasonal Uses	679,563	4.28%	663,898	4.09%	816,936	4.24%	1,028,068	4.63%	2,055,348	7.61%
Total System	\$ 15,874,629	100.00%	\$ 16,232,634	100.00%	\$ 19,287,088	100.00%	\$ 22,190,841	100.00%	\$ 27,013,453	100.00%

Source: City of Kalamazoo, Public Services Department, Water Division

TABLE 38

**CITY OF KALAMAZOO  
WATER SUPPLY SYSTEM  
TEN LARGEST WATER CUSTOMERS BY VOLUME AND REVENUE  
YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

Customer	Principal Product or Service	Water Volume (cubic meters)	Percent of Total (1)	Water Revenue	Percent of Total (2)
Cass Information Services	Paper Products	2,454,035	10.2%	\$ 2,029,063	7.5%
Western Michigan University	Higher Education	684,504	2.8%	687,935	2.5%
Zoetis	Pharmaceuticals	457,237	1.9%	320,493	1.2%
Bronson Methodist Hospital	Hospital	356,190	1.5%	300,951	1.1%
Borgess Medical Center	Hospital	351,703	1.5%	265,825	1.0%
Kalamazoo Brewing Co.	Food Service/Science	292,013	1.2%	184,610	0.7%
Graphic Packaging Corp.	Paper Products	286,149	1.2%	193,977	0.7%
Kalsec	Food Service/Science	199,148	0.8%	135,083	0.5%
Continental Linen	Uniform Cleaning	136,622	0.6%	88,355	0.3%
Concord Place Apartments	Apartments	120,774	0.5%	76,397	0.3%
		<u>5,338,375</u>	<u>12.0%</u>	<u>\$ 4,282,689</u>	<u>8.3%</u>

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Based on water volume of 24,045,745 cubic meters.

(2) Based on Water System billed revenue of \$27,013,453

TABLE 39

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER SERVICE AGREEMENTS  
(UNAUDITED)**

<u>Municipality</u>	<u>Date of Execution</u>	<u>Year to be Renewed</u>
City of Galesburg (2)	29-Jul-85	2025
City of Parchment (2)	23-Jul-85	2015
City of Portage (2)	27-Jan-86	2016
Village of Augusta (2)	26-Mar-81	2021
Village of Mattawan (2)	18-Nov-96	2026
Village of Vicksburg (2)	16-Apr-85	2015
Charleston Township (1)	3-Jul-98	2016
Comstock Township (1)	16-Sep-80	2010
Cooper Township (1)	10-Oct-83	2013
Kalamazoo Township (1)	6-Oct-80	2010
Oshtemo Township (1)	8-Oct-84	2014
Pavilion Township (1)	16-Mar-81	2011
Schoolcraft Township (1)	25-Oct-82	2012
Texas Township (1)	22-Oct-84	2014
Gull Lake Sewer Authority (2)	15-Sep-80	2010
Barry County		
Prairieville Township		
Richland Township		
Ross Township		
South County Sewer Authority (2)	20-Jul-04	2016

Source: City of Kalamazoo, Public Services Department, Wastewater Division

TABLE 40

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
APPROXIMATE NUMBER OF WASTEWATER CUSTOMERS  
BY LOCATION AND USER CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

Customer Location and Classification	2018		2019		2020		2021		2022	
<u>Retail Customers</u>										
<i>In-City Retail Customers</i>										
Residential	17,008	49.15%	17,012	48.27%	16,978	48.17%	17,044	48.01%	17,092	47.85%
Commercial	2,512	7.26%	2,514	7.13%	2,702	7.67%	2,699	7.60%	2,718	7.61%
Industrial	306	0.88%	103	0.29%	107	0.30%	107	0.30%	108	0.30%
Sub-Total	19,826	57.30%	19,629	55.70%	19,787	56.14%	19,850	55.91%	19,918	55.76%
<i>Out-City Retail Customers</i>										
Residential	11,711	33.85%	12,335	35.00%	12,133	34.43%	12,274	34.57%	12,375	34.64%
Commercial	1,594	4.61%	1,651	4.68%	1,685	4.78%	1,701	4.79%	1,715	4.80%
Industrial	29	0.08%	29	0.08%	32	0.09%	30	0.08%	31	0.09%
Sub-Total	13,334	38.54%	14,015	39.77%	13,850	39.30%	14,005	39.45%	14,121	39.53%
Total Retail Customers	33,160	95.84%	33,644	95.46%	33,637	95.44%	33,855	95.36%	34,039	95.29%
<u>Wholesale Customers</u>										
Industries	2	0.01%	2	0.01%	2	0.01%	2	0.01%	2	0.01%
Wholesale Municipal Customers	8	0.02%	7	0.02%	7	0.02%	8	0.02%	8	0.02%
Dewatering Accounts	4	0.01%	4	0.01%	4	0.01%	4	0.01%	4	0.01%
Septage Haulers	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Sub-Total	14	0.04%	13	0.04%	13	0.04%	14	0.04%	14	0.04%
<u>Flat Rate Customers</u>	1,427	4.12%	1,586	4.50%	1,592	4.52%	1,633	4.60%	1,669	4.67%
Total Sewer Customers	34,601	100.00%	35,243	100.00%	35,242	100.00%	35,502	100.00%	35,722	100.00%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

TABLE 41

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
NUMBER OF RETAIL CUSTOMERS BY METER SIZE  
LAST FIVE YEARS  
(UNAUDITED)**

Meter Size	2018		2019		2020		2021		2022	
5/8" - 3/4"	22,623	68.65%	23,003	68.37%	23,109	68.69%	23,159	68.41%	23,183	68.11%
1"	7,200	21.85%	7,459	22.17%	7,996	23.77%	8,167	24.12%	8,308	24.41%
1-1/2"	482	1.46%	480	1.43%	496	1.47%	500	1.48%	502	1.47%
2"	1,655	5.02%	1,686	5.01%	1,598	4.75%	1,594	4.71%	1,600	4.70%
3"	839	2.55%	840	2.50%	287	0.85%	287	0.85%	289	0.85%
4"	136	0.41%	156	0.46%	137	0.41%	132	0.39%	139	0.41%
6"	21	0.06%	20	0.06%	13	0.04%	15	0.04%	15	0.04%
8"	0	0.00%	0	0.00%	1	0.00%	1	0.00%	1	0.00%
	<u>32,956</u>	<u>100.00%</u>	<u>33,644</u>	<u>100.00%</u>	<u>33,637</u>	<u>100.00%</u>	<u>33,855</u>	<u>100.00%</u>	<u>34,037</u>	<u>100.00%</u>

Source: City of Kalamazoo, Public Services Department, Wastewater Division

TABLE 42

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER READY-TO-SERVE CHARGES BY  
WATER METER LOCATION AND SIZE  
LAST FIVE YEARS  
(UNAUDITED)**

Meter Location and Size	2018		2019		2020		2021		2022	
	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly
City										
5/8"	\$ 6.75	\$ 7.84	\$ 7.14	\$ 8.29	\$ 6.97	\$ 9.41	\$ 7.67	\$ 10.35	\$ 12.11	\$ 15.85
3/4"	6.80	7.99	7.19	8.45	7.09	9.77	7.80	10.75	12.30	16.40
1"	6.97	8.49	7.37	8.98	7.45	10.87	8.20	11.96	12.85	18.10
1-1/2"	7.19	9.15	7.60	9.68	7.94	12.33	8.73	13.56	13.61	20.34
2"	7.78	10.93	8.23	11.56	9.28	16.36	10.21	18.00	15.66	26.51
3"	12.18	24.13	12.88	25.52	19.16	45.98	21.08	50.58	30.80	71.94
4"	13.81	29.03	14.60	30.70	22.82	56.96	25.10	62.66	36.42	88.76
6"	17.62	40.44	18.63	42.77	31.35	82.56	34.49	90.82	49.50	128.04
Flat Rate	-	45.14	-	47.74	-	55.61	-	61.17	-	93.34
Dewatering	5.38	-	6.18	-	6.54	-	6.33	-	9.42	-
Septage	5.38	-	-	-	-	-	-	-	-	-
Our City										
5/8"	\$ 7.69	\$ 11.34	\$ 8.26	\$ 12.18	\$ 8.51	\$ 14.20	\$ 9.47	\$ 15.77	\$ 13.55	\$ 20.18
3/4"	7.86	11.89	8.44	12.77	8.80	15.05	9.79	16.72	13.88	21.18
1"	8.42	13.53	9.04	14.53	9.65	17.61	10.74	19.56	14.88	24.17
1-1/2"	9.15	15.73	9.83	16.89	10.80	21.02	12.00	23.34	16.20	28.14
2"	11.16	21.77	11.99	23.38	13.92	30.41	15.47	33.75	19.85	39.08
3"	25.98	66.24	27.90	71.14	36.94	99.47	41.00	110.33	46.70	119.64
4"	31.48	82.72	33.81	88.84	45.47	125.05	50.45	138.70	56.65	149.48
6"	44.29	121.16	47.57	130.13	65.36	184.74	72.51	204.89	79.86	219.11
Flat Rate	-	79.64	-	85.53	-	92.40	-	102.74	-	129.16
Municipalities	5.38	-	6.37	-	5.75	-	6.33	-	-	-
Dewatering	5.38	-	6.37	-	5.75	-	6.33	-	9.42	-
Septage	5.38	-	6.37	-	-	-	-	-	9.42	-

Source: City of Kalamazoo, Public Services Department, Wastewater Division

The charge for wastewater treatment service is the sum of the availability fee (determined by the size of meter) plus the commodity charge (determined by the amount of water used). Commodity rates vary depending on customer class. The rates above represent the availability fee, which is a portion of the Operating, Maintenance, and Replacement fee with a capital expense charge. See Table 43 for information on commodity rates.



TABLE 43

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER TREATMENT CHARGES BY CUSTOMER CLASSIFICATION (1)  
LAST FIVE YEARS  
(UNAUDITED)**

<b>Fixed Monthly Charges \$/Month(7)</b>					
<u>Fiscal Years Ended December 31</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Portage	-	-	-	-	395,500
Galesburg	-	-	-	-	10,200
Vicksburg	-	-	-	-	25,200
Gull Lake	-	-	-	-	82,100
Augusta	-	-	-	-	6,000
Mattawan	-	-	-	-	33,400
South County	-	-	-	-	98,000

<b>Commodity Charges (per cubic meter) (1)</b>					
<u>Fiscal Years Ended December 31</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
In-City Retail Customers	0.444	0.465	0.544	0.598	0.908
Out-City Retail Customers	0.813	0.870	0.911	1.013	1.279
Wholesale Municipal Customers	0.492	0.532	0.584	0.694	-
City of Galesburg (3)	0.547	0.594	0.710	0.835	-
In-City Dewatering Customers	0.418	0.465	0.544	0.598	9.420
Out-City Dewatering Customers	0.821	0.870	0.911	1.013	9.420

<b>Additional Quantity and Quality Wastewater Treatment (2)</b>					
<u>Fiscal Years Ended December 31</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Additional Quantity Charge \$/CM					
Pfizer	0.165	0.170	0.189	0.306	0.367
Graphic Packaging	0.070	0.070	0.067	0.140	0.168
Dewater - Industrial Outside City	0.433	0.505	0.503	0.360	-
In-City Industrial	0.130	0.148	0.216	0.360	0.431
Out-City Industrial	0.430	0.494	0.503	0.648	0.767
COD Charge (8) \$/KG					
Pfizer	-	-	-	-	0.338
Graphic Packaging	-	-	-	-	0.314
In-City Industrial	-	-	-	-	0.314
Out-City Industrial	-	-	-	-	0.344
BOD Charge (4) \$/KG					
Pfizer	0.511	0.510	0.522	0.282	-
Graphic Packaging	0.468	0.470	0.490	0.262	-
In-City Industrial	0.468	0.518	0.490	0.262	-
Out-City Industrial	0.531	0.612	0.615	0.287	-

TABLE 43

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER TREATMENT CHARGES BY CUSTOMER CLASSIFICATION (1) (CONCLUDED)  
LAST FIVE YEARS  
(UNAUDITED)**

Fiscal Years Ended December 31	Additional Quantity and Quality Wastewater Treatment (2)				
	2018	2019	2020	2021	2022
SS Charge \$/KG (5)					
Pfizer	0.565	0.570	0.696	0.861	1.033
Graphic Packaging	0.506	0.510	0.626	0.809	0.971
In-City Industrial	0.506	0.571	0.626	0.809	0.971
Out-City Industrial	0.576	0.666	0.788	0.862	1.034
NH3 Charge \$/KG (6)					
Pfizer	2.609	2.610	2.599	3.347	4.016
Graphic Packaging	2.518	2.520	2.623	3.143	3.772
In-City Industrial	2.518	2.813	2.623	3.145	3.774
Out-City Industrial	2.715	3.136	3.082	3.431	4.092

Source: City of Kalamazoo, Public Services Department, Wastewater Division

- (1) The charge for wastewater treatment service is the sum of the availability fee (determined by the size of meter) plus the commodity charge (determined by the amount of water used). Commodity rates vary depending on customer class. The rates above represent the commodity fee which is determined by the Operating, Maintenance, and Replacement cost with a capital expense charge. See Table 42 for more information on the availability fee.
- (2) Additional quantity and quality charges are fees charged to large industrial customers.
- (3) Since the City of Galesburg does not have a master meter, the wastewater treatment charge is adjusted for the cost of infiltration and inflow, which is water other than wastewater entering the System.
- (4) The Biochemical Oxygen Demand (BOD) is the indicator of strength of the wastewater and how much aeration (oxygen) is required to break down wastewater.
- (5) The Suspended Solids (SS) is the amount of sludge or biosolids that required treatment process and disposal.
- (6) The ammonia (NH3) is broken down in treatment by aeration.
- (7) Municipal Wholesale Customers were moved to a fixed monthly rate as of 10/1/2022.
- (8) The biochemical oxygen demand (BOD) represents the amount of dissolved oxygen (DO) consumed by biological organisms when they decompose organic matter in water. The chemical oxygen demand (COD) is the amount of oxygen consumed when the water sample is chemically oxidized. City of Kalamazoo is now using the COD charge instead of BOD.

TABLE 44

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER TREATMENT VOLUME AS BILLED BY  
CUSTOMER AND USER CLASSIFICATION (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	2018		2019		2020		2021		2022	
<u>Retail Customers</u>										
Residential	5,205,459	18.23%	5,221,975	18.63%	5,171,265	18.76%	5,136,297	18.90%	4,967,762	17.47%
Commercial	7,576,651	26.54%	7,419,528	26.47%	6,851,871	24.86%	6,989,149	25.72%	7,117,439	25.02%
Industrial	2,221,252	7.78%	2,072,896	7.39%	2,085,731	7.57%	2,375,579	8.74%	1,933,407	6.80%
Sub-Total	<u>15,003,362</u>	<u>52.55%</u>	<u>14,714,399</u>	<u>52.49%</u>	<u>14,108,867</u>	<u>51.19%</u>	<u>14,501,025</u>	<u>53.37%</u>	<u>14,018,608</u>	<u>49.29%</u>
<u>Wholesale Customers</u>										
Industries	4,735,170	16.59%	4,885,811	17.43%	4,823,031	17.50%	4,952,580	18.23%	6,633,182	23.32%
Wholesale Municipal	8,608,753	30.15%	8,222,822	29.33%	8,437,145	30.61%	7,567,359	27.85%	7,673,370	26.98%
Dewatering Accounts	202,935	0.71%	208,523	0.74%	192,312	0.70%	152,131	0.56%	117,866	0.41%
Septage Haulers	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Sub-Total	<u>13,546,858</u>	<u>47.45%</u>	<u>13,317,156</u>	<u>47.51%</u>	<u>13,452,488</u>	<u>48.81%</u>	<u>12,672,070</u>	<u>46.63%</u>	<u>14,424,418</u>	<u>50.71%</u>
Total Wastewater Billed	<u><u>28,550,220</u></u>	<u><u>100.00%</u></u>	<u><u>28,031,555</u></u>	<u><u>100.00%</u></u>	<u><u>27,561,355</u></u>	<u><u>100.00%</u></u>	<u><u>27,173,095</u></u>	<u><u>100.00%</u></u>	<u><u>28,443,026</u></u>	<u><u>100.00%</u></u>

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Measured in Cubic Meters.

TABLE 45

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER VOLUME AS TREATED AND BILLED (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Metered Wastewater Volume	40,432,778	39,626,836	37,754,807	35,168,774	36,960,560
Wastewater Consumption as Billed	<u>28,550,220</u>	<u>31,573,592</u>	<u>27,561,355</u>	<u>27,173,095</u>	<u>28,443,026</u>
Difference (2)	<u>11,882,558</u>	<u>8,053,244</u>	<u>11,252,088</u>	<u>7,995,679</u>	<u>8,517,534</u>
Difference as a % of Metered Wastewater Volume	29.4%	20.3%	27.0%	22.7%	23.0%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Measured in Cubic Meters.

(2) The difference between the wastewater volume as treated and billed is due, in part, to inaccurate meters and infiltration and inflow which is water other than wastewater that enters the System.

TABLE 46

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
AVERAGE AND PEAK DAILY WASTEWATER TREATMENT VOLUME (1)  
LAST FIVE YEARS  
(UNAUDITED)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Average Daily Sewage Disposal Volume	29.3	28.7	27.3	25.5	26.8
Peak Daily Sewage Disposal Volume	77.4	61.8	48.0	38.6	35.2
Peak as a Percent of Average	264.47%	215.55%	176.33%	151.73%	131.63%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Measured in millions of gallons per day.

TABLE 47

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
TEN LARGEST CUSTOMERS  
BY WASTEWATER SYSTEM REVENUE AND VOLUME AS BILLED  
YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

Customer	Principal Product or Service	Wastewater Volume (cubic meters)	Percent of Total (1)	Wastewater Treatment Revenue	Wastewater Surcharge Revenue	Wastewater System Revenue	Percent of Total (2)
Pfizer Corporation	Pharmaceuticals	3,214,372	11.8%	\$ 1,008,296	\$ 2,737,205	\$ 3,745,501	15.1%
City of Portage	Municipality	5,488,995	20.2%	4,506,538		4,506,538	18.2%
Graphic Packaging Corporation	Paper Products	2,811,986	10.3%	598,040	3,484,539	4,082,579	16.5%
Kalsec, Inc.	Food Grade Flavoring	279,601	1.0%	741,603	124,659	866,262	3.5%
Kalamazoo Brewing Company	Brewery	255,934	0.9%	182,307	712,054	894,361	3.6%
Gull Lake Sewer & Water Athrty	Municipality	1,094,892	4.0%	855,063		855,063	3.5%
Zoetis, Inc	Pharmaceuticals	169,479	0.6%	160,009	74,047	234,056	0.9%
Allnex Usa, Inc	Chemicals	431,972	1.6%	435,677	28,842	464,519	1.9%
Village Of Mattawan	Municipality	407,099	1.5%	338,881		338,881	1.4%
Western Michigan University	University	488,090	1.8%	372,311		372,311	1.5%
		<u>14,642,420</u>	<u>53.7%</u>	<u>\$ 9,198,725</u>	<u>\$ 7,161,346</u>	<u>\$ 16,360,071</u>	<u>66.1%</u>

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Based on wastewater treatment volume of 27,173,095 cubic meters.

(2) Based on Wastewater System billed revenue of \$24,769,307

TABLE 48

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
WASTEWATER TREATMENT REVENUE AS BILLED  
BY METER LOCATION AND CLASSIFICATION  
LAST FIVE YEARS  
(UNAUDITED)**

<u>Meter Location and Classification</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City					
Residential	\$ 1,890,660	\$ 1,613,189	\$ 2,151,739	\$ 2,362,851	\$ 3,033,289
Commercial	2,196,673	2,235,247	2,392,118	2,675,473	3,636,657
Industrial	362,788	364,730	450,137	601,789	797,276
Industrial Monitored	355,030	363,627	369,181	446,689	844,451
Contract	1,452,408	1,549,594	1,623,987	1,906,317	3,872,349
Dewatering	<u>67,923</u>	<u>84,184</u>	<u>87,248</u>	<u>76,722</u>	<u>80,251</u>
Total City	<u>6,325,482</u>	<u>6,210,571</u>	<u>7,074,410</u>	<u>8,069,841</u>	<u>12,264,273</u>
Out City					
Residential	2,735,308	3,021,625	4,767,145	3,063,793	3,435,001
Commercial	2,545,458	2,660,406	2,721,639	3,071,664	3,407,288
Industrial	152,879	221,746	144,411	206,450	259,287
Industrial Monitored	1,761,331	1,231,604	1,152,212	1,606,182	1,905,988
Contract	3,594,361	3,588,863	3,270,167	3,624,734	3,745,500
Municipalities	4,514,981	4,314,328	4,686,263	5,111,116	6,261,746
Septage Haulers	-	-	-	-	-
Dewatering	<u>15,379</u>	<u>13,585</u>	<u>13,892</u>	<u>15,527</u>	<u>-</u>
Total Out City	<u>15,319,697</u>	<u>15,052,157</u>	<u>16,755,729</u>	<u>16,699,466</u>	<u>19,014,810</u>
Total System					
Residential	4,625,968	4,634,814	6,918,884	5,426,644	6,468,290
Commercial	4,742,131	4,895,653	5,113,757	5,747,137	7,043,945
Industrial	515,667	586,475	594,548	808,239	1,056,563
Industrial Monitored	2,116,361	1,595,231	1,521,393	2,052,871	2,750,439
Contract	5,046,769	5,138,457	4,894,154	5,531,051	7,617,849
Municipalities	4,514,981	4,314,328	4,686,263	5,111,116	6,261,746
Septage Haulers	-	-	-	-	-
Dewatering	<u>83,302</u>	<u>97,769</u>	<u>101,140</u>	<u>92,249</u>	<u>80,251</u>
Total System	<u>\$ 21,645,179</u>	<u>\$ 21,262,728</u>	<u>\$ 23,830,139</u>	<u>\$ 24,769,307</u>	<u>\$ 31,279,083</u>

Source: City of Kalamazoo, Public Services Department, Wastewater Division

TABLE 49

**CITY OF KALAMAZOO  
WASTEWATER SYSTEM  
HISTORY OF WASTEWATER SYSTEM RATE INCREASES  
(UNAUDITED)**

<u>Date Increase Effective</u>	<u>Percent Increase</u>
March 2, 1987	2.40%
January 1, 1991	-7.50%
1999*	0.00%
July 1, 2001	4.00%
April 30, 2004	6.75%
July 1, 2007	20.00%
March 1, 2008	5.00%
February 1, 2010	3.00%
March 1, 2011	5.00%
March 1, 2012	5.00%
June 1, 2014	2.00%
January 29, 2018	5.00%
February 4, 2019	5.00%
March 2, 2020	10.00%
March 1, 2021	10.00%
March 4, 2022	12.00%
October 1, 2022	20.00%

Source: City of Kalamazoo, Public Services Department, Wastewater Division