PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 2026

NEW ISSUE **S&P Global Ratings♦: "AA-"**

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the City of Kalamazoo (the "City"), (i) the interest on the 2026 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds") is excludable from gross income for federal income tax purposes and (ii) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan (the "State") or by any taxing authority within the State, except estate taxes, and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein and APPENDIX C, "FORM OF APPROVING OPINION" for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"). The Bonds have NOT been designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

$8,330,000†
CITY OF KALAMAZOO
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

SALE DATE: September 10, 2026, 11:00 A.M. Eastern Time

AUTHORIZATION, PURPOSE AND SECURITY: The 2026 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds") are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, ("Act 34"), and a bond authorizing resolution adopted by the City Commission on August 17, 2026. Proceeds from the sale of the Bonds will be used for the purpose of paying all or part of the costs of certain public improvements in the City, including (i) acquiring and constructing major street and local street improvements, including traffic signal upgrades; (ii) acquiring, constructing, furnishing and equipping public safety facilities improvements and equipment; (iii) acquiring and constructing parks and recreation improvements; (iv) acquiring information technology equipment; (v) acquiring public services facilities improvements and equipment; (vi) parking system improvements; and (vii) paying the costs relating to the issuance of the Bonds. The City has pledged its limited tax, full faith and credit as security for the payment of the principal of and interest on the Bonds. The City is obligated to make such payments as a first budget obligation from its general funds, including any collections of ad valorem taxes it may be authorized to levy. The ability of the City to levy such taxes is subject to applicable constitutional, statutory and charter tax rate limitations. See "CITY TAXATION AND LIMITATIONS" herein.

BOOK-ENTRY ONLY: The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interest in the Bonds will be made in book-entry-only form, in the denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" and APPENDIX E, "OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM."

PAYMENT OF BONDS: Interest on the Bonds will be payable semiannually on the first day of April and October of each year commencing April 1, 2027. The Bonds will be issued fully registered as to principal and interest in the denomination of $5,000 or any integral multiple thereof not exceeding the principal amount of each maturity. The principal and interest shall be payable at the principal corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan (the "Transfer Agent") or other designated office of the Transfer Agent, or such other Transfer Agent as the City may hereafter designate. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants, as more fully described herein. Interest shall be paid when due by check or draft mailed to the registered owner as shown on the registration books as of the fifteenth day of the month preceding the payment date for each interest payment.

Dated: Date of Delivery (October 1, 2026, anticipated) **NOT QUALIFIED TAX-EXEMPT OBLIGATIONS**

Principal Due: October 1 of each year as shown on inside cover **LEGAL OPINION:** Miller, Canfield, Paddock and Stone, P.L.C.

Municipal Advisor:

MFCI MUNICIPAL FINANCIAL CONSULTANTS

This cover page contains certain information for quick reference only. It is not a summary of this issue of Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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†Preliminary, subject to change. See "THE BONDS - Adjustment in Principal Amount" herein and in APPENDIX E, "OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM."

♦ See "BOND RATING" herein.

$8,330,000†
CITY OF KALAMAZOO
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

MATURITY SCHEDULE†
Principal Due: October 1
Base CUSIP◊: ______

Maturity October 1,	CUSIP Number◊	Amount†	Coupon Rate %	Yield %	Maturity October 1,	CUSIP Number◊	Amount†	Coupon Rate %	Yield %
2027		$385,000			2035		$570,000		
2028		405,000			2036		600,000		
2029		425,000			2037	*	630,000		
2030		445,000			2038	*	660,000		
2031		470,000			2039	*	695,000		
2032		490,000			2040	*	730,000		
2033		515,000			2041	*	765,000		
2034		545,000							

***PRIOR REDEMPTION:** Bonds maturing in the years 2037 through 2041 are subject to optional redemption as described under the heading "THE BONDS – Optional Redemption Prior to Maturity" herein.

INFORMATION FOR BIDDERS ON DETAILS OF SALE

DATE BIDS DUE: September 10, 2026 **TIME BIDS DUE: 11:00 a.m., Eastern Time**

LOCATIONS OF SUBMISSION OF BIDS: Bids ONLY accepted electronically via PARITY and by email to the Municipal Advisory Council of Michigan at: munibids@macmi.com

BOND DETAILS:

Principal Amount: $8,330,000†
Dated: Date of Delivery (October 1, 2026 anticipated)
Interest Payment Dates: April 1 and October 1, commencing April 1, 2027
Rating: S&P Global Ratings: "AA-"

Maximum Interest Rate: 6%
Maximum Interest Rate Spread: N/A
Good Faith Deposit: $83,300
Maximum Discount: $0
Denominations: $5,000 or a multiple of $5,000

The Official Notice of Sale shall control if there is a conflict between this Official Statement and Official Notice of Sale.

RESTRICTIONS: The Bonds shall bear interest at a rate or rates not less than 5% per annum and not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one Bond shall be at one rate only, and all Bonds maturing in any one year must carry the same interest rate. No bid for the purchase of less than all of the Bonds or at a price that is less than 100% of their par value will be considered. See APPENDIX E, "OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM."

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† Preliminary, subject to change: See "THE BONDS - Adjustment in Principal Amount" herein and in APPENDIX E, "OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM."

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REGARDING USE OF THIS OFFICIAL STATEMENT

Certain information contained in this Official Statement has been obtained by the City, from DTC and other sources that are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the City or the Municipal Advisor. Nothing contained in this Official Statement is or shall be relied on as a promise or representation by the City or the Municipal Advisor shown on the cover page hereof. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information in it is correct as of any time subsequent to its date.

No dealer, broker, salesman, or other person has been authorized by the City or by the Municipal Advisor to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

MFCI, LLC, in its role as Municipal Advisor, assisted the City in preparing the Official Statement. The Municipal Advisor obtained information from the City and other sources that it believed was reliable but cannot guarantee the accuracy or completeness of the information in this Official Statement.

Argent Institutional Trust Company, Grand Rapids, Michigan (the “Transfer Agent”) by acceptance of its duties as Transfer Agent, has not reviewed this Official Statement and has made no representations as to the information contained herein.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any other sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. The registration or qualification of the Bonds in accordance with the applicable provisions of securities laws of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the City’s financial records and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

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City of Kalamazoo
241 West South Street
Kalamazoo, Michigan 49007
www.kalamazoocity.org

CITY OF KALAMAZOO OFFICIALS

City Commission

Mayor
David Anderson

Vice Mayor
Drew Duncan

Jeanne Hess

Jae Slaby

Stephanie Hoffman

Chris Praedel

Alonzo Wilson

City Administration

City Manager
Malcolm Hankins

Deputy City Manager
David Marquardt

Chief Operating Officer
Laura Lam

Chief Financial Officer/
Dir. of Mgmt. Services
Stephen Vicenzi

City Treasurer
Tania Sheeley-Myers

City Clerk
Scott A. Borling

City Attorney
Aaron Leal

Interim Community
Planning & Development
Christina Anderson

Public Services Director
James Baker

Public Safety Chief
David Boysen

City Assessor
Aaron P. Powers

Human Resources
James Henderson

Internal Auditor
Ann Videtich

Parks & Recreation Director
Patrick McVerry

Chief Information Officer
Tim Dubois

PROFESSIONAL SERVICES

Auditor...Maner Costerisan
Lansing, Michigan

Bond Counsel ....Miller, Canfield, Paddock and Stone, P.L.C.
Detroit, Michigan

Municipal Advisor ....MFCI, LLC
Milford, Michigan

Transfer Agent ....Argent Institutional Trust Company
Grand Rapids, Michigan

OFFICIAL STATEMENT OF THE
$8,330,000†
CITY OF KALAMAZOO
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

INTRODUCTION

This Official Statement, including the cover page hereof and the appendices hereto, is provided by the City of Kalamazoo (the "City") for the purpose of setting forth information to all who may become registered owners of the City's 2026 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds").

THE FINANCING

Purpose of the Bonds

The Bonds are being issued for the purpose of paying all or part of the costs of certain public improvements in the City, including (i) acquiring and constructing major street and local street improvements, including traffic signal upgrades; (ii) acquiring, constructing, furnishing and equipping public safety facilities improvements and equipment; (iii) acquiring and constructing parks and recreation improvements; (iv) acquiring information technology equipment; (v) acquiring public services facilities improvements and equipment; (vi) parking system improvements; including all related equipment, site improvements, appurtenances and attachments (the "Projects"); and (vii) paying the costs relating to the issuance of the Bonds (together with the Projects, the "Financing").

Estimated Sources and Uses of Funds

Sources of Funds		
Par Value of Bonds	$	-
Original Issue Premium		-
Total Sources	$	-
Uses of Funds		
Deposit to Construction Fund	$	-
Underwriter's Discount		-
Costs of Issuance (1)		-
Total Uses	$	-

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†Preliminary, subject to change: See "THE BONDS - Adjustment in Principal Amount" herein and in APPENDIX E, "OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM."

(1) Includes legal, municipal advisor, printing, rating, publication, and other miscellaneous costs of issuance.

Source: City of Kalamazoo

THE BONDS

Authorization and Security

The Bonds are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and a bond authorizing resolution (the "Resolution") adopted by the City Commission on August 17, 2026. The City has pledged its limited tax, full faith and credit as security for the payment of the principal of and interest on the Bonds. The City is obligated to make such payments as a first budget obligation from its general funds, including any collections of ad valorem taxes it may be authorized to levy. The ability of the City to levy such taxes is subject to applicable constitutional, statutory and charter tax rate limitations. See "CITY TAXATION AND LIMITATIONS" herein.

The rights or remedies of Bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance, or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

Interest Payment and Interest Rate

The Bonds shall bear interest payable April 1, 2027, and semiannually thereafter on each April 1 and October 1, until maturity or early redemption, with an interest cost not exceeding 6% per annum. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months. Interest shall be paid by check or draft mailed to the registered owner of each bond as of the applicable date of record.

Adjustment in Principal Amount

The aggregate principal amount of the Bonds has been determined as the amount necessary to fund the City's project costs and cost of issuance, assuming certain conditions and events exist on the date of sale. Following receipt of bids and prior to final award, the City reserves the right to increase or decrease the aggregate principal amount of the Bonds. The increase or decrease, if necessary, will be made in increments of $5,000 and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the increase or decrease in the principal amount of the Bonds, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw the bid as a result of any changes made as provided in this paragraph.

Optional Redemption Prior to Maturity

The Bonds maturing in the years 2027 through 2036, inclusive, shall not be subject to optional redemption prior to maturity. The Bonds, or portions of Bonds in multiples of $5,000 maturing in the years 2037 through 2041, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after October 1, 2036, at par plus accrued interest to the date fixed for redemption.

Term Bond Option

Bidders shall have the option of designating any one or more maturities of the Bonds as term bonds. If a bidder designates any one or more maturities for the Bonds as term bonds, the principal requirements on the cover page hereof for the designated years shall represent a mandatory redemption requirement for a term bond or a term bond maturity as designated by the bidder. In any event, the principal amounts on the cover page hereof shall be represented by either serial bond maturities or mandatory sinking fund redemption requirements for term bonds or a combination of both. If the winning bid does not designate any one or more maturities of the Bonds as term bonds, then the maturities shown on the cover page hereof shall be serial maturities. The bid must designate which principal amounts shown on the cover, if any, represent a mandatory sinking fund redemption requirement for a term bond maturity. A bidder may designate more than one term bond maturity.

Notice and Manner of Redemption

Notice of redemption for any Bond shall be given at least thirty (30) days prior to the date fixed for redemption by first class mail to the registered holder thereof at the address shown on the registration books of the City maintained by the Transfer Agent. The Bonds shall be called for redemption in multiples of $5,000. The Bonds in denominations of more than $5,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by $5,000 within a maturity. The Bonds may be redeemed in part. In the event of redemption of the Bonds in part, upon surrender of the Bond to be redeemed a new Bond or Bonds in aggregate principal amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof. No further interest payment on the Bonds or portions of the Bonds called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided the City has funds on hand with the Transfer Agent to redeem the same.

Registration, Payment, and Transfer

The Bonds will be fully registered Bonds without coupons, and when issued, will be registered in the name of DTC. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee for DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as hereinafter defined) of the Bonds. See "THE BONDS – Book-Entry-Only System," herein.

The Bonds will be issued in the original aggregate principal amount as shown on the cover of this Official Statement. The Bonds will be dated as of the date of delivery and will bear interest from that date. Interest on the Bonds shall be payable semiannually on April 1 and October 1 each year commencing on April 1, 2027. Interest on the Bonds shall be computed using a 360-day year and twelve 30-day months. The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement. The principal and interest shall be payable at the designated corporate trust office of the Transfer Agent or such other Transfer Agent as the City may hereafter designate by notice mailed to the Bondholders. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants (both as hereinafter defined), as more fully described below. Interest shall be paid when due by check or draft mailed to the registered owners of Bonds as shown on the registration books as of the fifteenth day of the calendar month preceding the payment date for each interest payment.

Book-Entry-Only System

The information in this section has been furnished by DTC. No representation is made by the City, Bond Counsel, the Municipal Advisor, the Transfer Agent, or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information (defined below) subsequent to the date hereof. No attempt has been made by the City, its Bond Counsel, the Municipal Advisor, the Transfer Agent, or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Transfer Agent will have any responsibility or obligation to DTC participants, indirect participants, or the persons for which they act as nominees with respect to the Bonds, or for any principal or interest payment thereof.

DTC, New York, NY will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Standard & Poor's has rated DTC AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org .

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or Transfer Agent, on payable date in accordance with their respective holdings on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Transfer Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Transfer Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Transfer Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered to DTC.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The City, Bond Counsel, the Municipal Advisor, the Transfer Agent, and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest on the Bonds, (ii) any document representing or confirming beneficial ownership

interests in the Bonds, or (iii) notices sent to DTC or Cede & Co. its nominee, as the registered owner of the Bonds, or that it will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with the Participants are on file with DTC.
The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Neither the City, Bond Counsel, the Municipal Advisor, the Transfer Agent nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (a) the Bonds; (b) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (c) the payment by DTC to any Participant, or by any Direct Participant or Indirect Participant to any Beneficial Owner of any amount due with respect to the principal of or interest on the Bonds; (d) the delivery by DTC to any participant, or by any Direct Participant or Indirect Participant to any Beneficial Owner of any notice which is required or permitted under the terms of the authorizing resolution for each issue to be given to Bondholders; (e) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (f) any consent given or other action taken by DTC as Bondholder.

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Transfer Agent will act as transfer agent and bond registrar and shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the 15 days immediately preceding the date of mailing ("Record Date") of any notice of redemption or any time following the mailing of any notice of redemption, the Bond Transfer Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the City and Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

ABSENCE OF CERTAIN LITIGATION

Simultaneously with the delivery of the Bonds, the City will certify that there are no actions, proceedings or investigations at law or in equity before or by any court, public board or body, either actual or threatened, which would adversely affect the issuance of the Bonds or materially affect the City's ability to pay the principal of and interest thereon.

BOND RATING

S&P Global Ratings has assigned its rating of "AA-" to this issue of Bonds. The City has furnished to the rating agency certain materials and information in addition to that provided here. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies, and assumptions by the rating agencies. The above rating reflects the independent judgment of the rating agency and there is no assurance that such rating will prevail for any given period of time or that it will not be revised or withdrawn entirely by such rating agency, if circumstances so warrant. Any such revision or withdrawal of such rating may have an effect on the market price of the Bonds. Any rating assigned represents only the views of the respective rating agency. The definitions furnished by the rating agency for its rating may be obtained from the rating agency.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinion on federal and State of Michigan tax matters is based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The City has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal and State of Michigan income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the City's certifications and representations and the continuing compliance with the City's covenants. Noncompliance with these covenants by the City may cause the interest on the Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal and State of Michigan income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Code, the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code), subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption, or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007, on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the City in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds have not been designated as "Qualified Tax-Exempt Obligations" for the purpose of deduction of interest expense by financial institutions pursuant to the Code.

STATE TREASURY QUALIFICATION

The City has obtained a letter from the Department of Treasury of the State of Michigan stating that the City is in material compliance with the criteria of Act 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The City may therefore proceed to issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

ISSUE PRICE

The winning bidder shall assist the City in establishing the issue price of the Bonds, in accordance with the requirements set forth in the Official Notice of Sale attached hereto as APPENDIX E, and shall deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices to the public of the Bonds, substantially in the form attached hereto as APPENDIX F-1 or F-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

UNDERWRITING

The Bonds were purchased through a competitive sale on September __, 2026, by _______________ (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $_______, which represents the par amount of the Bonds of $_______, plus the net original issue premium of $_______ less the Underwriter's discount of $_______.

MUNICIPAL ADVISOR TO THE CITY

MFCI, LLC of Milford, Michigan (the "Municipal Advisor"), is a registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor has been retained by the City to provide certain municipal advisory services relating to the planning, structuring, and issuance of the Bonds, including preparation of certain parts of the deemed "final" Preliminary Official Statement and the final Official Statement (the "Official Statements").

The Municipal Advisor will make no representation, warranty or guarantee regarding the accuracy or completeness of the information in the Preliminary Official Statement or Official Statement, other than information about the Municipal Advisor supplied by the Municipal Advisor, and its assistance in preparing these documents should not be construed as a representation that it has independently verified such information.

The Municipal Advisor is not engaged in the business of underwriting, trading, marketing, or the distribution of securities or any other negotiable instruments. The Municipal Advisor's duties, responsibilities, and fees arise solely as registered Municipal Advisor to the City, and it has no secondary obligation or other responsibility. The Municipal Advisor's fees are expected to be paid from Bond proceeds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be delivered with the Bonds, which opinion will be substantially in the form as set forth in "APPENDIX C – Form of Approving Opinion."

BOND COUNSEL'S RESPONSIBILITY

The fees of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel") for services rendered in connection with its approving opinion are expected to be paid from the proceeds of the Bonds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and except as stated below, Bond Counsel has not been retained to examine or review and has not examined or reviewed any financial documents, statements, or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements made under the captions entitled "THE FINANCING (other than information pertaining to estimated Sources and Uses)," "THE BONDS (other than information pertaining to DTC and the Book-Entry-Only System)," "TAX MATTERS," "NOT QUALIFIED TAX-EXEMPT OBLIGATIONS," "STATE TREASURY QUALIFICATION," "LEGAL MATTERS," "BOND COUNSEL'S RESPONSIBILITY," and "CONTINUING DISCLOSURE UNDERTAKING" (first two paragraphs only). Bond Counsel has not been retained for review and has not reviewed any other portions of the Official Statement for accuracy or completeness and has not made inquiry of any official or employee of the City, or any other person and has made no independent verification of such portions hereof, and further has not expressed and will not express an opinion as to any portions hereof.

CONTINUING DISCLOSURE UNDERTAKING

Prior to delivery of the Bonds, the City will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the holders of the Bonds or Beneficial Owners (as defined in the Undertaking) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and the other terms of the Undertaking are set forth in "APPENDIX D – FORM OF CONTINUING DISCLOSURE UNDERTAKING" to this Official Statement.

A failure by the City to comply with the undertaking will not constitute an event of default under the Resolution and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertaking.

The City has not failed to comply, in all material respects, in the past five years with any previous undertakings pursuant to the Rule.

A failure by the City to comply with the undertaking must be reported by the City in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

OTHER MATTERS

The City certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the City and its economic and financial condition, is true and correct as of its date, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original source thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of such information. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates, and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

This Official Statement has been duly executed and delivered by the City.

City of Kalamazoo

By: ____________________

Stephen J. Vicenzi

Its: Chief Financial Officer

APPENDIX A

CITY OF KALAMAZOO

Appendix A
CITY OF KALAMAZOO
GENERAL AND ECONOMIC INFORMATION

LOCATION AND DESCRIPTION

The City encompasses an area of approximately 26 square miles and is located in the southwest corner of Michigan's lower peninsula approximately 136 miles west of Detroit. The City, also the county seat, is easily accessible from both I-94 and U.S. 131, which cross the State from east to west and north to south, respectively. The City's tax base is diverse with residential, commercial, and industrial valuations accounting for approximately 55.35%, 33.76% and 5.64%, respectively, of its Total Taxable Value, as hereinafter defined, for the fiscal year ending December 31, 2026.

FORM OF GOVERNMENT

In 1918 the City was incorporated as a home rule city under a commission - manager form of government. The Commission is the legislative and governing body of the City. It consists of seven members who are elected at large on a nonpartisan basis to serve staggered four-year terms, with three Commissioners elected every two years and the Mayor will be elected on a separate ticket to serve a two-year term, and the Commission candidate receiving the most votes at each election will serve as Vice Mayor. The Mayor serves as the executive head of the Commission and the Vice Mayor performs the duties of the Mayor in his or her absence. The City Manager is the Chief Administrative Officer of the City and is appointed by the Commission to serve at its pleasure. 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 the appointment of all other administrative and department heads. The Commission typically meets on the first and third Mondays of each month.

FISCAL YEAR

January 1 to December 31

POPULATION

Year	Population
Current Estimate	72,683
2020 U.S. Census	73,598
2010 U.S. Census	74,262

Source: U.S. Department of Commerce – Bureau of Census and City of Kalamazoo

CITY TAXATION AND LIMITATIONS

Property Assessments

Real property is land and the things permanently attached to or part of the land and improvements made to it by human efforts ("Real Property"). Examples of Real Property include land, buildings, water and sewer facilities, roads, and acquisition of various property rights. Personal property is property owned by an individual or business which is not affixed to or associated with the land, consisting of movable items such as furniture, fixtures, and machines and equipment if belonging to a business ("Personal Property"). Customary household goods such as furnishings, appliances and clothing are typically exempt as they are kept or used within the household.

Real and Personal Property, as of December 31 of each year, is assessed, or valued, by the City, equalized by the County of Kalamazoo (the "County") and further equalized by the State. The value as equalized by the State becomes the state equalized valuation ("State Equalized Valuation" or "SEV"). See "Property Valuations" following.

Article IX, Section 3, of the Michigan Constitution provides that Real and Personal Property assessments will not exceed 50% of true cash value. The Michigan Legislature has provided, by statute, that Real and Personal Property will be assessed at 50% of true cash value. The Michigan Legislature, or the electorate, may change the percentage of true cash value at which Real and Personal Property is assessed.

Personal Property assessments also reflect the taxpayer reported cost of the Personal Property and the application of one of the depreciation schedules formulated by the State Tax Commission. The City's assessor determines which depreciation schedule will be used to value the Personal Property.

Owners of taxable property may appeal their assessment to the City Assessor, the City's Board of Review and to the Michigan Tax Tribunal. Outstanding appeals are not anticipated to adversely impact the financial condition of the City.

Property Valuations

In 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize the levy of taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as taxable value ("Taxable Value"). Since 1995, property that is taxable has two valuations, SEV and Taxable Value. Michigan statute provides that Real and Personal Property taxes ("Ad Valorem Taxes") be levied on Taxable Value (the "Ad Valorem Tax Roll").

Generally, the Taxable Value of Real or Personal Property is the lesser of (a) the SEV or Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of 1.00 plus the inflation rate or 1.05, plus additions, or (b) the property's current SEV. Under certain circumstances, the Taxable Value of property may be different from the same property's SEV. When Real or Personal Property is sold or transferred, Taxable Value is adjusted to the SEV, the year after the sale or transfer, which under existing law is 50% of the true cash value. The Taxable Value of new construction is equal to its SEV.

Taxable Value

Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198 of the Public Acts of Michigan of 1974, as amended ("Act 198").

City of Kalamazoo
Total Taxable Value
Fiscal Years Ended or Ending December 31, 2022 Through 2026

Assessed Value as of December 31,	Year of State Equalization and Tax Levy	City's Fiscal Year End December 31,	Ad Valorem Taxable Value [(1)]	Percent Increase over Prior Year
2025	2026	2026	$ 2,293,065,161	5.56%
2024	2025	2025	2,172,194,229	4.85%
2023	2024	2024	2,071,637,362	6.77%
2022	2023	2023	1,940,315,452	6.08%
2021	2022	2022	1,829,118,903	5.88%
Per Capita[(2)]				$31,548.85

(1) Does not include the value of property located within the City's Neighborhood Enterprise Zone (the "NEZ"), authorized under Act 147 of the Michigan Public Acts of 1992, as amended ("Act 147"), which is an abatement program to promote home ownership and investment in areas of the City where the greatest impact would occur and where such improvements may trigger additional investment in adjacent neighborhoods. For the fiscal year ending December 31, 2026, the Taxable Value of the property located in the NEZ totaled $12,693,649. Does not include the value of Land Bank Specific Property (the "Land Bank") which was created under Act 258 of the Michigan Public Acts of 2003, as amended ("Act 258"). Act 258 was created to provide for the creation of land bank fast track authorities to assist in inventorying, managing, and marketing blighted, abandoned and tax foreclosed properties. For the fiscal year ending December 31, 2026, the Taxable Value of Land Bank property totaled $1,530,660.

(2) Based on the City's current population estimate of 72,683.

Source: City of Kalamazoo

The following tables show a breakdown of the City's taxable Value by use and class by dollars and percentages.

City of Kalamazoo
Total Taxable Value by Use and Class
Fiscal Years Ended or Ending December 31, 2022 Through 2026

	Fiscal Year Ended or Ending December 31,				
Taxable Value By Use	2022	2023	2024	2025	2026
Residential	$ 981,434,782	$1,058,297,785	$1,140,354,174	$1,207,755,872	$1,269,318,438
Commercial	652,293,144	676,608,630	712,923,552	735,080,789	774,251,586
Industrial	116,135,577	119,603,837	122,673,836	124,227,968	129,397,637
Utility	79,255,400	85,805,200	95,685,800	105,129,600	120,097,500
Total	$1,829,118,903	$1,940,315,452	$2,071,637,362	$2,172,194,229	$2,293,065,161

	Fiscal Year Ended or Ending December 31,				
Taxable Value By Class	2022	2023	2024	2025	2026
Real	$1,655,264,503	$1,769,293,252	$1,890,176,262	$1,982,516,129	$2,085,211,761
Personal	173,854,400	171,022,200	181,461,100	189,678,100	207,853,400
Total	$1,829,118,903	$1,940,315,452	$2,071,637,362	$2,172,194,229	$2,293,065,161

Source: City of Kalamazoo

City of Kalamazoo
Percent of Total Taxable Value by Use and Class
Fiscal Years Ended or Ending December 31, 2022 Through 2026

	Fiscal Year Ended or Ending December 31,				
Percent Taxable Value By Use	2022	2023	2024	2025	2026
Residential	53.66%	54.54%	55.05%	55.60%	55.35%
Commercial	35.66%	34.87%	34.41%	33.84%	33.76%
Industrial	6.35%	6.16%	5.92%	5.72%	5.64%
Utility	4.33%	4.42%	4.62%	4.84%	5.24%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

	Fiscal Year Ended or Ending December 31,				
Percent Taxable Value By Class	2022	2023	2024	2025	2026
Real	90.50%	91.19%	91.24%	91.27%	90.94%
Personal	9.50%	8.81%	8.76%	8.73%	9.06%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City of Kalamazoo

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State Equalized Valuation

Aside from its use in determining Taxable Value for the purpose of levying Ad Valorem Taxes, SEV is important because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits. Ad Valorem SEV does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198.

City of Kalamazoo
Total State Equalized Valuation
Fiscal Years Ended or Ending December 31, 2022 Through 2026

Assessed Value as of December 31,	Year of State Equalization and Tax Levy	City's Fiscal Year End December 31,	Ad Valorem SEV[(1)]	Percent Increase over Prior Year
2025	2026	2026	$ 3,141,916,850	5.24%
2024	2025	2025	2,985,422,700	6.83%
2023	2024	2024	2,794,430,550	9.93%
2022	2023	2023	2,541,917,714	7.03%
2021	2022	2022	2,374,934,300	8.44%
Per Capita[(2)] …………				$43,227.67

(1) Does not include the value of property located within the City's Neighborhood Enterprise Zone (the "NEZ"), authorized under Act 147, which is an abatement program to promote home ownership and investment in areas of the City where the greatest impact would occur and where such improvements may trigger additional investment in adjacent neighborhoods. For the fiscal year ending December 31, 2026 the SEV of the property located in the NEZ totaled $16,522,300. Does not include the value of Land Bank Specific Property (the "Land Bank") which was created under Act 258 of the Michigan Public Acts of 2003, as amended ("Act 258"). Act 258 was created to provide for the creation of land bank fast track authorities to assist in inventorying, managing, and marketing blighted, abandoned and tax foreclosed properties. For the fiscal year ending December 31, 2026, the SEV of Land Bank property totaled $1,782,625.

(2) Based on the City's current population estimate of 72,683.

Source: City of Kalamazoo

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The following tables show a breakdown of the City's total SEV by use and class by dollars and percentages.

City of Kalamazoo
Total SEV by Use and Class
Fiscal Years Ended or Ending December 31, 2022 Through 2026

	Fiscal Year Ended or Ending December 31,				
SEV by Use	2022	2023	2024	2025	2026
Residential	$1,289,976,900	$1,439,369,714	$1,630,153,750	$1,785,853,800	$1,875,937,050
Commercial	879,100,900	880,720,000	910,262,900	934,013,500	972,666,500
Industrial	126,601,100	136,022,800	158,328,100	160,425,800	173,215,800
Utility	79,255,400	85,805,200	95,685,800	105,129,600	120,097,500
Total	$2,374,934,300	$2,541,917,714	$2,794,430,550	$2,985,422,700	$3,141,916,850

	Fiscal Year Ended or Ending December 31,				
SEV by Class	2022	2023	2024	2025	2026
Real	$2,201,150,700	$2,370,959,514	$2,613,036,150	$2,795,826,900	$2,934,058,450
Personal	173,783,600	170,958,200	181,394,400	189,595,800	207,858,400
Total	$2,374,934,300	$2,541,917,714	$2,794,430,550	$2,985,422,700	$3,141,916,850

Source: City of Kalamazoo

City of Kalamazoo
Percent of Total SEV by Use and Class
Fiscal Years Ended or Ending December 31, 2022 Through 2026

	Fiscal Year Ended or Ending December 31,				
Percent SEV by Use	2022	2023	2024	2025	2026
Residential	54.32%	56.63%	58.34%	59.82%	59.71%
Commercial	37.02%	34.65%	32.57%	31.29%	30.96%
Industrial	5.33%	5.35%	5.67%	5.37%	5.51%
Utility	3.34%	3.38%	3.42%	3.52%	3.82%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

	Fiscal Year Ended or Ending December 31,				
Percent SEV by Class	2022	2023	2024	2025	2026
Real	92.68%	93.27%	93.51%	93.65%	93.38%
Personal	7.32%	6.73%	6.49%	6.35%	6.62%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City of Kalamazoo

Personal Property Tax Reform

State of Michigan voters approved the enactment of Michigan Public Acts 153 and 154 of 2013 and Acts 80 and 86 through 93 of 2014 by referendum on August 5, 2014 (collectively, the "PPT Reform Acts"), which significantly reformed Personal Property tax in Michigan.

Under the PPT Reform Acts, owners of industrial and commercial Personal Property with a total true cash value of $180,000 or less may file an affidavit claiming a Personal Property tax exemption. To be eligible for the exemption, all of the commercial or industrial Personal Property within a city or township that is owned by, leased to, or controlled by the claimant has to have an accumulated true cash value of $180,000 or less. Beginning in calendar year 2016, owners of certain manufacturing Personal Property that was either purchased after December 31, 2012, or that is at least 10 years old may claim an exemption from Personal Property tax. By 2022, all eligible manufacturing Personal Property is at least 10 years old or purchased after December 31, 2012, so that it could be exempted from Personal Property tax.

To replace personal property tax revenues lost by local governments the PPT Reform Acts divided the existing state use tax into two components, a “state share tax” and a “local community stabilization share tax,” and established the Local Community Stabilization Authority (the “LCSA”) to administer distribution of the local community stabilization share. The Michigan Department of Treasury collects the local community stabilization share tax on behalf of the LCSA. The local community stabilization share tax revenues are not subject to the annual appropriations process and are provided to the LCSA for distribution pursuant to a statutory formula. The statutory formula is anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions. The October 2025 distribution to the City was $1,755,202 and the May 2026 distribution owed is $1,743,434 from the LCSA to replace personal property tax revenues.

The ultimate nature, extent, and impact of other tax and revenue measures, which are from time to time considered, cannot currently be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the City.

Tax Abatement

The City's Taxable Value does not include the value of certain facilities which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198. Act 198 was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities and to build new facilities. Except as indicated below, under the provisions of Act 198, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even if the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the Ad Valorem Tax but instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. This millage rate equals 1/2 of all tax rates levied by other than the State plus 0%, 50% or 100% of the State Education Tax (as determined by the State Treasurer).

Abatements under Act 198 have been granted to properties in the City with a total combined Equivalent Taxable Value of $6,922,943 for fiscal year ending December 31, 2026.

For the year ended December 31, 2025, the City abated property tax revenues totaling $47,768 under this program,

Property Taxes

Michigan statutes provide that all Ad Valorem Taxes be levied upon Taxable Value. The City’s ability to tax is limited by the State Constitution, State statutes, and the City Charter. Home rule cities, such as the City, are permitted by Act 279 of the Public Acts of Michigan of 1909, as amended (the "Home Rule Cities Act"), to authorize by their charters a maximum levy of 20 mills for operating purposes. The City’s charter authorizes a maximum levy of 20.00 mills for operating purposes.

Pursuant to the Home Rule Cities Act, home rule cities may authorize an additional levy of up to three mills for refuse collection and disposal. Home rule cities are also authorized to levy up to one mill (plus one additional mill with voter approval) for library purposes pursuant to Act 164 of the Public Acts of Michigan of 1877, as amended. Act 359 of the Public Acts of Michigan of 1925, as amended, also authorizes home rule cities to levy up to $50,000 for promotional expenses.

In addition, the City’s electorate may authorize the issuance of general obligation bonds or other obligations which pledge the full faith and credit and unlimited taxing power of the City.

State Limitations on Property Taxes

In 1978, the electorate of the State passed an amendment to the State Constitution (the "Amendment") which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The

Amendment and the enabling legislation, Act 35 of the Public Acts of Michigan of 1979, may have the effect of reducing the maximum authorized tax rate which could be levied by a local taxing unit. Under the Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced through a millage reduction fraction. Once reduced, a millage rate cannot increase in a subsequent year unless such increase is approved by the voters.

The Amendment does not limit taxes for the payment of principal of and interest on bonds or other evidence of indebtedness outstanding at the time the Amendment became effective, or which have been approved by the electorate of the State or such political subdivision.

Property Tax Rates

The City's maximum allowable property tax rates are shown below.

City of Kalamazoo
Maximum Operating Tax Rates
Fiscal Year Ending December 31, 2026

Purpose	Authorized	2025 Millage Rate Permanently Reduced by Headlee	Millage Reduction Fraction	Maximum FY 2026 Millage after Rollback	Expiration Date of Levy
City Operating	20.0000	18.4711	0.9942	18.3639	N/A
Solid Waste	2.8906	2.7705	0.9942	2.7544	N/A
City Total	22.8906	21.2416		21.1183	

Source: City of Kalamazoo

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In addition to the City's property tax rates, residents of the City must pay property taxes to other units of local government. The State levies a State Education Tax ("SET") of 6.00 mills on all Real and Personal Property currently subject to the general property tax, except industrial personal property, which is exempt. To be eligible for state school aid, a local school district is also required to levy not more than the lesser of 18.00 mills or the number of mills levied in 1993 for school operating purposes on non-homestead property. These property taxes are in lieu of those previously levied for local school district operating purposes.

City of Kalamazoo
Principal Residence [1] and Non-Principal Residence Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending December 31, 2022 – 2026

	Fiscal Year Ended or Ending December 31,				
City of Kalamazoo	2026	2025	2024	2023	2022
Operating	12.0000	12.0000	12.0000	12.0000	12.0000
Refuse Collection & Disposal	1.8000	1.8000	1.8000	1.8000	1.8000
Subtotal	13.8000	13.8000	13.8000	13.8000	13.8000
Kalamazoo Public Schools [2][3]					
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Operating	17.6597	17.6597	17.6757	17.6757	17.6757
Debt	8.2000	8.2000	8.2000	8.2000	8.2000
Subtotal	31.8597	31.8597	31.8757	31.8757	31.8757
Other					
Kalamazoo County [4]	9.1963	9.1963	9.2092	9.2806	9.1773
Kalamazoo Valley ISD	6.9565	6.9565	6.9785	6.9935	6.9853
Kalamazoo District Library	3.8713	3.8713	3.8893	3.8990	3.8999
Kalamazoo Valley Community College	2.7645	2.7645	2.7729	2.7802	2.7802
Subtotal	22.7886	22.7886	22.8499	22.9533	22.8427
Total Mills - Non Principal Residence [5]	68.4483	68.4483	68.5256	68.6290	68.5184
Less: School Operating Tax	17.6597	17.6597	17.6757	17.6757	17.6757
Total Mills - Principal Residence [5]	50.7886	50.7886	50.8499	50.9533	50.8427

(1) Principal residence means a dwelling or unit in a multiple-unit dwelling subject to Ad Valorem Taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Principal residence includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the principal residence includes only 5 acres adjacent and contiguous to the home of the owner. Principal residence includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Principal residence also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-principal residence is property not included in the above definition.

(2) The Kalamazoo Public Schools is the largest school district within the City. Portions of other school districts overlap the City's boundaries.

(3) Industrial Personal Property is exempt from the State Education Tax ("SET") and up to 18 mills of the school operating millage. Commercial personal property is exempt from up to 12 mills of the school operating millage.

(4) Includes the Central County Transportation Authority and County Transportation Authority millages.

(5) Does not include the City's Downtown Development Authority levy of $1.9638 for each $1,000 of Taxable Value within the City's Downtown Development District.

Source: City of Kalamazoo

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.

In July 2021, the FFE received a written notice of a structured gift of $40 million per year over ten consecutive years, totaling $400 million.

As of December 31, 2025, the endowment balance stood at $389 million with an initial target of $500 million by the end of 2030 and a goal of lasting in perpetuity. In February 2026, contributions totaling $56,714,776 were received, further bolstering the fund.

Property Tax Collections

The City's fiscal year begins on January 1 and ends on December 31. Real and Personal Property taxes are due on July 1 and are payable without penalty through August 14.

Personal Property taxes delinquent as of March 1 will continue to be collected by the City ("Delinquent Personal Property Taxes"). The City may bring suit to collect Delinquent Personal Property Taxes. The City may also seize the property to satisfy the tax lien thereon. The City's Delinquent Personal Property Taxes are negligible.

It is anticipated that the County will purchase the City's Delinquent Real Property Taxes from its delinquent tax payment fund. In return, the City will assign to the County all amounts due from the taxpayers with respect to such Delinquent Real Property Taxes. As a result of the anticipated purchases, the City's Real Property tax receipts are expected to approach 100%.

The following table reflects the actual property tax collections for the City's fiscal years ended or ending December 31, 2021 through 2025.

City of Kalamazoo
Property Tax Collections
Fiscal Years Ended or Ending December 31, 2021 Through 2025

Year of State Equalization and Tax Levy	Fiscal Year Ended or Ending December 31,	Total Tax Levy (1)	Collections of Current Year's Taxes During Year Levied (2) Dollar Amount	Percent
2025	2025	$ 26,059,740	$ 25,042,936	96.10%
2024	2024	24,901,512	23,938,790	96.13%
2023	2023	23,398,140	22,483,130	96.09%
2022	2022	22,045,564	21,048,148	95.48%
2021	2021	20,847,985	19,951,610	95.70%

(1) Reflects general operating and solid waste levies. All tax levies reflect adjustments for State Tax Tribunal consent judgments, Board of Review decisions, real estate taxes canceled through foreclosure and State scavenger sales and personal property taxes canceled by circuit court.

(2) Collection performance during the year levied reflects the impact of mid-fiscal year levy and the City's 6-month installment payment program which permits taxpayers to pay taxes in equal monthly installments beginning on July 1 and on the first day of the next five months without penalty or interest.

Source: City of Kalamazoo

Pursuant to Act 197, Michigan Public Acts of 1975, as amended ("Act 197"), the City established a downtown development authority (the "DDA") and adopted a tax increment development and financing plan (the "Plan"). Act 197 permits the DDA to undertake a broad range of activities to halt the deterioration of and promote economic development within a designated area (the "Downtown Development Area"). Act 197 also permits the DDA to finance these activities through the capture of certain taxes attributable to the increase of real and personal property valuations within the Downtown Development Area. Pursuant to the Plan, the DDA captures certain taxes attributable to the City's general operating levy. The DDA still exists to collect a millage to foster development in the downtown area.

The new Downtown Economic Growth Authority (DEGA) was created in October 2018 as a corridor improvement authority pursuant to Act 280, Michigan Public Acts of 2005, as amended, which replaces and resets the existing DDA and tax increment financing (TIF) funding model. The DEGA captured $262,685 of the City's general operating taxes for the fiscal year ended December 31, 2025. The projected DEGA capture amount of the City's general operating taxes for fiscal year ending December 31, 2026 is $613,356.

Profiles of the Ten Largest Taxpayers

The top ten taxpayers in the City and their 2026 Taxable Value and Equivalent Taxable Value of property granted tax abatement under Act 198 are as follows:

City of Kalamazoo
Ten Largest Taxpayers
For the Fiscal Year Ending December 31, 2026

10 Largest Taxpayers	Industry	2026 Taxable Valuation	
Consumers Energy Co.	Electric/Gas Utility	$ 127,100,670	
Catalyst Development Co	Real Estate Development	56,746,131	
Zoetis	Pharmaceuticals	47,641,245	*
MIMG LXVI Drakes Pond	Apartment Complex	34,183,409	
Plaza Corp Properties	Real Estate Development	31,988,230	
Hinman Properties	Real Estate Development	21,228,982	
Lifecare/Friendship Village	Retirement Community	20,952,474	
Knollwood Loft LCC	Apartment Complex	18,003,597	
Parkway Flats, LLC	Apartment Complexes	14,262,500	
Graphic Packaging	Paper Based Packaging	14,119,315	
		$ 386,226,553	
Top Ten % of 2026 Taxable Value		16.84%	

*Includes IFT taxable value of $5,665,751.
Source: City of Kalamazoo

STATE SHARED REVENUES

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities, and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On July 29, 2026, Governor Whitmer signed into law the budget for fiscal year 2027. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately $1.001 billion. An additional $333.5 million has been appropriated for revenue sharing distributions, of which $299.1 million will be distributed pursuant to the State Revenue Sharing Act and $34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

City of Kalamazoo
State Shared Revenues

State's Fiscal Year Ended Sept. 30,	Constitutional Payments	Statutory/CVT RS Payments	Fire Reimbursement	Public Safety	Revenue Sharing Payments
2026*	$ 7,559,623	$ 3,702,375	$ -	$ -	$ 11,261,998
2025	7,919,008	3,701,525	-	-	11,620,533
2024	8,055,929	3,469,210	3,200,924	-	14,726,063
2023	7,911,638	3,288,498	2,565,040	76,006	13,841,182
2022	7,893,940	3,102,354	2,565,040	-	13,561,334

*Estimated.
Source: City of Kalamazoo

CITY DEBT

Statutory and Constitutional Debt Provisions

Section 21 of Article VII of the Michigan Constitution establishes the authority, subject to statutory and constitutional limitations, for municipalities to incur debt for public purposes:

> "The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their rate of ad valorem property taxation for municipal purposes, and restrict the powers of cities and villages to borrow money and contract debts. Each city and village are granted power to levy other taxes for public purposes, subject to limitations and prohibitions provided by this constitution or by law."

In accordance with the foregoing authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have outstanding at any time. Section 4(a) of this Act provides:

> "...the net indebtedness incurred for all public purposes may be as much as but shall not exceed the greater of the following:
>
> (a) Ten percent of the assessed value of all real and personal property in the city.
>
> (b) Fifteen percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred which exceeds 10% is or has been used solely for the construction or renovation of hospital facilities."

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 (formerly, motor vehicle highway fund bonds), even though they are a general obligation of the City; revenue bonds payable from revenues only, whether secured by a mortgage or not; bonds issued or contract obligations assessments incurred to comply with an order of the Water Resources Commission of the State of Michigan or a court of competent jurisdiction, obligations incurred for water supply, sewage, drainage or refuse disposal or resource recovery projects necessary to protect the public health by abating pollution and bonds issued or assessments or contract obligations incurred for the construction, improvement or replacement of a combined sewer overflow abatement facility.

Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of August 3, 2026.

LEGAL DEBT MARGIN CALCULATION		
State Equalized Value (SEV)		$ 3,141,916,850
Plus: Half Assessed Value Equivalent of Act 198 Property		38,911,450
Plus: for Revenue Sharing (1)		816,086,812
Plus: LCSA/PPT (2)		127,188,623
Equivalent Valuation for Debt Margin Purposes		4,124,103,735
Legal Debt Limit - 10% of SEV (3)		$ 412,410,373
Total Bonded Debt Outstanding (4)	$ 523,810,091	
Less: Exempt Debt (5)	358,275,091	
Net Amount Subject to Legal Debt Limit		165,535,000
LEGAL DEBT MARGIN AVAILABLE		$ 246,875,373

(1) The constitutional and CVTRS State Revenue Sharing payments for twelve months divided by the City's operating millage rate.

(2) The Local Community Stabilization Authority ("LCSA") administers distribution of the replacement of personal property tax revenues lost by local government. Eligible reimbursements for LCSA equals Total Reimbursement less Total Qualified Loss Distribution divided by the City's operating millage.

(3) 10% of City's Equivalent Valuation for the fiscal year ending December 31, 2026.

(4) Includes the Bonds described herein. Preliminary, subject to change.

(5) See "Statutory and Constitutional Debt Provisions" herein.

Source: Municipal Advisory Council of Michigan and the City of Kalamazoo

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Debt Statement

The following table reflects a breakdown of the City's direct and overlapping debt as of August 3, 2026, including the Bonds described herein. Direct debt that is shown as self-supporting is paid from sources other than the City's General Fund.

DIRECT DEBT	Gross	Self Supporting	Net
Wastewater Bonds			
Dated October 28, 2025 (Revenue) [2]	$ 9,900,000	$ 9,900,000	$ -
Dated October 3, 2024 (Revenue)	9,080,000	9,080,000	-
Dated September 14, 2023 (Revenue)	18,600,000	18,600,000	-
Dated May 5, 2023 (Revenue)(Jr. Lien)	6,820,000	6,820,000	-
Dated April 14, 2022 (Revenue)	24,720,000	24,720,000	-
Dated April 27, 2021 (Revenue)	1,200,000	1,200,000	-
Dated June 17, 2020 (Revenue)	8,940,000	8,940,000	-
Dated June 25, 2019 (Revenue)	8,090,000	8,090,000	-
Dated May 23, 2018 (Revenue)	4,735,000	4,735,000	-
Subtotal	$ 92,085,000	$ 92,085,000	$ -
Water Bonds			
Dated October 1, 2026 (Revenue) [2]	$ 19,515,000	$ 19,515,000	$ -
Dated September 3, 2026 (Revenue)(Jr Lien) [2]	2,427,500	2,427,500	-
Dated October 28, 2025 (Revenue)	19,560,000	19,560,000	-
Dated Sept. 5, 2025 (Revenue)(Jr. Lien)	71,356,000	71,356,000	-
Dated October 3, 2024 (Revenue)	24,270,000	24,270,000	-
Dated August 28, 2024 (Revenue)(Jr. Lien)	7,826,879	7,826,879	-
Dated October 5, 2023 (Revenue)	25,220,000	25,220,000	-
Dated September 8, 2023 (Revenue) (Jr. Lien)	5,050,000	5,050,000	-
Dated May 3, 2022 (Revenue)	27,440,000	27,440,000	-
Dated April 27, 2021 (Revenue)	6,750,000	6,750,000	-
Dated August 28, 2020 (Revenue)(Jr. Lien)	15,600,000	15,600,000	-
Dated June 17, 2020 (Revenue)	17,645,000	17,645,000	-
Dated August 30, 2019 (Revenue)(Jr. Lien)	584,712	584,712	-
Dated June 25, 2019(Revenue)	8,640,000	8,640,000	-
Dated May 23, 2018 (Revenue)	7,560,000	7,560,000	-
Dated May 2, 2017 (Revenue)	4,665,000	4,665,000	-
Dated December 10, 2015 (Revenue)	2,080,000	2,080,000	-
Subtotal	$ 266,190,091	$ 266,190,091	$ -
Other Post-Employment Benefit Bonds:			
Dated January 22, 2015 [1]	$ 68,425,000	$ 14,430,833	$ 53,994,168
Subtotal	$ 68,425,000	$ 14,430,833	$ 53,994,168
General Obligation Limited Tax Bonds			
Dated July 14, 2015 Series A [1]	$ 860,000	$ 583,940	$ 276,060
Dated July 14, 2015 Series B [1]	2,820,000	2,820,000	-
Subtotal	$ 3,680,000	$ 3,403,940	$ 276,060

DIRECT DEBT - Continued	Gross	Self Supporting	Net
Capital Improvement Bonds:			
Dated October 1, 2026 [1][2]	$ 8,330,000	$ -	$ 8,330,000
Dated September 30, 2025 [1]	17,945,000	-	17,945,000
Dated October 3, 2024 [1]	7,350,000	-	7,350,000
Dated September 14, 2023 [1]	12,345,000	-	12,345,000
Dated September 20, 2022 [1]	11,815,000	-	11,815,000
Dated September 22, 2021 [1]	10,135,000	-	10,135,000
Dated April 27, 2021 [1]	1,015,000	-	1,015,000
Dated September 10, 2020 [1]	8,205,000	-	8,205,000
Dated December 11, 2019 [1]	3,915,000	-	3,915,000
Dated May 23, 2018 [1]	4,205,000	-	4,205,000
Dated May 2, 2017 [1]	3,860,000	-	3,860,000
Dated July 19, 2016 [1]	2,105,000	-	2,105,000
Dated April 1, 2015 [1]	1,575,000	-	1,575,000
Dated April 11, 2013 [1]	630,000	-	630,000
Subtotal	$ 93,430,000	$ -	$ 93,430,000
Total	523,810,091	$ 376,109,864	$ 147,700,228
Per Capita Net City Direct Debt [3]			$ 2,032.12
Percent of Net Direct Debt to Total SEV [4]			4.70%

OVERLAPPING DEBT [5]	Gross	Percent of Gross	City Share
Comstock School District	$ 61,270,000	11.50%	$ 7,046,050
Kalamazoo School District	252,218,333	56.13%	141,570,151
Parchment School District	28,179,367	1.00%	278,976
Portage School District	259,205,000	1.65%	4,276,883
Kalamazoo County	175,210,000	17.85%	312,744,985
Kalamazoo Valley RESA	-	19.65%	-
Kalamazoo Community College	3,060,000	17.61%	538,866
Total	$ 779,142,700		$ 466,455,911
Per Capita Net Overlapping Debt [3]			$ 6,417.68
Percent of Net Overlapping Debt to Total SEV [4]			14.85%
Per Capita Net Direct and Overlapping Debt [3]			$ 8,449.79
Percent of Net Direct and Overlapping Debt to Total SEV [4]			19.55%

[1] Secured by the City's full faith and credit and limited taxing power. See "CITY TAXATION AND LIMITATIONS" herein.
[2] Includes the Bonds described herein and the Water Supply System Junior Lien Revenue Bonds, Series 2026B (anticipated to close September 3, 2026). Preliminary, subject to change.
[3] Based on the City's current population estimate of 72,683.
[4] Based on $3,141,916,850 which is the City's Ad Valorem SEV for the fiscal year ending December 31, 2026. Excludes the SEV of property granted tax abatement under Act 198. See "Property Valuations" and "Tax Abatement" herein.
[5] Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of the City are liable in addition to debt issued by the City.

Source: Municipal Advisory Council of Michigan and City of Kalamazoo

Schedule of Bond Maturities

The following table sets forth the annual maturities of the City's bonded indebtedness by type of issue as of August 3, 2026

Calendar Year	Waste Water Bonds	Water Bonds (1)	OPEB Bonds	General Obligation Bonds	Capital Improvement Bonds (1)	Total Debt Service
2026	$ 1,875,000	$ 5,045,000	$ 2,400,000	$ 1,525,000	$ 5,920,000	$ 16,765,000
2027	3,195,000	6,846,879	2,485,000	690,000	7,955,000	21,171,879
2028	3,320,000	7,045,000	2,585,000	715,000	7,935,000	21,600,000
2029	3,445,000	8,728,500	2,690,000	750,000	7,950,000	23,563,500
2030	3,600,000	9,055,000	2,800,000	-	6,830,000	22,285,000
2031	3,730,000	9,380,000	2,925,000	-	6,690,000	22,725,000
2032	3,880,000	9,545,000	3,050,000	-	5,780,000	22,255,000
2033	3,630,000	9,725,000	3,185,000	-	5,865,000	22,405,000
2034	3,765,000	10,035,000	3,325,000	-	5,450,000	22,575,000
2035	3,770,000	9,645,000	3,470,000	-	5,675,000	22,560,000
2036	3,915,000	9,965,000	3,630,000	-	5,525,000	23,035,000
2037	4,065,000	10,305,000	3,800,000	-	5,300,000	23,470,000
2038	4,230,000	10,660,000	3,980,000	-	4,880,000	23,750,000
2039	4,415,000	11,029,712	4,165,000	-	4,175,000	23,784,712
2040	4,590,000	11,360,000	4,360,000	-	3,625,000	23,935,000
2041	4,775,000	11,570,000	4,565,000	-	1,715,000	22,625,000
2042	4,975,000	10,455,000	4,775,000	-	575,000	20,780,000
2043	5,185,000	10,840,000	5,000,000	-	530,000	21,555,000
2044	5,035,000	10,675,000	5,235,000	-	250,000	21,195,000
2045	4,230,000	10,475,000	-	-	255,000	14,960,000
2046	3,860,000	9,410,000	-	-	270,000	13,540,000
2047	4,050,000	9,310,000	-	-	280,000	13,640,000
2048	2,575,000	7,770,000	-	-	-	10,345,000
2049	1,290,000	6,075,000	-	-	-	7,365,000
2050	685,000	4,560,000	-	-	-	5,245,000
2051	-	3,355,000	-	-	-	3,355,000
2052	-	2,085,000	-	-	-	2,085,000
2053	-	2,125,000	-	-	-	2,125,000
2054	-	2,170,000	-	-	-	2,170,000
2055	-	2,215,000	-	-	-	2,215,000
2056	-	2,255,000	-	-	-	2,255,000
2057	-	2,300,000	-	-	-	2,300,000
2058	-	2,350,000	-	-	-	2,350,000
2059	-	2,395,000	-	-	-	2,395,000
2060	-	2,445,000	-	-	-	2,445,000
2061	-	2,495,000	-	-	-	2,495,000
2062	-	2,545,000	-	-	-	2,545,000
2063	-	2,595,000	-	-	-	2,595,000
2064	-	2,645,000	-	-	-	2,645,000
2065	-	2,705,000	-	-	-	2,705,000
	$ 92,085,000	$ 266,190,091	$ 68,425,000	$ 3,680,000	$ 93,430,000	$ 523,810,091

(1) Includes the Bonds described herein and the Water Supply System Junior Lien Revenue Bonds, Series 2026B to be issued in early September 2026. Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan and City of Kalamazoo

Debt History

There is no record of default on obligations by the City.

Short Term Borrowing

The City had historically issued short-term Tax Anticipation Notes for cash flow purposes because its fiscal year is January 1 to December 31 and operating taxes are levied on July 1st of each year. The City has not issued short-term Tax Anticipation Notes since January 2016.

Future Financing

The City does not anticipate the issuance of any bonds in the next 6 months.

Vacation and Sick Leave Benefits and Associated Liabilities

Employees of the City are represented by various labor organizations. See “LABOR CONTRACTS” herein. Employees of the City earn up to 25 days of paid vacation based on various years of service formulas. Unless an exception is granted by the City Manager or by way of a given labor contract, paid vacation must be taken in the year earned or it is forfeited. Terminated or retiring employees are paid for unused vacation.

Employees of the City also earn one day of paid sick leave per month. Paid sick leave may be accumulated. Employees are paid 50% of accumulated sick leave only at retirement.

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, multiple types of leave qualify for recognition as a compensated absences liability. The dollar amount of this liability, including salary related benefits, amounted to $11,597,961 and $1,847,462 for vacation and sick for governmental and business-type activities, respectively, at December 31, 2025. Of those amounts, $3,763,386 and $848,235 have been recorded as current liabilities for governmental and business-type activities, respectively.

Defined Benefit Pension Plan

The excerpts below are from the City’s Annual Comprehensive Financial Report for the year ended December 31, 2025, Notes to Financial Statements, Note 8: Defined Benefit Pension Plan. See Appendix B herein.

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 (5) individual trustees either elected or appointed in accordance with the City Ordinance. One (1) member is a City Commissioner and one (1) member is the City Manager. The remaining three (3) members, including one (1) Public Safety representative and one (1) General Member representative, are elected by active members of the retirement system. All elected terms are three (3) years. Employee contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the City Commission of the City.

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At December 31, 2025, pension plan membership consisted of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits	950
Inactive Employees Entitled to but Not Yet Receiving Benefits	73
Active Employees	662
Total Membership	1,685

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 percent of 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 of public safety members. 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 percent 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 percent 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 of 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.

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 percent per year, compounded annually, beginning 1 year after retirement and 2 percent per year, compounded annually, beginning at age 75. Pensions of KMEA members are increased 1.5 percent per year, compounded annually, beginning the latter of the retirees' 64th birthday and 1 year after retirement and 2 percent 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, general member administrators, City Manager, and exempt members who retire on or after January 15, 2024 are increased 2% per year, compounded annually. Pensions of non-sworn public safety members who retire on and after January 1, 2022 are increased 1.5% per year, compounded annually, and 2% per year, compounded annually, beginning at age 75. Annual costs-of-living adjustments do not apply to deferred retirements.

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, 2025.

Changes in the net position asset during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at December 31, 2024	$ 589,480,580	$ 789,871,657	$ (200,391,077)
Changes for the Year			
Service Cost	9,092,033	-	9,092,033
Interest	41,724,868	-	41,724,868
Experience Differences	9,032,227	-	9,032,227
Changes in Assumptions	-	-	-
Employer Contributions	-	-	-
Employee Contributions	-	1,635,389	(1,635,389)
Net Investment Income (Loss)	-	132,097,306	(132,097,306)
Benefit Payments and Refunds	(37,022,344)	(37,022,344)	-
Administrative Expense	-	(386,297)	386,297
Other	-	(312,195)	312,195
Net Changes	22,826,784	96,011,859	(73,185,075)
Balances at December 31, 2025	$ 612,307,364	$ 885,883,516	$ (273,576,152)

For the year ended December 31, 2025, the City recognized pension benefit of $18,331,015.

Other Post-Employment Benefits

The excerpts below are from the City's Annual Comprehensive Financial Report for the year ended December 31, 2025, Notes to Financial Statements, Note 9: Other Post-Employment Benefits. See Appendix B herein. Additional "Retiree Post Retirement Welfare Benefits (OPEB) Plan Annual Actuarial Reports" are available at www.kalamazoocity.org/management.

The City of Kalamazoo Postretirement Welfare Benefits Plan (the "Plan") is a cost sharing multiple employer defined benefit other post-employment benefits 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 provides medical insurance benefits to eligible retirees and their spouses. The Plan purchases Medicare supplemental insurance for retirees eligible for Medicare.

The employers contribute such amounts, as necessary, to provide assets sufficient to pay for member benefits. For the year ended December 31, 2025, the actuarially determined contributions for the employers were $178,385 and actual employer contributions were $3,500,000. The City's share of the actuarially determined contributions was $167,869 and actual City contributions were $3,298,300.

At December 31, 2025, the City reported an asset of ($8,767,787) for its proportionate share of the net OPEB (asset). The net OPEB (asset) was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB (asset) was determined by an actuarial valuation date of December 31, 2023 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB (asset) was based on present value of future benefits.

At December 31, 2024, the City's proportion was 94.067%.

	Plan	City's Share
Total OPEB Liability	$114,055,684	$107,288,760
Plan Fiduciary Net Position	123,376,473	116,056,547
Net OPEB Liability	(9,320,789)	(8,767,787)
Proportionate Share	N/A	94.07%

For the year ended December 31, 2025, the City recognized OPEB benefit of $5,951,869.

LABOR CONTRACTS

Approximately 73% of the City's 680 full and permanent part-time employees are currently represented by labor organizations. The following table illustrates the various labor organizations that represent City employees, the number of members and the expiration dates of the present contracts.

Full-Time Staff - Collective Bargaining Unit	Membership	Contract Expiration Date
American Federation of State, County and Municipal Employees	138	September 5, 2028
Kalamazoo Municipal Employees Association	109	December 31, 2028
Kalamazoo Police Supervisors Assoc.	56	December 31, 2026
Kalamazoo Public Safety Officers Assoc.	193	December 31, 2026
Non-Union	184	
Total Employees	680	

Source: City of Kalamazoo

ECONOMIC PROFILE

Profile of Major Employers

The following table reflects the diversity of the major employers in the Kalamazoo County area by the products manufactured or services performed and the approximate number of employees.

Largest Employers	Industry	Number Employed*
Bronson Healthcare Group	Health Care	5,900
Western Michigan University	Education	4,237
Stryker Corporation	Medical Equipment	3,300
Pfizer Corporation	Pharmaceuticals	2,200
Kalamazoo Public Schools	Education	1,800
Borgess Medical Center	Health Care	1,400
Meijer, Inc.	Retail Goods and Household Products	1,200
Kalamazoo Valley Community College	Education	1,100
Portage Public Schools	Education	1,000
Parker Hannefin Corporation	Aerospace and Aircraft Components	1,000

*The approximate number of employees represents only full-time employees.
Source: City of Kalamazoo

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Unemployment

Reflected below are the unadjusted yearly unemployment statistics for the City, County, and the State for the calendar years 2022 through 2026.

City of Kalamazoo
Unadjusted Unemployment Rates 2022 – 2026

Kalamazoo City	2026	2025	2024	2023	2022
January	5.7%	5.6%	4.2%	4.9%	5.1%
February	5.0%	5.8%	4.6%	4.9%	4.9%
March	5.0%	5.7%	4.6%	4.7%	4.8%
April	4.0%	5.3%	4.3%	3.7%	4.3%
May	5.7%	5.9%	5.0%	4.8%	5.0%
June	5.5%	6.3%	5.8%	5.1%	5.4%
July	-	6.6%	6.3%	5.3%	5.5%
August	-	5.8%	5.8%	5.0%	5.2%
September	-	5.1%	5.1%	4.6%	4.6%
October	-	(1)	5.0%	4.3%	4.5%
November	-	5.0%	5.1%	3.7%	4.1%
December	-	5.1%	5.5%	4.0%	4.2%
Annual	-	5.7%	5.1%	4.6%	4.8%

County of Kalamazoo
Unadjusted Unemployment Rates 2022 – 2026

Kalamazoo County	2026	2025	2024	2023	2022
January	4.7%	4.6%	3.4%	3.9%	4.1%
February	4.1%	4.7%	3.8%	3.9%	3.9%
March	4.1%	4.7%	3.7%	3.7%	3.9%
April	3.9%	4.3%	3.5%	3.0%	3.5%
May	4.7%	4.9%	4.0%	3.9%	4.0%
June	4.5%	5.1%	4.7%	4.1%	4.3%
July	-	5.4%	5.1%	4.3%	4.4%
August	-	4.8%	4.7%	4.0%	4.2%
September	-	4.2%	4.2%	3.7%	3.7%
October	-	(1)	4.1%	3.4%	3.6%
November	-	4.1%	4.1%	2.9%	3.3%
December	-	4.1%	4.5%	3.2%	3.4%
Annual	-	4.6%	4.2%	3.7%	3.8%

(1) Due to the lapse in federal appropriations, October 2025 data collection did not occur for the Current Population Survey (CPS), which provides the primary inputs to LAUS estimation. Annual averages for 2025 are calculated as 11-month averages and are not strictly comparable to annual averages for prior years.

Source: Michigan Center for Data and Analytics

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State of Michigan
Unadjusted Unemployment Rates 2022 – 2026

State of Michigan	2026	2025	2024	2023	2022
January	5.6%	5.7%	4.0%	4.8%	5.0%
February	5.3%	5.7%	4.2%	4.6%	4.9%
March	5.1%	5.5%	3.9%	4.1%	4.5%
April	4.5%	4.7%	3.8%	2.9%	4.0%
May	5.2%	5.1%	4.1%	3.8%	4.1%
June	5.1%	5.2%	5.0%	4.1%	4.4%
July	-	5.7%	5.8%	4.3%	4.5%
August	-	4.9%	4.5%	4.2%	4.3%
September	-	4.6%	4.2%	3.9%	3.8%
October	-	(1)	4.6%	4.2%	3.7%
November	-	4.8%	4.8%	3.6%	3.5%
December	-	4.8%	5.0%	3.5%	3.8%
Annual	-	5.2%	4.7%	3.9%	4.2%

(1) Due to the lapse in federal appropriations, October 2025 data collection did not occur for the Current Population Survey (CPS), which provides the primary inputs to LAUS estimation. Annual averages for 2025 are calculated as 11-month averages and are not strictly comparable to annual averages for prior years.

Source: Michigan Center for Data and Analytics

Building Permits

A history of building permits in the City for the last five calendar years is as follows:

Year	Value of Permits (1)	Number of Permits
2025	218,083,488	464 (2)
2024	89,368,711	1213
2023	115,977,583	973
2022	82,460,984	860
2021	90,161,361	856

(1) The City's experience has been that the value of permits is typically less than actual construction costs.
(2) As of July 31, 2025.

Source: City of Kalamazoo

City of Kalamazoo
Governmental Funds Comparative Balance Sheets
Fiscal Years Ended December 31, 2023 – 2025

	Fiscal Year Ended December 31,		
Assets	2023	2024	2025
Cash and Cash Equivalents	$ 5,959,117	$23,374,435	$7,955,043
Cash and Cash Equivalents - restricted	-	-	-
Investments	5,920,290	290,906	12,275,681
Receivables:			
Accounts	1,301,750	1,111,446	1,160,102
Interest	183,997	157,185	341,785
Leases	47,780	28,975	15,350
Taxes	1,230,302	1,344,604	1,334,203
Notes	1,646,427	2,244,244	2,244,244
Due from other funds	6,236,391	902,241	1,310,318
Due from other governmental units	208,877	420,176	287,998
Advances to other governmental units	459,000	-	-
Inventories	94,917	88,914	95,187
Prepaid items and other assets	95,547	88,983	130,052
Total Assets	$ 23,384,395	$ 30,052,109	$ 27,149,963
Liabilities			
Accounts payable	$ 1,171,141	$ 1,240,117	$ 1,092,580
Accrued liabilities	174,839	166,873	166,613
Due to other funds	3,934,369	5,348,677	3,708,440
Due to other governmental units	1,740	4,265	-
Deposits payable	139,710	146,215	106,660
Unearned revenue	-	-	-
Total Liabilities	$ 5,421,799	$ 6,906,147	$ 5,074,293
Deferred Inflows of Resources			
Unavailable revenue	$ 1,319,246	$ 1,448,024	$ 1,520,417
Lease related	46,118	27,380	14,238
Total Liabilities	$ 1,365,364	$ 1,475,404	$ 1,534,655
Fund Balances			
Nonspendable	$ 2,295,891	$ 2,422,141	$ 2,469,483
Restricted	104,227	-	-
Committed	273,980	305,379	298,665
Assigned	1,865,646	1,793,256	3,073,017
Unassigned	12,057,488	17,149,782	14,699,850
Total Fund Balance	$ 16,597,232	$ 21,670,558	$ 20,541,015
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 23,384,395	$ 30,052,109	$ 27,149,963

Source: Audited Financial Statements

City of Kalamazoo
Governmental Funds Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
Fiscal Years Ended December 31, 2023 – 2025

	Fiscal Year Ended December 31,		
Revenues	2023	2024	2025
Taxes	$ 26,543,579	$ 27,142,101	$ 28,232,673
Special Assessments	38,505	-	-
Licenses and Permits	2,744,476	2,687,528	3,677,106
Intergovernmental	16,809,491	17,466,236	17,301,771
Charges for Services	9,302,666	11,581,335	10,621,874
Fines and Forfeitures	214,431	220,074	321,212
Interest and Rent	890,084	1,694,523	1,116,180
Donations and Contributions	18,634,444	20,540,427	20,935,111
Other	273,396	201,739	450,507
Total Revenues	$ 75,451,072	$ 81,533,963	$ 82,656,434
Expenditures			
General Government	$ 19,343,375	$ 20,574,549	$ 21,380,473
Public Safety	37,793,865	39,608,144	41,178,778
Public Works	4,790,873	4,698,715	4,610,312
Health and Welfare	208,222	151,477	281,843
Community Economic Development	1,797,740	2,189,036	3,282,657
Parks and Recreation	3,130,196	3,167,099	3,679,318
Other	1,240,360	-	-
Capital Outlay	135,156	2,719,609	1,196,206
Debt Service	1,830,402	1,639,029	1,691,073
Total Expenditures	$ 70,270,189	$ 74,747,658	$ 77,300,660
Revenues Over (Under) Expenditures	$ 5,180,883	$ 6,786,305	$ 5,355,774
Other Financing Sources (Uses)			
Lease Proceeds	$ 1,526,957	$ 1,946,886	$ 1,196,206
Transfers In	2,194,877	7,517,017	1,566,218
Transfers Out	(8,891,881)	(11,176,882)	(9,247,741)
Proceeds from the Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	$ (5,170,047)	$ (1,712,979)	$ (6,485,317)
Net Change in Fund Balances	10,836	5,073,326	(1,129,543)
Fund Balance, Beginning of Year	$ 16,586,396	$ 16,597,232	$ 21,670,558
Fund Balance, End of Year	$ 16,597,232	$ 21,670,558	$ 20,541,015

Source: Audited Financial Statements

APPENDIX B

CITY OF KALAMAZOO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended December 31, 2025

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements, or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly, has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

CITY OF KALAMAZOO, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2025

Prepared by:
Management Services Department, Budget & Accounting Division

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INTRODUCTORY SECTION

City Manager's Office
241 W. South Street
Kalamazoo, MI 49007-4796
Phone: (269) 337-8047
311 (269) 337-8000
www.kalamazoocity.org

June 26, 2026

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, 2025.

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, 2025. The independent auditor's report is located at the front of the financial sections of this report.

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 Principals, and Audit Requirements for Federal Awards (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the separately issued City's Single Audit Report.

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

Profile of the Government

The City of Kalamazoo, incorporated in 1884, is located between Chicago and Detroit in the southwest corner of Michigan and encompasses an area of approximately 26 square miles. The current population of the City is approximately 73,000. The City, also the county seat, is home to Western Michigan University, a state-designated Research I university, as well as Kalamazoo College, a private liberal arts college, and Kalamazoo Valley Community College.

As a municipality of the State of Michigan, the City of Kalamazoo is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Kalamazoo has operated under the commission-manager form of government since 1918. As required by the City Charter, municipal elections are held in November of odd-numbered years. The Mayor is elected on a separate non-partisan ticket to serve a two –year term in office. The six City Commissioners are elected on a non-partisan ticket to four-year terms. The terms of the commissioners are staggered, with three commissioners elected every two years. The City Commission candidate who receives the most votes at each municipal election will serve as the Vice Mayor for the first two years of their term and as a City Commissioner the second two years. Policymaking and legislative authority are vested in the elected commission consisting of the seven members, all serving part-time.

The City Manager is the Chief Administrative Officer of the City and is appointed to serve by the Commission. With the exception of the City's Assessor, Attorney, Clerk, and Internal Auditor who are also appointed by the Commission, the City Manager is responsible for administering the policies and ordinances of the City Commission, for appointing the department heads of the City's various departments and overseeing the day-to-day operations of the City.

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

City Services

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

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

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

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

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

Budgeting Control

The annual budget serves as the foundation for the City of Kalamazoo's financial planning and control. The City Charter requires that the City Manager submit estimated revenues and expenditures for the following fiscal year to the City Commission by December 1. The City Commission shall adopt an annual appropriation resolution no later than February 1 of each year. The budget is adopted at the fund level. The City Manager is authorized to make budget transfers within a fund; however, transfers between funds require 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. Projects carried forward are reported as an informational item to City Commission. All other appropriations lapse at year-end.

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 Michigan Bureau of Labor Market Information and Strategic Initiatives, the December 2025 unemployment rate for the city was 5.1%, which was slightly higher than the state unemployment rate of 5.1% and higher than the national average of 4.4%. Enrollment in local universities and colleges was approximately 23,000 full and part-time students, creating a base of potential employees that is highly attractive to business and industry.

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

Kalamazoo primarily supports business re-investment and expansion through its tax abatement programs and policies. However, the City of Kalamazoo also utilizes the array of economic development tools available to "core communities" in Michigan, such as PA 328 personal property tax exemptions, Michigan Business Tax credits for the redevelopment of Brownfield sites, and the designation of 88 acres on five sites in the city as tax-exempt Renaissance Zones. Economic development efforts are coordinated by the City's Economic Development Department among the City's Economic Development Corporation (EDC), Downtown Development Authority (DDA), Downtown Economic Growth Authority (DEGA), Northside Cultural Business District Authority (NCBDA), and the Brownfield Redevelopment Authority (BRA).

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

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

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

In July 2021, the FFE received a written notice of a structured gift of $40 million per year over ten consecutive years, totaling $400 million. The value of the endowment was over $384 million on December 31, 2025, with a goal of lasting in perpetuity.

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 has started engaging the community and staff in building the next 10-year master plan currently known as Imagine Kalamazoo 2035.

The City's Fiscal Year 2026 budget and 5-year Fiscal Plan through 2029 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. The 5-year Fiscal Plan projects an overall rise in revenues between 1% and 3% annually. Expenditures are generally anticipated to rise 1% to 3% as the City intentionally plans to meet reserve requirements 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, 2024. This was the twenty sixth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized annual comprehensive finance report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Malcolm Hankins
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, 2024

Christopher P. Morrill
Executive Director/CEO

CITY OF KALAMAZOO
LIST OF CITY OFFICIALS
YEAR ENDED DECEMBER 31, 2025

CITY COMMISSION
David Anderson, Mayor
Drew Duncan, Vice Mayor
Jeanne Hess   Stephanie Hoffman
Chris Praedel   Jacqueline Slaby
Alonzo Wilson II

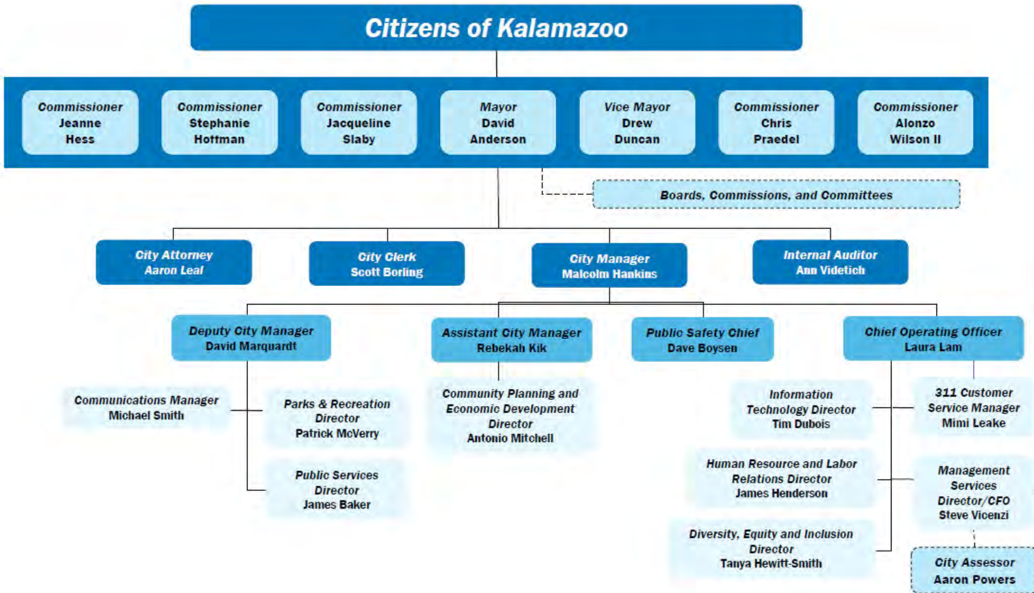
CITY MANAGER
Malcolm Hankins

DEPUTY CITY MANAGER
David Marquardt

CHIEF OPERATING OFFICER
Laura Lam

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

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



Maner Costerisan

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Grand Rapids, MI 49546

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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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, 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.

Maner Costerisan PC

Lansing, Michigan
June 26, 2026

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, 2025. 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 1-5).

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 $724.4 million (*net position*).

- The City's total net position increased by approximately $61 million or <9%. This net increase was a combination of a $31.6 million increase in governmental activities net position and a $29.4 million increase in business-type activities net position.

- The City's balance of bonded debt increased by $30.3 million during the current fiscal year. The City issued $17.945 million in General Obligation Bonds and $29.710 million in Revenue Bonds. The City made scheduled bond principal payments totaling $17.3 million.

- The City's net other post-employment benefits asset was increased by $7 million in 2025 as compared to the prior year. This change decreased governmental activities expenses by $5.6 million and business type expenses by $1.0 million.

- As of the close of the 2025 fiscal year, the City's *governmental funds* reported combined ending fund balances of $98.8 million, an increase of $12.3 million in comparison of the prior year. Approximately 15% of the combined fund balances, or $14.7 million was available for spending at the government's discretion *("unassigned fund balance")*.

- The General Fund fund balance was $20.54 million, or 24.85% of the total General Fund budgetary revenues and other financing sources. Of the total $20.54 million fund balance, $2.47 million was nonspendable, leaving $18.09 million, or 21.46% of budgetary revenues and other financing sources. The unassigned fund balance for the General Fund was $14.7 million, or 17.78% of total General Fund revenues and other financing sources.

- Combined enterprise funds net position increased $29.39 million. This included the net position of the Wastewater Fund and Water Fund increasing $6.14 million and $23.88 million, respectively, and the Parking System Fund decreasing $631 thousand, as a result of favorable operating revenues and increased capital contributions for continued system growth in the service area.

- The City received almost $20.88 million under the Foundation for Excellence memorandum of understanding in 2025. Of the total donations, $20.88 million is included in Donations and Contributions in the General Fund to support operations.

- 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 $8.11 million of revenue. The remaining funds of $1.5 million are recorded as unearned liabilities as of December 31, 2025, in the Grants and Donations fund.

Overview and Analysis of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 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 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's General Fund, Major Streets Fund, and Grants and Donations Fund, which are considered to be major funds of the City. Data from the other 18 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, special revenue, and capital projects funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 41-48 of this report.

Proprietary Funds

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

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

The basic 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 49-56 of this report.

Fiduciary Funds

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

The basic fiduciary funds financial statements can be found on pages 57-59 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 63-131 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to schedules concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 132-149 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund financial statements and schedules can be found on pages 150-179 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 of resources exceeded liabilities and deferred inflows of resources by $724,385,477 at the close of the most recent fiscal year.

A significant portion of the City's net position, $394,865,081, 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, $347,495,798, represents resources that are subject to external restrictions on how they may be used. Restricted net position includes amounts set aside for pension benefits, other post-employment benefits, endowments, debt service, debt-financed projects, long-term advances, and externally mandated commitments. The remaining balance of *unrestricted net position* of ($17,975,402) is the amount that may be used to meet the government's ongoing obligations to citizens and creditors.

Generally accepted accounting principles (GAAP) require that the City show our liability for pension benefits promised in the future as an asset on our entity-wide financial statements. An actuarial valuation as of December 31, 2024, provided a total pension liability of $612,307,364. The City had plan fiduciary net position of $885,883,516 as of year end, exceeding the total pension obligation by $273,576,152. The resulting net pension asset of $274 million was allocated to the Governmental Activities and Business-type Activities.

GAAP also requires that the City show our liability for retiree health care and benefits, or other post-employment benefits (OPEB) promised in the future as an asset on our entity-wide financial statements. An actuarial valuation as of January 1, 2024, provided the City's share of total OPEB liability of $107,288,760. The City's share of plan fiduciary net position was $116,056,547. The resulting net OPEB asset of $8,767,787 was allocated to the Governmental Activities and Business-type Activities.

City of Kalamazoo's Net Position
December 31, 2024 and December 31, 2025

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and other assets	$ 308,075,327	$ 378,281,355	$ 178,287,995	$ 214,110,291	$ 486,363,322	$ 592,391,646
Capital assets, net	227,473,600	234,163,657	424,642,450	470,616,736	652,116,050	704,780,393
Total assets	535,548,927	612,445,012	602,930,445	684,727,027	1,138,479,372	1,297,172,039
Deferred outflows of resources	15,811,525	15,494,259	3,266,316	3,417,287	19,077,841	18,911,546
Current liabilities	38,800,433	32,635,947	21,242,298	24,562,923	60,042,731	57,198,870
Noncurrent liabilities	146,430,068	153,640,173	263,497,146	304,379,619	409,927,214	458,019,792
Total liabilities	185,230,501	186,276,120	284,739,444	328,942,542	469,969,945	515,218,662
Deferred inflows of resources	20,973,764	64,941,003	3,187,471	11,538,443	24,161,235	76,479,446
Net position						
Net investment in capital assets	152,312,331	163,017,013	225,641,881	231,848,068	377,954,212	394,865,081
Restricted	214,631,597	281,412,676	51,531,583	66,083,122	266,163,180	347,495,798
Unrestricted	(21,787,741)	(67,707,541)	41,096,382	49,732,139	19,308,641	(17,975,402)
Total net position	$ 345,156,187	$ 376,722,148	$ 318,269,846	$ 347,663,329	$ 663,426,033	$ 724,385,477

The government's total net position increased by $60.96 million or approximately 9%. This net increase was a combination of a $31.57 million increase in governmental activities net position and a $29.39 million increase in business-type activities net position.

Current and other assets increased $70.2 million or 22.8% in governmental activities and increased $35.82 million or 20.1% in business-type activities. Current liabilities decreased in governmental activities by $6.16 million or 15.9% and increased by $3.32 million or 15.6% in business type activities.

Deferred outflows of resources decreased by $166 thousand or 0.9% primarily due to a change in deferred outflows of resources associated with the net difference between expected and actual experience as compared to 2024. Deferred inflows of resources increased $52.32 million or 216.5% primarily due to a change in deferred inflows of resources associated with a change in pension net difference between projected and actual earnings on plan investments in 2025 of $69.78 million as compared to $11.29 million in 2024.

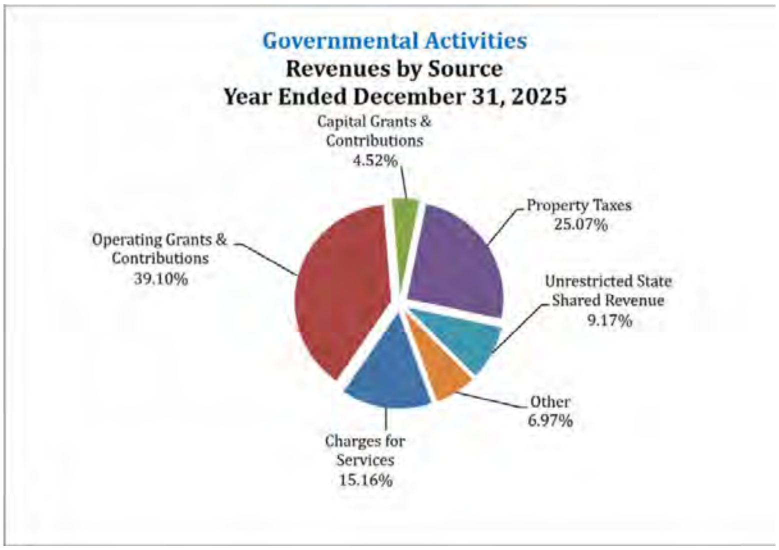
City of Kalamazoo's Changes in Net Position
For the Year Ended December 31, 2024 and December 31, 2025

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenue						
Program revenue						
Charges for services	$ 18,479,221	$ 19,329,858	$ 80,274,148	$ 88,632,130	$ 98,753,369	$ 107,961,988
Operating grants and contributions	59,710,011	49,845,271	346,852	316,492	60,056,863	50,161,763
Capital grants and contributions	76,801	5,766,154	43,859,786	11,253,838	43,936,587	17,019,992
General revenue						
Property taxes	30,867,773	31,964,979	-	-	30,867,773	31,964,979
State shared revenues - unrestricted	11,316,424	11,696,132	-	-	11,316,424	11,696,132
Local community stabilization	2,996,700	3,283,481	-	-	2,996,700	3,283,481
Other	6,732,666	5,596,976	4,420,383	5,068,597	11,153,049	10,665,573
Total revenue	130,179,596	127,482,851	128,901,169	105,271,057	259,080,765	232,753,908
Expenses						
General government	24,786,090	14,437,412	-	-	24,786,090	14,437,412
Public safety	34,886,506	45,891,152	-	-	34,886,506	45,891,152
Public works	9,265,147	18,247,774	-	-	9,265,147	18,247,774
Health and welfare	3,562,538	3,785,960			3,562,538	3,785,960
Community and economic development	5,677,793	6,577,614	-	-	5,677,793	6,577,614
Recreation and culture	6,667,904	1,812,393	-	-	6,667,904	1,812,393
Interest on long-term debt	5,495,165	5,530,651	-	-	5,495,165	5,530,651
Wastewater	-	-	42,417,379	42,801,388	42,417,379	42,801,388
Water	-	-	28,590,499	30,983,197	28,590,499	30,983,197
Other	-	-	1,870,332	1,726,923	1,870,332	1,726,923
Total expenses	90,341,143	96,282,956	72,878,210	75,511,508	163,219,353	171,794,464
Change in net position before transfers	39,838,453	31,199,895	56,022,959	29,759,549	95,861,412	60,959,444
Transfers (out) in	(1,056,907)	366,066	1,056,907	(366,066)	-	-
Change in net position	38,781,546	31,565,961	57,079,866	29,393,483	95,861,412	60,959,444
Net position, beginning of year	306,374,641	345,156,187	261,189,980	318,269,846	567,564,621	663,426,033
Net position, end of the year	$ 345,156,187	$ 376,722,148	$ 318,269,846	$ 347,663,329	$ 663,426,033	$ 724,385,477

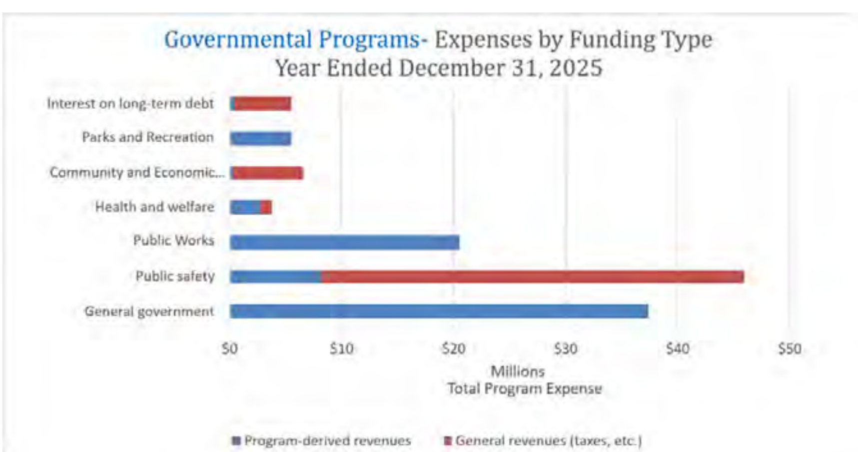
Governmental Activities

Governmental activities increased the City's net position $31.57 million in 2025 as compared to a net increase of $38.78 million in 2024. Governmental revenues decreased by $2.70 million or 2.07% due to decreases in operating grants and contributions. There was an increase of $5.94 million in total governmental expenses as compared to 2024. This increase is largely the result of the adjustment in the current year related to the City's net pension asset 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 2025, 41% 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 59% of revenues were derived from charges or grants and contributions restricted to specific programs as depicted on the following chart.



Charges for services, grants, and contributions in governmental activities were less than expenses by $21.3 million in 2025 and were less than expenses by $9.1 million in 2024. The following chart depicts the total expenses for each governmental program for the City of Kalamazoo and the degree to which they are self-supporting or subsidized.



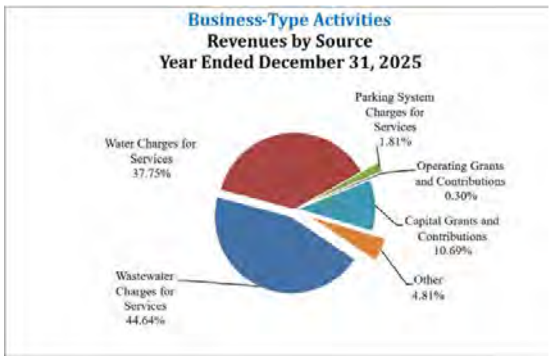
Governmental activities expenses increased $5.94 million as compared to the prior year. This is primarily due to a difference in the adjustments to the OPEB asset allocated to governmental activities that resulted in a reduction in governmental expenses of $7.8 million as compared to a reduction of $17.6 million in 2024. This reduction in 2024 attributed to a $26 million increase in public safety expenses, resulting in an expense of $34.9 million as compared to the positive expense of $45.9 million in 2025.

Business-type Activities

Business-type activities increased the City's net position by $29.4 million. The key elements of this increase are as follows:

- Wastewater system operating revenues increased $6.46 million due to increased billing rates from 2024.
- Water system operating revenues increased $1.59 million due to increased billing rates while operation and maintenance expenses increased $797 thousand from 2024.
- The Wastewater and Water systems report OPEB expense under GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which increased by $2.1 million as compared to 2024.
- The Wastewater and Water systems report pension expense under GASB 68, *Accounting and Financial Reporting for Pensions*, which decreased $2.1 million as compared to 2024.
- Capital infrastructure contributions of $11.3 million for wastewater and water infrastructure represented 10.7% of revenue resources in 2025. These contributions consist of water mains, service connections, and hydrants that are paid by developers or property owners and transferred to the system.

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



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 2025, the Wastewater and Water added $6.1 million and $23.9 million, and the Parking System subtracted $631 thousand to existing reserves.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the close of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of $98,847,855, an increase of $12,264,933 in comparison with the prior year. Approximately 15% of the combined fund balances, or $14,699,850 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, 2025, the amount of unavailable property taxes was $1,110,815, a $5,503 increase from 2024. Other unavailable revenues totaling $409,602 consist of other receivables not collected within 60 days after year-end as well as unavailable lease revenue in the amount of $14,238.

The City's budget policies target unassigned fund balance to be 15% of general fund operating revenues. The General Fund fund balance was $20,541,015, or 24% of the total General Fund revenues. Of the total, $20.5 million fund balance, $2.469 million was nonspendable, $299 thousand was committed, and $3.073 million was assigned, leaving $14.7 million of unassigned fund balance, or 17.45% of revenues.

The General Fund decreased the fund balance a total of $1.13 million due to increases in expenditures. Revenues were less than the budget by $825 thousand due primarily to unfavorable intergovernmental revenue while total expenditures remained relatively consistent in the current year, remaining under budget by $4.2 million.

Major Streets Fund

The Major Streets Fund fund balance increased by $2.8 million during the year. Revenues decreased $221 thousand from 2024, primarily due to decreases in intergovernmental gas and weight tax revenues. Expenditures increased by $5.9 million from 2024, primarily related to capital outlay expenditures.

Grants and Donations Fund

The Grant and Donations Fund fund balance decreased by $407 thousand during the year. Revenues decreased $8.0 million from 2024, primarily from recognition of less ARPA grant revenue. Expenditures decreased by $1.6 million from 2024, primarily related to general government expenditures. The Grants and Donations Fund received $38 million in ARPA revenue in previous years, of which $1.5 was unspent at year end and reflected in unearned revenue on the balance sheet.

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 $8.7 million as of December 31, 2025. The fund had an increase in total net position for the year of $6.1 million.

The Wastewater Fund experienced an operating income of $7.8 million.

- Wastewater operating revenues increased $6.5 million due primarily to increased billing rates.

- Operating expenses decreased $16 thousand as compared to 2024, with operations and maintenance decreasing $224 thousand due to various cost reductions in operational supplies and services and changes in the OPEB and Pension Trust assets as discussed below.

- Operating expenses include an adjustment to the OPEB asset that resulted in a $1.0 million reduction of operating expenditures in 2025 as compared to a $1.8 million reduction in 2024. The Fund made contributions of $420 thousand to the OPEB trust in 2025. The Fund had a net OPEB asset of $720 thousand, deferred outflows of resources related to OPEB of $367 thousand, and deferred inflows of resources related to OPEB of $211 thousand included in the Statement of Net Position at December 31, 2025. The portion of the 2015 OPEB bond reported in the Wastewater Fund at December 31, 2025, was $7.5 million.

- Operating expenses include an adjustment to the net pension asset that resulted in a $1.3 million reduction in net pension expense included in operating expenses as compared to a $75 thousand reduction in 2024 The Fund was not required and did not make contributions to the pension system in 2025. The Fund had a net pension asset of $23.5 million, deferred outflows of resources related to pensions of $1.4 million, and deferred inflows of resources related to pensions of $6.0 million included in the Statement of Net Position at December 31, 2025.

- Nonoperating revenues and expenses reduced net position by a total of $2.0 million due to interest expense and fiscal charges exceeding interest revenues and other nonoperating revenues in 2025. Interest expense and fiscal charges of $4.0 million increased $443 thousand as compared to 2024.

Water Fund

Unrestricted net position (the amount available for future spending) of the City's Water fund amounted to $38.8 million as of December 31, 2025. The fund had an increase in total net position for the year of $23.9 million.

The Water Fund experienced an operating income of $14.4 million.

- Water system operating revenues increased $1.6 million due to increased billing rates and an increase in water billed volumes.

- Operating expenses increased $1.7 million as compared to 2024. Of this increase, $797 thousand was in operation and maintenance costs of which the change in the pension and OPEB expenses are discussed further below. An additional $951 thousand increase in depreciation expense as a result of increased focus on water infrastructure improvements.

- Operating expenses include an adjustment to the OPEB assets that resulted in a $796 thousand reduction of operating expenses as compared to a $1.5 million reduction recognized 2024. The Fund made contributions of $355 thousand to the OPEB trust in 2025. The Fund had a net OPEB asset of $578 thousand, deferred outflows of resources related to OPEB of $292 thousand, and deferred inflows of resources related to OPEB of $169 thousand included in the Statement of Net Position at December 31, 2025. The portion of the 2015 OPEB bond reported in the Water Fund at December 31, 2025 was $6.9 million.

- Operating expenses include an adjustment to the net pension asset which decreased expenditures by $1.1 million as compared to an expense reduction of $251 thousand in 2024. The Fund was not required to and did not make contributions to the pension system in 2025. The Fund had a net pension asset of $19.0 million, deferred outflows of resources related to pensions of $1.3 million, and deferred inflows of resources related to pensions of $4.8 million included in the Statement of Net Position at December 31, 2025.

- Nonoperating Revenues and Expenses decreased net position by a total of $2.0 million as compared to a decrease to net position of $1.9 million in 2024. Interest expense and fiscal charges of $6 million increased $724 thousand as compared to 2024 due to debt financed capital improvements. This expense is offset by interest earnings of $3.1 million and other net operating revenues of $834 thousand.

- Capital contributions of $11.2 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 $32.6 million from 2024 as smaller projects were completed by users of the system in 2025 as compared to 2024. Included in total contributions is $2.0 million of state capital grants in 2025 as compared to $5.5 in 2024.

Capital Asset and Debt Administration

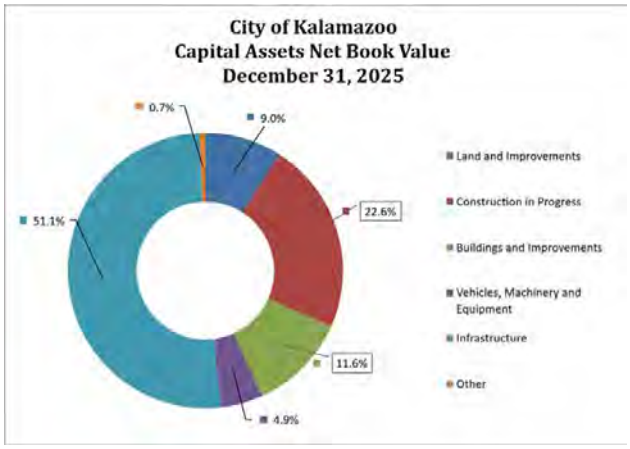
Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, totaled $705 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, 2025 and the asset has not yet been placed into service.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land	$ 30,031,184	$ 30,031,184	$ 3,618,823	$ 3,618,823	$ 33,650,007	$ 33,650,007
Building and improvements	35,706,828	34,933,034	48,018,027	46,778,458	83,724,855	81,711,492
Right to use - building	382,660	166,778	-	-	382,660	166,778
Land improvements	29,077,920	27,966,754	2,008,493	2,045,092	31,086,413	30,011,846
Machinery and equipment	8,382,483	8,090,898	14,149,174	14,244,814	22,531,657	22,335,712
Right to use - equipment	135,337	122,171	8,580	85,729	143,917	207,900
Vehicles	7,140,925	8,691,946	4,272,812	3,632,518	11,413,737	12,324,464
Right to use - vehicles	1,361,339	1,504,391	740,905	672,582	2,102,244	2,176,973
Infrastructure	95,103,216	92,909,100	241,736,086	267,433,898	336,839,302	360,342,998
Right to use - infrastructure	1,067,996	978,374	-	-	1,067,996	978,374
Right to use - subscription	1,583,476	1,068,595	133,266	185,091	1,716,742	1,253,686
Intangible Assets	29,593	22,673	30,353	14,446	59,946	37,119
Rights to liquor license	139,200	139,200	-	-	139,200	139,200
Construction in progress	17,331,443	27,538,559	109,925,931	131,905,285	127,257,374	159,443,844
Total	$ 227,473,600	$ 234,163,657	$ 424,642,450	$ 470,616,736	$ 652,116,050	$ 704,780,393

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 $6.690 million for governmental activities while net business-type activity capital assets increased $45.974 million.

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

Governmental Activities:

- Construction of capital projects totaling $6.5 million was completed in 2025 and transferred to other asset categories. Completed projects included the construction, reconstruction, widening of public streets, sidewalk improvements, security upgrades, and other facility and equipment improvements. Approximately $27.5 million of additional improvements are in progress.

- Land improvements of $661 thousand include improvements to City parks, gates, and meter replacements.

- Building improvements of $507 thousand included costs related to improvements for multiple Public Safety stations and other various city facility improvements.

- Vehicle additions of $3.2 million included various public safety patrol and surveillance vehicles and public works service trucks.

- Machinery and Equipment additions of $1.3 million included costs related to fan coil replacements at City Hall, and various other equipment purchases..

- Infrastructure additions of $1.9 million include various street, bridge, and signal projects completed during 2025.

- The City entered into new lease agreements for the following right to use assets:

    - Buildings of $52 thousand for office space.
    - Vehicles of $615 thousand for various light duty vehicles.
    - Equipment of $69 thousand for parks equipment.

- The City entered into new subscription agreements for the following subscription assets:

    - Subscriptions of $460 thousand for various subscription-based information technology arrangements.

- The City disposed of assets with an original cost of $7.3 million, and a net book value of $415 thousand. Vehicular assets with a $489 thousand net book value were disposed as the vehicles were no longer in a condition to support City operations. Right-to-use vehicles with a netbook value of $31 thousand were disposed/reclassified for leased assets terminated earlier than anticipated in the original lease terms. Right-to-use subscriptions with a net book value of $75 thousand was disposed of that was no longer in use.

Business-type Activities:

Wastewater:

- Construction of Wastewater capital projects totaling $6.2 million was completed in 2025 and transferred to other asset categories. Wastewater had $46.0 million in construction in progress for treatment plant upgrades and infrastructure improvements.

- Wastewater added $176 thousand of building improvements for HVAC and break room remodels.

- Wastewater added $576 thousand of machinery and equipment for various treatment and process control upgrades and motor refurbishments.

- Wastewater added $49 thousand of vehicles for various purposes.
- Wastewater upgraded the system infrastructure consisting of various mains, lift stations, interceptors, and sewer linings totaling $3.5 million.
- Wastewater entered into new lease agreements for right-to-use assets in 2025 for $106 thousand for air monitors.
- Wastewater entered into new subscription agreements for subscription assets in 2025 for $37 thousand.
- Wastewater disposed of $2.9 million of machinery and equipment, vehicles, and intangible assets with minimal remaining net book value ($4 thousand) that were no longer able to support system operations.

Water:

- Construction of Water capital projects totaling $23.6 million was completed in 2025 and transferred to other asset categories. Water had $83 million in construction in progress for station improvements, storage tank improvements, facility upgrades, and various infrastructure improvements in progress at year end.
- Water upgraded the system infrastructure totaling $29.9 million in 2025, including various improvements to mains, hydrants, and meters.
- Water added $282 thousand in land improvements for Central Station Roadway improvements.
- Water added $780 thousand in buildings and improvements for various facility improvements including station upgrades.
- Water added $1.4 million in machinery and equipment, consisting of various generators, hardware, and a backhoe.
- Water added $275 thousand of vehicles for water service trucks.
- Water entered into new lease agreements for right to use assets in 2025 for $51 thousand.
- Wastewater entered into new subscription agreements for subscription assets in 2025 for $174 thousand.
- Water disposed of $2.3 million of machinery and equipment, vehicles, and intangible assets with a net book value of $52 thousand that were no longer able to support system operations.

Additional information on the City's capital assets, including detailed changes during 2025, can be found in Note 6 on pages 94-97 of this report.

Long-term Obligations

The City's balance of long-term obligations increased by $51 million during the current fiscal year. Governmental Activities had net decreases of $535 thousand in governmental direct borrowings and placements, net increases of $9 million in other debt, and $1.4 million in other long-term obligations. Business-type Activities had net increases of $17.0 million in direct borrowings and placements, $24.4 million in other debt, and a net increase of $193 thousand in compensated absences. The City issued $17.945 million in General Obligation Bonds and $29.710 million in Revenue Bonds. The City made scheduled bond principal payments totaling $17.3 million.

General Obligation Bonds

The City issues direct obligations where the government pledges the full faith and credit of the City. These bonds are issued as serial bonds with varying amounts of principal maturing each year. General Obligation bonds issued in 2025 consisted of $17,945,000 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, 2025, is $145 million for governmental activities and $14.4 million for business-type activities, of which $54.0 million for governmental activities and $14.4 million for business type activities is due to the 2015 financing of OPEB obligations.

Revenue Bonds

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City issued $29,710,000 of revenue bonds in 2025 to finance capital improvements. The balance of outstanding revenue bonds as of December 31, 2025, is $230.0 million for business-type activities.

Drinking Water State Revolving Funds (DWSRF) Bonds

The City also issues junior lien bonds through agreements with the State of Michigan Finance Authority and State of Michigan Department of Environment, Great Lakes, and Energy (EGLE) under the Drinking Water State Revolving Fund created by 1997 Public Act 26 and 27. Business-type activities increased obligations by $17.7 million in 2025 and made $1.2 million of principal payments under this program. The obligations under this program are recognized as disbursed or accrued for eligible expenditures.

Clean Water State Revolving Funds (CWSRF) Bonds

The City also issues junior lien bonds through agreements with the State of Michigan Finance Authority and State of Michigan Department of Environment, Great Lakes, and Energy (EGLE) under the Clean Water State Revolving Fund. Business-type activities increased obligations by $770 thousand in 2025 and made $310 thousand of principal payments under this program. The obligations under this program are recognized as disbursed or accrued for eligible expenditures.

Leases Payable

The City entered into new long-term lease commitments for $736 thousand in governmental activities and $106 thousand in business-type activities. The primary government has total balances of $3.1 million in leases payable as of December 31, 2025.

Subscriptions Payable

The City entered into new long-term subscription commitments for $460 thousand in governmental activities and $203 thousand in business-type activities. The primary government has total balances of $915 thousand in subscriptions payable as of December 31, 2025.

Equipment Acquisitions

The City has entered into no equipment financing contracts during 2025. The balance of equipment acquisition agreements as of December 31, 2025, is $468 thousand.

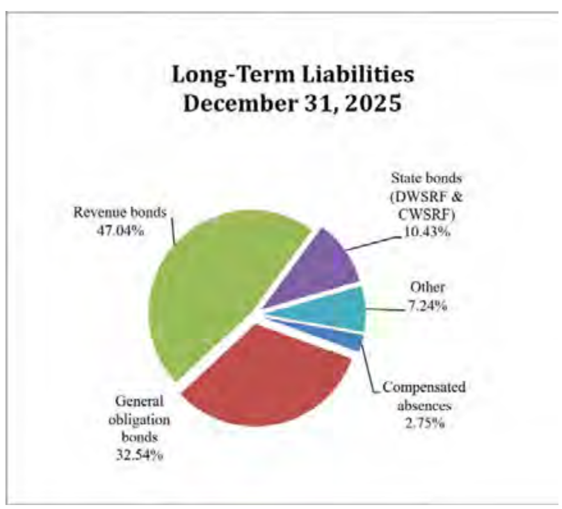
Compensated Absences

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, 2025, is $13.4 million.

Insurance Claims and Environmental Matters

The City has estimated its liability for various legal issues that the City is aware of as of 2025. The estimated liability to the City is $3.6 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 98-111.

The following is the City's credit rating for the various outstanding debt as rated by Standard and Poor's as of December 31, 2025.

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

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 surround it., which prohibits any boundary expansion. 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, the State of Michigan has property tax growth control measures that have the effect of limiting property tax revenue growth to the rate of inflation, which has been unusually low in recent years, and normally does not reflect the inflation of the cost of doing the people's business.

The City has been working with the community to identify solutions to continue to serve the community's needs with reduced revenues. In collaboration with our budgeting process, the City worked with the community to continue to utilize the Imagine Kalamazoo 2025 Strategic Vision and Master Plan (IK 2035). 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. The City is continuing engagement to finalize the Kalamazoo 2035 Strategic Vision and Master Plan.

In line with ongoing improvement efforts, the FFE provides annual funding to reduce the City's tax millage rate (12.0000 mills), stabilize the budget, and allocate funds for aspirational projects.

As of December 31, 2025, the FFE's endowment investments exceeds $389 million. With anticipated contributions and investment income, the endowment is expected to reach its initial target of $500 million by 2030 while continuing to provide annual allocations to the City.

The Foundation for Excellence provides the ability for the City to focus budget plans towards economic and strategic growth rather than service reductions. The City's budgeted operating expenditures in 2026 are $44.3 million or 11.4% less than the 2025 adopted budget, primarily due to a reduction in capital spending. The 2026 General Fund budget includes anticipated $21.8 million of FFE funded support of operations. The General Fund will transfer a total of $5.8 million to the Capital Improvement funds, pay $3.8 million for the 2015 Other Post Employment Benefit Bonds, and make employer contributions of $777 thousand to the OPEB Trust.

Property tax millage rates are budgeted in 2026 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 2026.

The City of Kalamazoo's General Fund Reserve Policy guides the creation, maintenance, and use of reserves. The fund balance of the General 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 2026 is targeted to exceed the City Commission Budget Policy target of 15% of revenues.

In 2026, the Major Streets Fund anticipates a total operational spending of $11.1 million or a 5% increase over the 2025 adopted budget. In addition, the 2026 budget anticipates $54.7 million of capital improvements, with approximately $6.0 million debt financed with the remaining $48.7 financed by grant resources.

The Grants and Donations Fund anticipates a total spending of $182 thousand in the 2026 adopted budget. The City budget policies amend budgets for grant awards on acceptance by the City Commission. The budget available on unspent and active grant awards at the end of 2025 will be carried forward into 2026 to continue the grant program.

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, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	$ 41,812,618	$ 53,335,422	$ 95,148,040	$ 9,084,989
Cash and cash equivalents, restricted	34,323,770	83,722,013	118,045,783	-
Investments	33,900,310	9,428,226	43,328,536	-
Investments with agents	4,970,176	-	4,970,176	-
Current portion of receivables	5,594,698	13,855,093	19,449,791	38,264,670
Internal balances	2,085,832	(2,085,832)	-	-
Due from other governmental units	3,365,941	8,802,717	12,168,658	178,884
Inventories	294,929	3,029,222	3,324,151	-
Prepaids	387,679	8,071	395,750	-
Total current assets	126,735,953	170,094,932	296,830,885	47,528,543
Noncurrent assets				
Advance to other governmental units	942,116	-	942,116	-
Advance to developers	-	-	-	960,952
Noncurrent investments	-	-	-	389,109,721
Noncurrent portion of receivables	8,873,781	192,110	9,065,891	139,790,781
Noncurrent portion of amounts due from other governmental units	3,208,815	-	3,208,815	-
Net pension asset	231,051,475	42,524,677	273,576,152	-
Net other post-employment benefits asset	7,469,215	1,298,572	8,767,787	-
Capital assets not being depreciated/amortized	57,708,943	135,524,108	193,233,051	58,162
Capital assets, net of accumulated depreciation/amortization	176,454,714	335,092,628	511,547,342	50,477
Total noncurrent assets	485,709,059	514,632,095	1,000,341,154	529,970,093
TOTAL ASSETS	612,445,012	684,727,027	1,297,172,039	577,498,636
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	84,099	76,406	160,505	-
Deferred outflows of resources related to pension	11,709,807	2,681,489	14,391,296	-
Deferred outflows of resources related to OPEB	3,700,353	659,392	4,359,745	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,494,259	3,417,287	18,911,546	-

See accompanying notes to financial statements. CONTINUED

CITY OF KALAMAZOO
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Current liabilities				
Accounts payable	$ 6,503,354	$ 9,371,829	$ 15,875,183	$ 432,882
Accrued payroll	1,943,332	-	1,943,332	-
Accrued interest payable	1,194,514	2,921,524	4,116,038	4,652
Other accrued liabilities	166,613	1,753	168,366	-
Deposits payable	682,542	476,013	1,158,555	-
Due to other governmental units	132,000	271,859	403,859	296,331
Unearned revenue	2,586,628	-	2,586,628	-
Current portion of compensated absences	3,763,386	848,235	4,611,621	4,980
Current portion of lease obligations	708,508	197,239	905,747	-
Current portion of subscription obligations	512,514	105,382	617,896	-
Current portion of long-term debt	12,296,151	10,369,089	22,665,240	167,175
Current portion of uninsured claim liability	2,146,405	-	2,146,405	-
Total current liabilities	32,635,947	24,562,923	57,198,870	906,020
Noncurrent liabilities				
Noncurrent portion of advances from other governmental units	-	-	-	942,116
Noncurrent portion of compensated absences	7,834,575	999,227	8,833,802	10,967
Noncurrent portion of lease obligations	1,698,255	498,371	2,196,626	-
Noncurrent portion of subscription obligations	217,378	80,036	297,414	-
Noncurrent portion of long-term debt	143,691,355	302,801,985	446,493,340	2,494,837
Noncurrent portion of uninsured claim liability	198,610	-	198,610	-
Total noncurrent liabilities	153,640,173	304,379,619	458,019,792	3,447,920
TOTAL LIABILITIES	186,276,120	328,942,542	515,218,662	4,353,940

CITY OF KALAMAZOO
STATEMENT OF NET POSITION (CONCLUDED)
DECEMBER 31, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
DEFERRED INFLOWS OF RESOURCES				
Deferred sales of future revenues	$ 3,278,042	$ -	$ 3,278,042	$ -
Lease related	14,238	310,647	324,885	-
Deferred inflows of resources related to pension	59,461,954	10,847,015	70,308,969	-
Deferred inflows of resources related to OPEB	2,186,769	380,781	2,567,550	-
TOTAL DEFERRED INFLOWS OF RESOURCES	64,941,003	11,538,443	76,479,446	-
NET POSITION				
Net investment in capital assets	163,017,013	231,848,068	394,865,081	108,639
Restricted				
Nonexpendable	3,627,564	-	3,627,564	-
Expendable, restricted for:				
Major and local street projects	12,165,081	-	12,165,081	-
FFE aspirational projects	1,040,672	-	1,040,672	-
Solid waste program	5,077,593	-	5,077,593	-
Parks and recreation	2,545,240	-	2,545,240	-
Neighborhood and community development	6,346,031	-	6,346,031	-
Pension	231,051,475	42,524,677	273,576,152	-
Other post-employment benefits	7,469,215	1,298,572	8,767,787	-
Other purposes	12,089,805	22,259,873	34,349,678	175,596,904
Unrestricted	(67,707,541)	49,732,139	(17,975,402)	397,439,153
TOTAL NET POSITION	$ 376,722,148	$ 347,663,329	$ 724,385,477	$ 573,144,696

CITY OF KALAMAZOO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary government								
Governmental activities								
General government	$ 14,437,412	$ 8,249,418	$ 29,150,229	$ 30,000	$ 22,992,235	$ -	$ 22,992,235	$ -
Public safety	45,891,152	3,957,071	4,133,357	19,597	(37,781,127)	-	(37,781,127)	-
Public works	18,247,774	2,735,501	12,977,327	4,753,694	2,218,748	-	2,218,748	-
Health and welfare	3,785,960	288,464	2,429,245	-	(1,068,251)	-	(1,068,251)	-
Community and economic development	6,577,614	146,121	156,605	-	(6,274,888)	-	(6,274,888)	-
Recreation and culture	1,812,393	3,953,283	638,191	962,863	3,741,944	-	3,741,944	-
Interest on long-term debt	5,530,651	-	360,317	-	(5,170,334)	-	(5,170,334)	-
Total governmental activities	96,282,956	19,329,858	49,845,271	5,766,154	(21,341,673)	-	(21,341,673)	-
Business-type activities								
Wastewater	42,801,388	46,988,131	-	4,350	-	4,191,093	4,191,093	-
Water	30,983,197	39,741,287	316,492	11,249,488	-	20,324,070	20,324,070	-
Other	1,726,923	1,902,712	-	-	-	175,789	175,789	-
Total business-type activities	75,511,508	88,632,130	316,492	11,253,838	-	24,690,952	24,690,952	-
Total primary government	$ 171,794,464	$ 107,961,988	$ 50,161,763	$ 17,019,992	(21,341,673)	24,690,952	3,349,279	-
Component units								
Downtown Development Authority	$ 210,741	$ -	$ 516,134	$ -	-	-	-	305,393
Economic Development Corporation	394,760	58,500	313,074	-	-	-	-	(23,186)
Brownfield Redevelopment Authority	3,390,575	29,765	460,431	-	-	-	-	(2,900,379)
Northside Cultural Business District Authority	1,039	-	-	-	-	-	-	(1,039)
Kalamazoo Foundation For Excellence	21,403,092	-	17,670,094	-	-	-	-	(3,732,998)
Downtown Economic Growth Authority	873,903	-	137,000	-	-	-	-	(736,903)
Total component units	$ 26,274,110	$ 88,265	$ 19,096,733	$ -	-	-	-	(7,089,112)
		General revenues						
		Property taxes			31,964,979	-	31,964,979	4,547,608
		Unrestricted state shared revenues			11,696,132	-	11,696,132	-
		Local community stabilization			3,283,481	-	3,283,481	-
		Investment earnings			5,479,342	4,876,233	10,355,575	51,547,118
		Miscellaneous			117,634	192,364	309,998	3,100
		Transfers			366,066	(366,066)	-	-
		Total general revenues and transfers			52,907,634	4,702,531	57,610,165	56,097,826
		Change in net position			31,565,961	29,393,483	60,959,444	49,008,714
		Net position, beginning of year			345,156,187	318,269,846	663,426,033	524,135,982
		Net position, end of the year			$ 376,722,148	$ 347,663,329	$ 724,385,477	$ 573,144,696

See accompanying notes to financial statements.

CITY OF KALAMAZOO
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2025

	General	Major Streets	Grants and Donations	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 7,955,043	$ 6,654,411	$ 3,122,559	$ 22,009,360	$ 39,741,373
Cash and cash equivalents - restricted	-	8,996,644	-	25,327,126	34,323,770
Investments	12,275,681	-	-	4,624,629	16,900,310
Investments with agents	-	-	189,652	4,437,644	4,627,296
Receivables					
Accounts	1,160,102	219,519	1,013,345	540,829	2,933,795
Interest	341,785	-	81,832	18,300	441,917
Leases	15,350	-	-	-	15,350
Taxes	1,334,203	-	-	161,647	1,495,850
Notes and settlements	2,244,244	-	-	6,825,060	9,069,304
Due from other funds	1,310,318	1,783,333	186,457	1,271,772	4,551,880
Due from other governmental units	287,998	1,396,698	587,951	4,279,521	6,552,168
Advances to other governmental units	-	-	-	942,116	942,116
Inventories	95,187	130,273	-	69,469	294,929
Prepaids	130,052	4,842	-	-	134,894
TOTAL ASSETS	$ 27,149,963	$ 19,185,720	$ 5,181,796	$ 70,507,473	$ 122,024,952

See accompanying notes to financial statements.

CONTINUED

CITY OF KALAMAZOO
GOVERNMENTAL FUNDS
BALANCE SHEET (CONCLUDED)
DECEMBER 31, 2025

	General	Major Streets	Grants and Donations	Nonmajor Governmental Funds	Total
LIABILITIES					
Accounts payable	$ 1,092,580	$ 671,975	$ 179,789	$ 4,018,335	$ 5,962,679
Accrued liabilities	166,613	-	-	-	166,613
Due to other funds	3,708,440	333,270	1,277,525	2,157,538	7,476,773
Due to other governmental units	-	-	65,000	67,000	132,000
Deposits payable	106,660	-	-	575,882	682,542
Unearned revenue	-	30,813	2,505,844	49,971	2,586,628
TOTAL LIABILITIES	5,074,293	1,036,058	4,028,158	6,868,726	17,007,235
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,520,417	103,157	1,650	4,530,400	6,155,624
Lease related	14,238	-	-	-	14,238
TOTAL DEFERRED INFLOWS OF RESOURCES	1,534,655	103,157	1,650	4,530,400	6,169,862
FUND BALANCES					
Nonspendable	2,469,483	135,115	-	3,697,033	6,301,631
Restricted	-	17,911,390	1,151,988	53,063,911	72,127,289
Committed	298,665	-	-	2,347,403	2,646,068
Assigned	3,073,017	-	-	-	3,073,017
Unassigned	14,699,850	-	-	-	14,699,850
TOTAL FUND BALANCES	20,541,015	18,046,505	1,151,988	59,108,347	98,847,855
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 27,149,963	$ 19,185,720	$ 5,181,796	$ 70,507,473	$ 122,024,952

See accompanying notes to financial statements.

CITY OF KALAMAZOO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total fund balance - governmental funds		$ 98,847,855
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	$ 485,042,712	
Accumulated depreciation/amortization is	(250,918,735)	
Capital assets, net		234,123,977
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Net pension asset	231,051,475	
Net other post-employment benefits asset	7,469,215	
Deferred outflows of resources related to pensions	11,709,807	
Deferred outflows of resources related to OPEB	3,700,353	
Deferred inflows of resources related to pensions	(59,461,954)	
Deferred inflows of resources related to OPEB	(2,186,769)	
Deferred charges on refunding	84,099	
		192,366,226
Other resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.		6,155,624

See accompanying notes to financial statements.

CONTINUED

CITY OF KALAMAZOO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (CONCLUDED)
DECEMBER 31, 2025

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		$ 17,100,283

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

Bonds, loans, leases, and subscriptions payable	$ (148,274,070)	
Environmental matters liability	(1,243,518)	
Unamortized deferred amounts on debt issuance	(9,561,754)	
Accrued interest payable	(1,194,514)	
Compensated absences	(11,597,961)	
		(171,871,817)
Net position of governmental activities		$ 376,722,148

See accompanying notes to financial statements.

CITY OF KALAMAZOO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

	General	Major Streets	Grants and Donations	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	$ 28,232,673	$ -	$ -	$ 3,731,548	$ 31,964,221
Licenses and permits	3,677,106	-	-	-	3,677,106
Intergovernmental	17,301,771	9,410,498	11,397,487	10,425,094	48,534,850
Charges for services	10,621,874	208,428	3,430	3,867,551	14,701,283
Fines and forfeits	321,212	-	-	429,247	750,459
Interest and rents	1,116,180	491,358	204,744	3,111,833	4,924,115
Other					
Donations and contributions	20,935,111	20,450	818,876	7,388	21,781,825
Other	450,507	1,417	-	277,145	729,069
TOTAL REVENUES	82,656,434	10,132,151	12,424,537	21,849,806	127,062,928
EXPENDITURES					
Current					
General government	21,380,473	-	5,673,787	-	27,054,260
Public safety	41,178,778	-	858,619	428,718	42,466,115
Public works	4,610,312	4,871,949	507,585	7,622,838	17,612,684
Health and welfare	281,843	-	347,843	2,637,803	3,267,489
Community and economic development	3,282,657	-	256,268	2,087,740	5,626,665
Recreation and culture	3,679,318	-	32,878	3,161,465	6,873,661
Debt service					
Principal	1,472,153	-	-	10,363,986	11,836,139
Interest and fiscal charges	218,920	-	-	5,919,642	6,138,562
Capital outlay	1,196,206	3,696,068	-	12,739,546	17,631,820
TOTAL EXPENDITURES	77,300,660	8,568,017	7,676,980	44,961,738	138,507,395
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,355,774	1,564,134	4,747,557	(23,111,932)	(11,444,467)

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, 2025

	General	Major Streets	Grants and Donations	Nonmajor Governmental Funds	Total
OTHER FINANCING SOURCES (USES)					
Issuance of debt	$ -	$ 4,525,000	$ -	$ 13,420,000	$ 17,945,000
Leases and subscriptions issued	1,196,206	-	-	-	1,196,206
Bond premium	-	520,429	-	1,543,331	2,063,760
Transfers in	1,566,218	1,707,988	19,598	27,699,615	30,993,419
Transfers out	(9,247,741)	(5,476,596)	(5,174,309)	(8,590,339)	(28,488,985)
TOTAL OTHER FINANCING SOURCES (USES)	(6,485,317)	1,276,821	(5,154,711)	34,072,607	23,709,400
NET CHANGE IN FUND BALANCES	(1,129,543)	2,840,955	(407,154)	10,960,675	12,264,933
Fund balances, beginning of year	21,670,558	15,205,550	1,559,142	48,147,672	86,582,922
Fund balances, end of year	$ 20,541,015	$ 18,046,505	$ 1,151,988	$ 59,108,347	$ 98,847,855

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, 2025

Net change in fund balances - total governmental funds		$ 12,264,933
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	$ 19,009,685	
Depreciation/amortization expense	(11,865,256)	
Net effect of disposal of capital assets	(414,691)	
Excess of capital outlay over depreciation/amortization expense and other items		6,729,738
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(144,244)
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 internal service funds		(1,175,624)
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	(19,141,206)	
Debt principal retirement	11,926,610	
		(7,214,596)

See accompanying notes to financial statements.

CONTINUED

CITY OF KALAMAZOO
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONCLUDED)
YEAR ENDED DECEMBER 31, 2025

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

Increase in net pension asset	$ 62,101,758	
Increase in net other post-employment benefits asset	5,647,697	
Increase in deferred outflows of resources related to pensions	2,718,404	
(Decrease) in deferred outflows of resources related to OPEB	(2,991,543)	
(Increase) in deferred inflows of resources related to pensions	(48,890,427)	
Decrease in deferred inflows of resources related to OPEB	4,826,883	
(Decrease) in deferred charges on refunding	(44,127)	
(Increase) in deferred amounts on debt issuance	(1,279,864)	
(Increase) in accrued interest payable	(130,634)	
(Increase) in compensated absences	(734,763)	
(Increase) in environmental matters liability	(117,630)	
		21,105,754
Change in net position of governmental activities		$ 31,565,961

See accompanying notes to financial statements.

CITY OF KALAMAZOO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
ASSETS					
Current assets					
Cash and cash equivalents	$ 14,799,056	$ 36,215,815	$ 2,320,551	$ 53,335,422	$ 2,071,245
Cash and cash equivalents - restricted	28,130,258	55,591,755	-	83,722,013	-
Investments	2,922,750	6,505,476	-	9,428,226	17,000,000
Investments with agents	-	-	-	-	342,880
Receivables					
Customers	7,967,903	5,718,641	-	13,686,544	512,263
Leases	-	11,773	109,026	120,799	-
Interest	47,750	-	-	47,750	-
Due from other funds	655,181	209,410	-	864,591	5,063,698
Due from other governmental units	9,689	8,793,028	-	8,802,717	22,588
Inventories	213,115	2,816,107	-	3,029,222	-
Prepaids	4,113	3,958	-	8,071	252,785
Total current assets	54,749,815	115,865,963	2,429,577	173,045,355	25,265,459
Noncurrent assets					
Net pension asset	23,513,870	19,010,807	-	42,524,677	-
Net other post-employment benefits asset	720,497	578,075	-	1,298,572	-
Noncurrent portion of leases receivable	-	-	192,110	192,110	-
Capital assets not being depreciated/amortized	49,422,326	86,101,782	-	135,524,108	-
Capital assets, net of accumulated depreciation/amortization	77,321,425	257,587,882	183,321	335,092,628	39,680
Total noncurrent assets	150,978,118	363,278,546	375,431	514,632,095	39,680
TOTAL ASSETS	205,727,933	479,144,509	2,805,008	687,677,450	25,305,139

See accompanying notes to financial statements.

CONTINUED

CITY OF KALAMAZOO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refunding	$ 119	$ 76,287	$ -	$ 76,406	$ -
Deferred outflows of resources related to pension	1,410,987	1,270,502	-	2,681,489	-
Deferred outflows of resources related to OPEB	367,060	292,332	-	659,392	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,778,166	1,639,121	-	3,417,287	-
LIABILITIES					
Current liabilities					
Accounts payable	2,933,947	6,387,443	50,439	9,371,829	540,675
Accrued payroll	-	-	-	-	1,943,332
Other accrued liabilities	49	1,704	-	1,753	-
Accrued interest payable	969,402	1,952,122	-	2,921,524	-
Deposit payable	-	476,013	-	476,013	-
Due to other funds	954,455	1,973,097	22,871	2,950,423	52,973
Due to other governmental units	247,201	24,658	-	271,859	-
Current portion of compensated absences	391,185	457,050	-	848,235	-
Current portion of lease obligations	54,966	142,273	-	197,239	44,819
Current portion of subscription obligations	22,484	82,898	-	105,382	-
Current portion of long-term debt	3,734,423	6,634,666	-	10,369,089	-
Current portion of uninsured claim liability	-	-	-	-	2,146,405
Total current liabilities	9,308,112	18,131,924	73,310	27,513,346	4,728,204

See accompanying notes to financial statements. CONTINUED

CITY OF KALAMAZOO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONCLUDED)
DECEMBER 31, 2025

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
LIABILITIES (CONCLUDED)					
Noncurrent liabilities					
Noncurrent portion of compensated absences	$ 530,345	$ 468,882	$ -	$ 999,227	$ -
Noncurrent portion of lease obligations	145,886	352,485	-	498,371	-
Noncurrent portion of subscription obligations	17,980	62,056	-	80,036	-
Noncurrent portion of long-term debt	104,118,573	198,683,412	-	302,801,985	-
Noncurrent portion of uninsured claim liability	-	-	-	-	198,610
Total noncurrent liabilities	104,812,784	199,566,835	-	304,379,619	198,610
TOTAL LIABILITIES	114,120,896	217,698,759	73,310	331,892,965	4,926,814
DEFERRED INFLOWS OF RESOURCES					
Deferred sales of future revenues	-	-	-	-	3,278,042
Lease related	-	11,553	299,094	310,647	-
Deferred inflows of resources related to pension	5,997,819	4,849,196	-	10,847,015	-
Deferred inflows of resources related to OPEB	211,239	169,542	-	380,781	-
TOTAL DEFERRED INFLOWS OF RESOURCES	6,209,058	5,030,291	299,094	11,538,443	3,278,042
NET POSITION					
Net investment in capital assets	46,026,600	185,638,147	183,321	231,848,068	(5,139)
Restricted for bond reserves	8,252,636	14,007,237	-	22,259,873	-
Restricted for pension	23,513,870	19,010,807	-	42,524,677	-
Restricted for other post-employment benefits	720,497	578,075	-	1,298,572	
Unrestricted	8,662,542	38,820,314	2,249,283	49,732,139	17,105,422
TOTAL NET POSITION	$ 87,176,145	$ 258,054,580	$ 2,432,604	$ 347,663,329	$ 17,100,283

See accompanying notes to financial statements.

CITY OF KALAMAZOO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
OPERATING REVENUES					
Charges for services	$ 46,988,131	$ 39,741,287	$ 1,902,712	$ 88,632,130	$ 16,685,629
Other	6,501	-	231	6,732	1,186,173
TOTAL OPERATING REVENUES	46,994,632	39,741,287	1,902,943	88,638,862	17,871,802
OPERATING EXPENSES					
Operation and maintenance	34,072,349	17,246,942	1,694,156	53,013,447	-
Risk management	-	-	-	-	17,724,260
Depreciation/amortization	5,085,531	8,088,637	32,767	13,206,935	39,681
TOTAL OPERATING EXPENSES	39,157,880	25,335,579	1,726,923	66,220,382	17,763,941
OPERATING INCOME	7,836,752	14,405,708	176,020	22,418,480	107,861

See accompanying notes to financial statements. CONTINUED

CITY OF KALAMAZOO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONCLUDED)
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	$ -	$ 316,492	$ -	$ 316,492	$ -
Investment earnings	1,600,949	3,148,739	126,545	4,876,233	856,106
Other	22,124	163,508	-	185,632	-
(Loss) on sale of capital assets	(3,972)	(40,985)	-	(44,957)	-
Amortization of:					
Bond defeasance	320	(7,728)	-	(7,408)	-
Bond premiums and discounts	319,362	403,474	-	722,836	-
Interest expense and fiscal charges	(3,959,218)	(6,002,379)	-	(9,961,597)	(1,223)
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,020,435)	(2,018,879)	126,545	(3,912,769)	854,883
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,816,317	12,386,829	302,565	18,505,711	962,744
CAPITAL CONTRIBUTIONS	4,350	11,249,488	-	11,253,838	-
TRANSFERS IN	324,000	243,000	-	567,000	36,632
TRANSFERS OUT	-	-	(933,066)	(933,066)	(2,175,000)
CHANGE IN NET POSITION	6,144,667	23,879,317	(630,501)	29,393,483	(1,175,624)
Net position, beginning of year	81,031,478	234,175,263	3,063,105	318,269,846	18,275,907
Net position, end of year	$ 87,176,145	$ 258,054,580	$ 2,432,604	$ 347,663,329	$ 17,100,283

See accompanying notes to financial statements.

CITY OF KALAMAZOO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	$ 45,986,390	$ 34,157,509	$ 1,615,243	$ 81,759,142	$ -
Cash received from interfund services provided	-	1,688,781	24,603	1,713,384	16,995,358
Cash paid for interfund services provided	(24,329)	-	-	(24,329)	-
Cash paid to suppliers	(28,937,810)	(7,648,822)	(1,446,642)	(38,033,274)	-
Cash paid to employees	(5,692,633)	(6,161,853)	-	(11,854,486)	-
Cash paid for employee benefits	(2,488,971)	(2,465,904)	-	(4,954,875)	(16,754,620)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,842,647	19,569,711	193,204	28,605,562	240,738
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental grant	-	316,492	-	316,492	-
Tax liens and reimbursements	22,124	163,508	-	185,632	-
Interest paid on OPEB bonds	(375,529)	(317,572)	-	(693,101)	-
Payments on OPEB bonds	(254,419)	(233,121)	-	(487,540)	-
Transfer in	324,000	243,000	-	567,000	36,632
Transfer out	-	-	(933,066)	(933,066)	(2,175,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(283,824)	172,307	(933,066)	(1,044,583)	(2,138,368)

See accompanying notes to financial statements.

CONTINUED

CITY OF KALAMAZOO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds				Internal Service Fund
	Wastewater	Water	Nonmajor Parking System	Total	Insurance and Benefits
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	$ (13,192,915)	$ (37,275,026)	$ -	$ (50,467,941)	$ -
Contributions received	4,350	2,789,163	-	2,793,513	-
Cash received for disposal of capital assets	-	11,477	-	11,477	-
Interest paid	(3,505,470)	(5,601,912)	-	(9,107,382)	(1,223)
Proceeds from debt issuance	11,820,152	38,924,777	-	50,744,929	-
Payments on borrowings	(2,859,617)	(5,545,015)	-	(8,404,632)	(41,872)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(7,733,500)	(6,696,536)	-	(14,430,036)	(43,095)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(2,795,748)	(6,308,707)	-	(9,104,455)	(17,342,880)
Maturity of investments	3,206,325	5,954,605	-	9,160,930	17,263,677
Interest received	1,457,865	2,951,970	126,545	4,536,380	856,106
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,868,442	2,597,868	126,545	4,592,855	776,903
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,693,765	15,643,350	(613,317)	17,723,798	(1,163,822)
Cash and cash equivalents, beginning of year	40,235,549	76,164,220	2,933,868	119,333,637	3,235,067
Cash and cash equivalents, end of year	$ 42,929,314	$ 91,807,570	$ 2,320,551	$ 137,057,435	$ 2,071,245

See accompanying notes to financial statements.

CONTINUED

CITY OF KALAMAZOO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONCLUDED)
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds				Internal Service Fund
			Nonmajor		
	Wastewater	Water	Parking System	Total	Insurance and Benefits
Reconciliation of operating income to net cash provided by operating activities					
Operating income	$ 7,836,752	$ 14,405,708	$ 176,020	$ 22,418,480	$ 107,861
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation/amortization	5,085,531	8,088,637	32,767	13,206,935	39,681
(Increase) decrease in:					
Accounts receivable	(1,330,558)	342,035	13,436	(975,087)	101,636
Leases receivable	-	11,548	(301,136)	(289,588)	-
Due from other funds	(23,768)	437,803	1,732	415,767	(893,610)
Due from other governmental units	322,316	(5,742,043)	-	(5,419,727)	4,765
Inventories	21,122	(824,755)	-	(803,633)	-
Prepaids	23,126	22,939	-	46,065	95,950
Net pension asset	(6,258,194)	(4,825,123)	-	(11,083,317)	-
Net other post-employment benefits asset	(543,289)	(435,599)	-	(978,888)	-
Deferred outflows of resources related to pensions	(9,598)	(315,207)	-	(324,805)	-
Deferred outflows of resources related to OPEB	101,907	64,318	-	166,225	-
Increase (decrease) in:					
Accounts payable	(945,087)	3,573,930	(26,640)	2,602,203	78,246
Accrued liabilities	49	136	-	185	281,651
Due to other funds	(561)	1,250,978	22,871	1,273,288	(6,072)
Due to other governmental units	34,040	(6,040)	(24,940)	3,060	-
Deposits payable	-	(195,318)	-	(195,318)	-
Unavailable sales of future revenues	-	-	-	-	(83,163)
Compensated absences	58,519	134,025	-	192,544	-
Uninsured claim liability	-	-	-	-	513,793
Deferred inflows of resources related to leases	-	(11,552)	299,094	287,542	-
Deferred inflows of resources related to pensions	4,987,894	4,018,949	-	9,006,843	-
Deferred inflows of resources related to OPEB	(517,554)	(425,658)	-	(943,212)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,842,647	$ 19,569,711	$ 193,204	$ 28,605,562	$ 240,738
NONCASH FINANCING ACTIVITIES					
Contributions of capital assets	$ -	$ 8,460,325	$ -	$ 8,460,325	$ -
Leases and subscriptions issued	135,134	174,255	-	309,389	-
TOTAL NONCASH FINANCING ACTIVITIES	$ 135,134	$ 8,634,580	$ -	$ 8,769,714	$ -

See accompanying notes to financial statements.

CITY OF KALAMAZOO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025

	Pension and Other Post-Employment Benefits Trusts	General Private Purpose Trust Fund	Tax Collector's Custodial Fund
ASSETS			
Cash and cash equivalents	$ 1,647,185	$ 487,552	$ 24,321,771
Investments			
U.S. Treasuries	97,718,552	-	-
Corporate bonds	93,091,154	-	-
Collateralized mortgage obligations	61,147,483	-	-
Equity mutual funds	719,248,331	-	-
Real estate mutual funds	50,079,305	-	-
Receivables			
Interest and dividends	1,768,710	-	-
Investments sold	2,756,049	-	-
TOTAL ASSETS	1,027,456,769	487,552	24,321,771
LIABILITIES			
Accounts payable	502,363	641	-
Undistributed tax collections	-	-	24,321,771
Due to individuals and agencies	-	60,150	-
TOTAL LIABILITIES	502,363	60,791	24,321,771
NET POSITION			
Restricted for:			
Pension	885,883,516	-	-
OPEB	141,070,890	-	-
Individuals, organizations, and other governments	-	426,761	-
TOTAL NET POSITION	$ 1,026,954,406	$ 426,761	$ -

See accompanying notes to financial statements.

CITY OF KALAMAZOO
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2025

	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	$ 131,934,200	$ -	$ -
Interest	9,766,161	20,157	-
Dividends	13,741,287	-	-
Total investment income	155,441,648	20,157	-
Less investment expense	(2,462,531)	-	-
Net investment income	152,979,117	20,157	-
Contributions			
Employer	3,500,000	-	-
Plan members	2,750,871	-	-
Other	-	68,434	-
Total contributions	6,250,871	68,434	-
Other additions			
Tax collections for other governments	-	-	92,655,475
TOTAL ADDITIONS TO NET POSITION	159,229,988	88,591	92,655,475

See accompanying notes to financial statements.

CONTINUED

CITY OF KALAMAZOO
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONCLUDED)
YEAR ENDED DECEMBER 31, 2025

	Pension and Other Post-Employment Benefits Trusts	General Private Purpose Trust	Tax Collector's Custodial Fund
DEDUCTIONS FROM NET POSITION			
Benefits	$ 44,531,943	$ -	$ -
Refunds of contributions	145,429	-	-
Administrative expenses	534,145	4,585	-
Payment of taxes collected for other governments	-	-	92,655,475
Miscellaneous expenses	312,195	-	-
TOTAL DEDUCTIONS	45,523,712	4,585	92,655,475
CHANGE IN NET POSITION	113,706,276	84,006	-
Net position, beginning of year	913,248,130	342,755	-
Net position, end of year	$ 1,026,954,406	$ 426,761	$ -

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Northside Cultural Business District Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Discretely Presented Component Units
ASSETS							
Current assets							
Cash and cash equivalents	$ 497,175	$ 482,629	$ 7,539,946	$ 30,121	$ 7,205	$ 527,913	$ 9,084,989
Accounts receivable	-	45,000	-	-	-	-	45,000
Taxes receivable	8,484	-	652,676	38,565	-	1,081,940	1,781,665
Due from other governmental units	2,144	35,113	44,627	-	-	97,000	178,884
Current portion of contributions receivable, net	-	-	-	-	36,389,000	-	36,389,000
Current portion of notes receivable	-	7,328	41,677	-	-	-	49,005
Total current assets	507,803	570,070	8,278,926	68,686	36,396,205	1,706,853	47,528,543
Noncurrent assets							
Noncurrent investments	-	-	-	-	389,109,721	-	389,109,721
Noncurrent portion of contributions receivable, net	-	-	-	-	138,864,000	-	138,864,000
Noncurrent portion of notes receivable	-	463,000	463,781	-	-	-	926,781
Advance to developers	-	-	960,952	-	-	-	960,952
Capital assets not being depreciated	58,162	-	-	-	-	-	58,162
Capital assets, net of accumulated depreciation	50,477	-	-	-	-	-	50,477
Total noncurrent assets	108,639	463,000	1,424,733	-	527,973,721	-	529,970,093
TOTAL ASSETS	616,442	1,033,070	9,703,659	68,686	564,369,926	1,706,853	577,498,636

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION (CONCLUDED)
DECEMBER 31, 2025

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Northside Cultural Business District Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Discretely Presented Component Units
LIABILITIES							
Current liabilities							
Accounts payable	$ 4,356	$ 35,564	$ 213,099	$ -	$ 75,555	$ 104,308	$ 432,882
Accrued interest payable	4,652	-	-	-	-	-	4,652
Due to other governmental units	31,250	3,855	7,778	-	197,198	56,250	296,331
Current portion of compensated absences	-	448	4,532	-	-	-	4,980
Current portion of long-term debt	99,255	-	15,003	-	-	52,917	167,175
Total current liabilities	139,513	39,867	240,412	-	272,753	213,475	906,020
Noncurrent liabilities							
Noncurrent portion of compensated absences	-	227	10,740	-	-	-	10,967
Noncurrent portion of long-term debt	1,409,296	-	78,458	-	-	1,007,083	2,494,837
Noncurrent portion of advances from other governmental units	-	470,328	471,788	-	-	-	942,116
Total noncurrent liabilities	1,409,296	470,555	560,986	-	-	1,007,083	3,447,920
TOTAL LIABILITIES	1,548,809	510,422	801,398	-	272,753	1,220,558	4,353,940
NET POSITION (DEFICIT)							
Investment in capital assets	108,639	-	-	-	-	-	108,639
Restricted	-	343,904	-	-	175,253,000	-	175,596,904
Unrestricted	(1,041,006)	178,744	8,902,261	68,686	388,844,173	486,295	397,439,153
TOTAL NET POSITION (DEFICIT)	$ (932,367)	$ 522,648	$ 8,902,261	$ 68,686	$ 564,097,173	$ 486,295	$ 573,144,696

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues		Net (Expense) Revenues and Changes in Net Position						
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Northside Cultural Business District Authority	Kalamazoo Foundation For Excellence	Downtown Economic Growth Authority	Total Component Units
Downtown Development Authority	$ 210,741	$ -	$ 516,134	$ 305,393	$ -	$ -	$ -	$ -	$ -	$ 305,393
Economic Development Corporation	394,760	58,500	313,074	-	(23,186)	-	-	-	-	(23,186)
Brownfield Redevelopment Authority	3,390,575	29,765	460,431	-	-	(2,900,379)	-	-	-	(2,900,379)
Northside Cultural Business District Authority	1,039	-	-	-	-	-	(1,039)	-	-	(1,039)
Kalamazoo Foundation For Excellence	21,403,092	-	17,670,094	-	-	-	-	(3,732,998)	-	(3,732,998)
Downtown Economic Growth Authority	873,903	-	137,000	-	-	-	-	-	(736,903)	(736,903)
TOTALS	$ 26,274,110	$ 88,265	$ 19,096,733	305,393	(23,186)	(2,900,379)	(1,039)	(3,732,998)	(736,903)	(7,089,112)
General revenues										
Property taxes				252,738	-	3,174,365	38,565	-	1,081,940	4,547,608
Investment earnings				31,227	25,934	327,444	-	51,131,258	31,255	51,547,118
Miscellaneous				-	-	1,400	-	-	1,700	3,100
Total general revenues				283,965	25,934	3,503,209	38,565	51,131,258	1,114,895	56,097,826
Change in net position				589,358	2,748	602,830	37,526	47,398,260	377,992	49,008,714
Net position (deficit), beginning of year				(1,521,725)	519,900	8,299,431	31,160	516,698,913	108,303	524,135,982
Net position (deficit), end of year				$ (932,367)	$ 522,648	$ 8,902,261	$ 68,686	$ 564,097,173	$ 486,295	$ 573,144,696

See accompanying notes to financial statements.

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.

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 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 become 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 Kalamazoo 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Units (concluded)

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, 2025.

Complete financial statements of the Kalamazoo Foundation for Excellence may be obtained at their administrative office: 241 West South Street, Kalamazoo, MI 49007. The Downtown Development Authority, Economic Development Corporation, Brownfield Redevelopment Authority, Northside Cultural Business District Authority, and Downtown Economic Growth Authority 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.

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 *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.

c. The *Grants and Donations Fund* is used to account for a variant of award programs, most notably the Justice Assistance grants (JAG), COPS Hiring Program Grants (CHP), and the Coronavirus State and Local Fiscal Recover Funds (SLFRF) under the American Rescue Plan Act (ARPA).

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. C*apital 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (concluded)

FUND FINANCIAL STATEMENTS (CONCLUDED)

Fund Types (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.

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 also adopts a budget for Capital Projects 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 make budget transfers within a fund; however, transfers between funds require approval from the City Commission. 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 activity level for the General Fund and the total fund level for Special Revenue funds, and Capital Projects funds.

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.

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, 2025:

Major Streets Fund: $8,996,644 of unspent bond proceeds is restricted for capital improvements.

Nonmajor Governmental Funds: $23,937,639 of unspent bond proceeds is restricted for capital improvement, $134,463 is restricted for Federal forfeitures, $122,046 is restricted for Federal expenditures, $532,079 is restricted for future debt service payments, and $600,899 is restricted for the Cork Street Landfill environmental clean-up project.

Wastewater Fund: $19,877,622 of unspent bond proceeds is restricted for capital improvements and $8,252,636 is restricted for revenue bond escrow requirements.

Water Fund: $41,584,518 of unspent bond proceeds is restricted for capital improvements and $14,007,237 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Prepaids

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.

Land and construction in progress, if any, are not depreciated. 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. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 50 years
Buildings and improvements	5 - 50 years
Water and wastewater system infrastructure	25 - 50 years
Vehicles	7 - 10 years
Office equipment	6 - 10 years
Machinery and equipment	3-10 years
Public infrastructure	50 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (concluded)

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

Right-to-use - buildings	3 - 10 years
Right-to-use - vehicles	3 - 10 years
Right-to-use - equipment	6 - 10 years
Intangibles	3 - 10 years
Right-to-use - infrastructure	15 years
Right-to-use - subscriptions	3 - 10 years

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences, including salary-related benefits (if applicable) is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

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

Leases and Subscription-based IT Arrangements (SBITA)

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

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.

- The lease/SBITA term includes the noncancelable period of the lease/SBITA. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (concluded)

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 asset 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.

Net Pension Asset

A net pension asset 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, Major Streets, Grants and Donations, nonmajor governmental, Wastewater, and Water funds contribute to the Employees' Retirement System, as necessary.

Net OPEB Asset

A net OPEB asset is calculated by subtracting the OPEB net position from the total OPEB liability. Because net position is greater than the total OPEB liability, this results in a net OPEB asset to the City. The net OPEB 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, Major Streets, Grants and Donations, nonmajor governmental, Wastewater, and Water funds contribute to the Other Post-Employment Benefits Trust, as necessary.

Notes Receivable

Notes receivable consists 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

The City is permitted by state statute to levy taxes up to 20 mills ($20 per $1,000 of assessed valuation) for general governmental services other than the payment of principal and interest on long-term debt. They are also permitted to levy additional mills specifically designated for waste collection. For the year ended December 31, 2025, the City levied 12.0000 mills for general governmental services and 1.8000 mills for waste collection. The total taxable value for the 2025 levy for property within the City was $2,160,258,887.

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.

Donations and Contributions

The City of Kalamazoo receives various contributions from private donors to support City programs and initiatives. In 2025, the General Fund received $20,878,459 in contributions from the Kalamazoo Foundation for Excellence to support the City of Kalamazoo's General Fund budget stabilization and reductions to the City's ad valorem property tax rate.

The Major Streets Fund received $20,450 from private donors in support of the street safety programs.

The Grants and Donations Fund received a total of $818,876 for various public works, public safety, community development, and recreation and culture programs and capital projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications (concluded)

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.

Net Investment in Capital Assets

Net investment in capital assets represents the following:

	Governmental Activities	Business-type Activities	Component Units
Capital assets, net	$ 234,163,657	$ 470,616,736	$ 108,639
Outstanding principal of capital related debt	(103,865,948)	(299,641,796)	-
Retainage payable	(299,078)	(665,418)	-
Unspent bond proceeds	32,934,283	61,462,140	-
Deferred charges on refunding	84,099	76,406	-
Net investment in capital assets	$ 163,017,013	$ 231,848,068	$ 108,639

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, 2025, $146,029,407 of the City's bank balance of $148,817,229 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 $166,140,240. 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 $4,627,296 and $342,880, respectively, as of December 31, 2025, 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.

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, 2025, 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, 2025, 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, 2025, the City's investment in the Michigan CLASS investments had a weighted average maturity of 40 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.

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, 2025, the carrying amounts and fair values for the investments are as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Standard & Poor's Rating	Weighted Average Maturity
Federal Home Loan Bank	$ -	$ 2,804,983	$ -	$ 2,804,983	AA+	317 days
Farm Credit	-	3,559,993	-	3,559,993	AA+	917 days
Treasury bills	-	24,433,632	-	24,433,632	AA+	875 days
Governments and agencies	-	67,025,419	-	67,025,419	AA+	917 days
Corporate bonds	-	25,116,512	-	25,116,512	Not Rated	292 days
Equity mutual funds	296,967,790	-	-	296,967,790	Not Rated	N/A
	$ 296,967,790	$ 122,940,539	$ -	$ 419,908,329		

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, 2025, 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	$ 93,472,223	$ -	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, 2025, the System's investments represented approximately 82.6% of the portfolio and the Trust's investments represented approximately 13.19% of the portfolio.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Deposits

Checking or other demand/time deposit accounts are not maintained. Amounts reported as cash and cash equivalents in the statement of plan net position include cash and short-term investments in money market accounts held by the investment managers. These accounts are insured by the Securities Investors Protection Corporation for up to $500,000 each. The carrying amount of these accounts as of December 31, 2025, was $1,647,185. $857,537 of the bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized as of December 31, 2025.

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, 2025, is as follows:

Asset Class	Target	Long-term Expected Rate of Return
U.S. Small Cap (Manager 1)	5.00%	3.58%
U.S. Small Cap (Manager 2)	2.50%	3.58%
International Developed Equity	12.50%	4.68%
U.S. Large Cap (Manager 1)	38.00%	3.58%
U.S. Large Cap (Manager 2)	5.00%	3.58%
Emerging Markets	7.00%	4.48%
Domestic Fixed Income	25.00%	2.48%
Real Estate (Manager 1)	2.50%	4.08%
Real Estate (Manager 2)	2.50%	4.08%

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, 2025:

U.S. Treasuries	$ 97,718,552
Corporate bonds	93,091,154
Collateralized mortgage obligations	61,147,483
Equity mutual funds	719,248,331
Real estate mutual funds	50,079,305
Total investments	$ 1,021,284,825

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Fair Value Measurements (concluded)

As of December 31, 2025, the carrying amount and fair value for each investment are as follows:

Investment Type	Level 1	Level 2	Level 3	Fair Value
Federal Home Loan	$ -	$ 8,667,199	$ -	$ 8,667,199
Fannie Mae	-	30,877,811	-	30,877,811
Ginnie Mae	-	21,602,473	-	21,602,473
U.S. Treasury Notes	-	97,718,552	-	97,718,552
Corporate bonds	-	93,091,154	-	93,091,154
Equity mutual funds	719,248,331	-	-	719,248,331
Real estate mutual funds	50,079,305	-	-	50,079,305
	$ 769,327,636	$ 251,957,189	$ -	$ 1,021,284,825

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.

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, 2025, the portfolio's investments in fixed income securities were rated by Standard & Poor's and Moody's as follows:

Standard & Poor's	Corporate Bonds	CMO
AAA	$ 18,786,724	$ -
AA	7,110,387	61,147,483
A	34,166,621	-
BBB	23,616,197	-
Not rated	9,411,225	-
	$ 93,091,154	$ 61,147,483

Moody's	Corporate Bonds	CMO
Aaa	$ 16,734,822	$ 61,147,483
Aa	9,752,694	-
A	35,381,502	-
Baa	19,759,010	-
Not rated	11,463,126	-
	$ 93,091,154	$ 61,147,483

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, 2025, 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, 2025, equity holdings accounted for 70% of the total investment portfolio; the holdings in real estate were 5% at December 31, 2025.

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, 2025, maturities of the portfolio's debt securities were as follows:

		Investment Maturities (Fair Value by Years)			
	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Treasuries	$ 97,718,552	$ -	$ 68,119,212	$ -	$ 29,599,340
Corporate bonds	93,091,154	-	36,042,108	36,245,449	20,803,597
Collateralized mortgage obligations	61,147,483	-	329,872	40,625	60,776,986
	$ 251,957,189	$ -	$ 104,491,192	$ 36,286,074	$ 111,179,923

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, 2025, the portfolio had no U.S. currency futures contracts.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

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

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, 2025, is summarized below:

Currency	Fixed Income
Canadian Dollar	$ 1,053,905
Euro	3,324,079
Singaporean Dollar	1,263,734
New Taiwan Dollar	709,451
British Pound Sterling	2,083,328
	$ 8,434,497

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, 2025:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	$ 95,148,040	$ 9,084,989	$ 26,456,508	$ 130,689,537
Cash and cash equivalents - restricted	118,045,783	-	-	118,045,783
Investments	43,328,536	389,109,721	1,021,284,825	1,453,723,082
Investments with agents	4,970,176	-	-	4,970,176
	$ 261,492,535	$ 398,194,710	$ 1,047,741,333	$ 1,707,428,578

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at December 31, 2025, are as follows:

Fund	Due From	Due To
General Fund	$ 1,310,318	$ (3,708,440)
Major Streets	1,783,333	(333,270)
Grants and Donations Fund	186,457	(1,277,525)
Wastewater Fund	655,181	(954,455)
Water Fund	209,410	(1,973,097)
Nonmajor enterprise fund	-	(22,871)
Nonmajor governmental funds	1,271,772	(2,157,538)
Internal service fund	5,063,698	(52,973)
	$ 10,480,169	$ (10,480,169)

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	$ 1,566,218	$ (9,247,741)
Major Streets Fund	1,707,988	(5,476,596)
Grants and Donations Fund	19,598	(5,174,309)
Wastewater Fund	324,000	-
Water Fund	243,000	-
Nonmajor enterprise fund	-	(933,066)
Nonmajor governmental funds	27,699,615	(8,590,339)
Internal service fund	36,632	(2,175,000)
	$ 31,597,051	$ (31,597,051)

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 2025, 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 operating costs and 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 operating costs and debt service payments to the nonmajor governmental funds. The Grants and Donations Fund transferred grant funding to the General Fund, Major Streets Fund, and nonmajor governmental funds. The nonmajor governmental funds transferred streets operations, capital project, and debt service funding to other nonmajor governmental funds. The nonmajor enterprise fund transferred funding for debt service payments to the nonmajor governmental funds.

NOTE 5 - LEASES RECEIVABLE

PRIMARY GOVERNMENT

Governmental Activities

The City leases space on a cell tower to a third-party. The lease is for five years, and the City will receive monthly payments ranging from $1,172 to $1,195. The City recognized $13,625 in lease principal and $412 in interest revenue during the current fiscal year related to this lease. As of December 31, 2025, the City's receivable for lease payments was $15,350. 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, 2025, the balance of the deferred inflow of resources was $14,238.

Business-type Activities

The City leases land to a third-party. The lease is for five years, and the City will receive annual payments of $10,463. The City recognized $10,066 in lease principal and $396 in interest revenue during the current fiscal year related to this lease. As of December 31, 2025, the City's receivable for lease payments was $10,263. 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, 2025, the balance of the deferred inflow of resources was $10,071.

The City leases land to a third-party. The lease is for five years, and the City will receive annual payments of $1,540. The City recognized $1,482 in lease principal and $58 in interest revenue during the current fiscal year related to this lease. As of December 31, 2025, the City's receivable for lease payments was $1,510. 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, 2025, the balance of the deferred inflow of resources was $1,482.

The City leases parking space to a third-party. The lease is for three years, and the City will receive monthly payments of $9,960. The City recognized $35,345 in lease principal and $4,495 in interest revenue during the current fiscal year related to this lease. As of December 31, 2025, the City's receivable for lease payments was $301,136. 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, 2025, the balance of the deferred inflow of resources was $299,094.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

PRIMARY GOVERNMENT

	Balance Jan. 1, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2025
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	$ 30,031,184	$ -	$ -	$ 30,031,184
Rights to liquor license	139,200	-	-	139,200
Construction in progress	17,331,443	16,747,778	(6,540,662)	27,538,559
Subtotal	47,501,827	16,747,778	(6,540,662)	57,708,943
Capital assets being depreciated/amortized				
Land improvements	46,179,754	661,634	(367,373)	46,474,015
Buildings and improvements	62,324,835	506,688	(35,383)	62,796,140
Right to use - building	1,118,032	52,317	(128,473)	1,041,876
Vehicles	20,420,421	3,219,210	(3,828,248)	19,811,383
Right to use - vehicles	2,429,505	614,773	(137,951)	2,906,327
Machinery and equipment	30,576,929	1,327,913	(502,402)	31,402,440
Right to use - equipment	313,527	68,952	-	382,479
Intangible assets	2,949,858	-	(1,874,274)	1,075,584
Infrastructure	255,505,188	1,890,918	-	257,396,106
Right to use - infrastructure	1,251,066	-	-	1,251,066
Right to use - subscription	2,955,769	460,164	(421,178)	2,994,755
Subtotal	426,024,884	8,802,569	(7,295,282)	427,532,171

NOTE 6 - CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

	Balance Jan. 1, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2025
Governmental Activities (concluded)				
Less accumulated depreciation/amortization for:				
Land improvements	$ (17,101,834)	$ (1,767,131)	$ 361,704	$ (18,507,261)
Buildings and improvements	(26,618,007)	(1,269,768)	24,669	(27,863,106)
Right to use - building	(735,372)	(268,200)	128,474	(875,098)
Vehicles	(13,279,496)	(1,179,435)	3,339,494	(11,119,437)
Right to use - vehicles	(1,068,166)	(440,926)	107,156	(1,401,936)
Machinery and equipment	(22,194,446)	(1,815,243)	698,147	(23,311,542)
Right to use - equipment	(178,190)	(82,118)	-	(260,308)
Intangible assets	(2,920,265)	(6,919)	1,874,273	(1,052,911)
Infrastructure	(160,401,972)	(4,085,034)	-	(164,487,006)
Right to use - infrastructure	(183,070)	(89,622)	-	(272,692)
Right to use - subscription	(1,372,293)	(900,541)	346,674	(1,926,160)
Subtotal	(246,053,111)	(11,904,937)	6,880,591	(251,077,457)
Net capital assets being depreciated/amortized	179,971,773	(3,102,368)	(414,691)	176,454,714
Capital assets, net	$ 227,473,600	$ 13,645,410	$ (6,955,353)	$ 234,163,657

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

General government	$ 2,780,818
Public safety	2,254,838
Public works	5,401,499
Community and economic development	120,874
Recreation and culture	1,346,908
Total depreciation/amortization expense	$ 11,904,937

NOTE 6 - CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

	Balance Jan. 1, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2025
Business-Type Activities				
Capital assets not being depreciated/amortized				
Land	$ 3,618,823	$ -	$ -	$ 3,618,823
Construction in progress	109,925,931	51,769,396	(29,790,042)	131,905,285
Subtotal	113,544,754	51,769,396	(29,790,042)	135,524,108
Capital assets being depreciated/amortized				
Land improvements	15,220,008	282,562	-	15,502,570
Building and improvements	112,987,271	956,586	-	113,943,857
Vehicles	8,944,853	324,890	(1,230,738)	8,039,005
Right to use - vehicles	1,218,149	50,822	(42,385)	1,226,586
Machinery and equipment	78,376,688	1,953,868	(2,306,818)	78,023,738
Right to use - equipment	32,341	106,336	-	138,677
Infrastructure	360,492,551	33,372,183	-	393,864,734
Intangible assets	1,874,444	-	(1,664,867)	209,577
Right to use - subscription	407,627	211,054	-	618,681
Subtotal	579,553,932	37,258,301	(5,244,808)	611,567,425
Less accumulated depreciation/amortization for:				
Land improvements	(13,211,515)	(245,963)	-	(13,457,478)
Building and improvements	(64,969,244)	(2,196,155)	-	(67,165,399)
Vehicles	(4,672,041)	(616,723)	882,277	(4,406,487)
Right to use - vehicles	(477,244)	(119,310)	42,550	(554,004)
Machinery and equipment	(64,227,514)	(2,150,089)	2,598,679	(63,778,924)
Right to use - equipment	(23,761)	(29,187)	-	(52,948)
Infrastructure	(118,756,465)	(7,674,371)	-	(126,430,836)
Intangible assets	(1,844,091)	(15,908)	1,664,868	(195,131)
Right to use - subscription	(274,361)	(159,229)	-	(433,590)
Subtotal	(268,456,236)	(13,206,935)	5,188,374	(276,474,797)
Net capital assets being depreciated/amortized	311,097,696	24,051,366	(56,434)	335,092,628
Capital assets, net	$ 424,642,450	$ 75,820,762	$ (29,846,476)	$ 470,616,736

NOTE 6 - CAPITAL ASSETS (CONCLUDED)

PRIMARY GOVERNMENT (CONCLUDED)

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

Wastewater	$ 5,085,531
Water	8,088,637
Nonmajor enterprise fund	32,767
Total depreciation/amortization expense	$ 13,206,935

COMPONENT UNITS

Downtown Development Authority

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	$ 58,162	$ -	$ -	$ 58,162
Capital assets being depreciated				
Land improvements	271,676	-	-	271,676
Machinery and equipment	9,206	-	-	9,206
Subtotal	280,882	-	-	280,882
Less accumulated depreciation for:				
Land improvements	(214,183)	(7,016)	-	(221,199)
Machinery and equipment	(9,206)	-	-	(9,206)
Subtotal	(223,389)	(7,016)	-	(230,405)
Net capital assets being depreciated	57,493	(7,016)	-	50,477
Capital assets, net	$ 115,655	$ (7,016)	$ -	$ 108,639

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, 2025:

PRIMARY GOVERNMENT

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Governmental Activities					
Direct borrowing/placements					
Leases payable	$ 2,534,154	$ 736,042	$ (863,433)	$ 2,406,763	$ 708,508
Subscriptions payable	1,029,546	460,164	(759,818)	729,892	512,514
Equipment acquisitions	575,309	-	(107,770)	467,539	115,111
Total direct borrowings/placements	4,139,009	1,196,206	(1,731,021)	3,604,194	1,336,133
Other debt					
General obligation bonds	137,007,156	17,945,000	(10,237,461)	144,714,695	11,259,560
Bond premiums/discounts	8,281,890	2,063,760	(783,896)	9,561,754	921,480
Total other debt	145,289,046	20,008,760	(11,021,357)	154,276,449	12,181,040
Other long-term obligations					
Compensated absences*	10,863,198	734,763	-	11,597,961	3,763,386
Environmental matters	1,125,888	117,630	-	1,243,518	-
Uninsured claim liability	1,831,222	7,517,194	(7,003,401)	2,345,015	2,146,405
Total other long-term obligations	13,820,308	8,369,587	(7,003,401)	15,186,494	5,909,791
Total Governmental Activities	163,248,363	29,574,553	(19,755,779)	173,067,137	19,426,964

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

NOTE 7- LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT (CONCLUDED)

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Business-type Activities					
Direct borrowing/placements					
Leases payable	$ 743,619	$ 106,335	$ (154,344)	$ 695,610	$ 197,239
Subscriptions payable	139,630	203,054	(157,266)	185,418	105,382
DWSRF loans	27,502,708	17,744,237	(1,160,294)	44,086,651	1,125,294
CWSRF loan	6,438,272	769,977	(310,000)	6,898,249	315,000
Total direct borrowings/placements	34,824,229	18,823,603	(1,781,904)	51,865,928	1,742,915
Other debt					
General obligation bonds	14,897,846	-	(487,540)	14,410,306	505,440
Revenue bonds	206,920,000	29,710,000	(6,615,000)	230,015,000	7,600,000
Bond premiums/discounts	15,970,717	2,512,987	(722,836)	17,760,868	823,355
Total other debt	237,788,563	32,222,987	(7,825,376)	262,186,174	8,928,795
Other long-term obligations					
Compensated absences*	1,654,918	192,544	-	1,847,462	848,235
Total Business-type Activities	274,267,710	51,239,134	(9,607,280)	315,899,564	11,519,945
TOTAL PRIMARY GOVERNMENT	$ 437,516,073	$ 80,813,687	$ (29,363,059)	$ 488,966,701	$ 30,946,909

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

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

COMPONENT UNITS

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Downtown Development Authority					
Direct borrowing/placements					
Notes and agreements payable	$ 1,695,208	$ 483,000	$ (669,657)	$ 1,508,551	$ 99,255
Economic Development Corporation					
Other long-term obligations					
Compensated absences*	$ 1,886	$ -	$ (1,211)	$ 675	$ 448
Brownfield Redevelopment Authority					
Direct borrowing/placements					
Loans payable	$ 108,242	$ -	$ (14,781)	$ 93,461	$ 15,003
Other long-term obligations					
Compensated absences*	16,278	-	(1,006)	15,272	4,532
Total Brownfield Redevelopment Authority	$ 124,520	$ -	$ (15,787)	$ 108,733	$ 19,535
Downtown Economic Growth Authority					
Direct borrowing/placements					
Notes payable	$ 1,060,000	$ -	$ -	$ 1,060,000	$ 52,917

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

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 $215,640,000. General obligation bonds currently outstanding are as follows:

	Issuance Date	Interest Rates	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Governmental Activities							
2013 Capital Improvement Bonds	4/11/2013	2.00%-2.75%	$ 1,230,000	$ -	$ (295,000)	$ 935,000	$ 305,000
2015 Capital Improvement Bonds	6/2/2015	2.00%-3.375%	2,290,000	-	(355,000)	1,935,000	360,000
2016 Capital Improvement Refunding Bonds	6/28/2016	2.00%-4.00%	2,915,000	-	(395,000)	2,520,000	415,000
2017 Capital Improvement Bonds	5/2/2017	3.00%-5.00%	4,415,000	-	(555,000)	3,860,000	580,000
2018 Capital Improvement Bonds	5/23/2018	2.00%-5.00%	5,210,000	-	(490,000)	4,720,000	515,000
2019 Capital Improvement Bonds	12/11/2019	5.00%	4,780,000	-	(865,000)	3,915,000	910,000
2020 Capital Improvement Bonds	9/10/2020	5.00%	9,165,000	-	(960,000)	8,205,000	755,000
2021 Capital Improvement Refunding Bonds	4/27/2021	1.85%	1,660,000	-	(320,000)	1,340,000	325,000
2021 Capital Improvement Refunding Bonds	9/16/2021	4.00%	11,315,000	-	(1,180,000)	10,135,000	1,215,000
2022 Capital Improvement Bonds	9/20/2022	4.00%-5.00%	12,415,000	-	(600,000)	11,815,000	635,000
2023 Capital Improvement Bonds	10/5/2023	5.00%	12,940,000	-	(595,000)	12,345,000	620,000
2024 Capital Improvement Bonds	7/15/2024	5.00%	7,710,000	-	(360,000)	7,350,000	375,000
2025 Capital Improvement Bonds	9/30/2025	5.00%	-	17,945,000	-	17,945,000	830,000
2015 OPEB Bonds	1/7/2015	0.75%-4.67%	55,842,156	-	(1,827,461)	54,014,695	1,894,560
2015A Refunding Bonds	8/4/2015	2.00%-5.00%	1,665,000	-	(805,000)	860,000	860,000
2015 B Refunding Bonds	8/4/2015	0.54%-4.41%	3,455,000	-	(635,000)	2,820,000	665,000
Total Governmental Activities			137,007,156	17,945,000	(10,237,461)	144,714,695	11,259,560
Business-type Activities							
2015 OPEB Bonds	1/7/2015	0.75%-4.67%	14,897,846	-	(487,540)	14,410,306	505,440
Total General Obligation Bonds			$ 151,905,002	$ 17,945,000	$ (10,725,001)	$ 159,125,001	$ 11,765,000

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Revenue Bonds

The original amount of revenue bonds issued was $252,655,000 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 2050. In 2025 pledged revenues of $32,161,657 funded debt service of $15,241,675. Revenue bonds outstanding at year end are as follows:

	Issuance Date	Interest Rates	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Business-type Activities							
2015 Water Supply System	12/10/2015	2.00%-3.375%	$ 2,185,000	$ -	$ (105,000)	$ 2,080,000	$ 105,000
2017 Water Supply System Refunding	5/2/2017	3.00%-5.00%	5,085,000	-	(420,000)	4,665,000	430,000
2018 Wastewater System	5/23/2018	3.125%-5.00%	4,915,000	-	(180,000)	4,735,000	190,000
2018 Water Supply System	5/23/2018	3.00%-5.00%	7,855,000	-	(295,000)	7,560,000	310,000
2019 Water Supply System	6/25/2019	3.00%-5.00%	8,945,000	-	(305,000)	8,640,000	320,000
2019 Wastewater System	6/25/2019	3.00%-5.00%	8,375,000	-	(285,000)	8,090,000	300,000
2020 Water System	6/25/2019	3.00%-5.00%	18,235,000	-	(590,000)	17,645,000	620,000
2020 Wastewater System	6/25/2019	3.00%-5.00%	9,255,000	-	(315,000)	8,940,000	330,000
2021 Wastewater System Refunding	4/27/2021	2.42%	1,320,000	-	(120,000)	1,200,000	125,000
2021 Water Supply System Refunding	4/27/2021	2.75%	7,300,000	-	(550,000)	6,750,000	560,000
2022 Wastewater System Refunding Bond	4/14/2022	4.00%-5.00%	2,725,000	-	(300,000)	2,425,000	315,000
2022 Wastewater System Revenue Bond	4/14/2022	4.00%-5.00%	22,885,000	-	(590,000)	22,295,000	615,000
2022 Water Supply System Revenue Bond	5/3/2022	4.00%-5.00%	28,155,000	-	(715,000)	27,440,000	750,000
2023 Wastewater System Revenue Bond	10/5/2023	5.00%	19,500,000	-	(440,000)	19,060,000	460,000
2023 Water Supply System Revenue Bond	10/5/2023	5.00%	25,800,000	-	(580,000)	25,220,000	610,000
2024 Water Supply System Revenue Bond	10/3/2024	5.00%	24,895,000	-	(625,000)	24,270,000	545,000
2024 Wastewater System Revenue Bond	10/3/2024	5.00%	9,490,000	-	(200,000)	9,290,000	210,000
2025 Water Supply System Revenue Bond	10/28/2025	5.00%	-	19,560,000	-	19,560,000	555,000
2025 Wastewater System Revenue Bond	10/28/2025	5.00%	-	10,150,000	-	10,150,000	250,000
Total Business-type Activities			206,920,000	29,710,000	(6,615,000)	230,015,000	7,600,000
Total Revenue Bonds			$ 206,920,000	$ 29,710,000	$ (6,615,000)	$ 230,015,000	$ 7,600,000

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:

	2025	2024
Estimated liability, beginning of year	$ 1,831,222	$ 2,336,576
Estimated claims incurred, including changes in estimates	7,517,194	7,242,485
Claim payments	(7,003,401)	(7,747,839)
Estimated liability, end of year	$ 2,345,015	$ 1,831,222

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.

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Leases Payable

	Issuance Date	Interest Rates	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Governmental Activities							
Direct borrowings/placements							
Building - 1631 S. Westnedge	1/1/2020	1.81%	$ 86,691	$ -	$ (41,872)	$ 44,819	$ 44,819
Building - 245 N. Rose	9/1/2019	1.81%	192,066	-	(113,422)	78,644	78,644
Building - 248 N. Kalamazoo	12/1/2022	4.17%	17,262	52,317	(18,580)	50,999	16,229
Building - 3003 S. Burdick Storage	3/1/2023	4.31%	35,622	-	(35,622)	-	-
Equipment - Copiers	11/2/2020	1.81%	32,097	-	(29,606)	2,491	2,491
Equipment - Turf Tank	6/8/2022	2.91%	42,503	-	(13,763)	28,740	14,164
Equipment - Kronos UKG	1/1/2023	7.50%	4,040	45,625	(13,899)	35,766	14,856
Equipment - Golf Carts	3/15/2024	4.73%	59,023	-	(18,755)	40,268	19,660
Equipment - Mail Center	3/28/2025	4.17%	-	23,327	(4,287)	19,040	4,468
Vehicles - Enterprise	Various	Various	1,336,928	614,773	(507,709)	1,443,992	459,401
Vehicles - KDPS Motorcycles	4/1/2023	4.45%	23,734	-	(18,881)	4,853	4,853
Infrastructure - Dark Fiber	Various	2.13%	704,188	-	(47,037)	657,151	48,923
Total Governmental Activities			2,534,154	736,042	(863,433)	2,406,763	708,508
Business-type Activities							
Direct borrowings/placements							
Equipment - Copiers	11/2/2020	1.81%	8,815	-	(8,131)	684	684
Equipment - Air Monitors	7/1/2025	4.17%	-	106,335	(19,565)	86,770	20,382
Vehicles - Enterprise	Various	Various	734,804	-	(126,648)	608,156	176,173
Total Business-type Activities			743,619	106,335	(154,344)	695,610	197,239
Total Leases Payable			$ 3,277,773	$ 842,377	$ (1,017,777)	$ 3,102,373	$ 905,747

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Subscriptions Payable

	Issuance Date	Interest Rates	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Governmental Activities							
Direct borrowings/placements							
ASANA	9/10/2020	1.81%	$ 34,035	$ -	$ (34,035)	$ -	$ -
Fleet Management Upgrade	8/1/2021	1.81%	44,201	-	(44,201)	-	-
Go Live Plan	1/1/2023	4.17%	65,115	-	(31,893)	33,222	33,222
Go Live Plan Additions	2/22/2024	4.73%	5,197	-	(2,538)	2,659	2,659
Granicus Upgrade	12/27/2022	4.17%	10,162	-	(3,012)	7,150	3,377
Kronos SaaS	3/18/2019	3.06%	32,124	-	(32,124)	-	-
Neogov Onboard	6/29/2017	4.73%	43,226	-	(12,029)	31,197	14,273
Neogov Insight	8/2/2011	4.73%	42,289	-	(12,390)	29,899	13,983
KnowBe4	3/6/2023	4.31%	9,545	-	(9,545)	-	-
Trace3 Cisco Flex	5/7/2023	4.59%	26,866	-	(26,866)	-	-
Trace3 UCCX 311	5/7/2023	4.59%	13,722	-	(13,722)	-	-
Fusus Video and Data	6/5/2023	4.45%	119,674	-	(119,674)	-	-
People Driven Technology	5/13/2024	4.73%	24,807	-	(12,117)	12,690	12,690
CDW Government Inc. Office 365 Renewal	7/22/2024	4.73%	534,947	-	(261,296)	273,651	273,651
Neogov New Hire+	12/27/2020	4.73%	23,636	-	(5,047)	18,589	5,594
Darktrace Software/SHI International	9/1/2025	4.17%	-	460,164	(139,329)	320,835	153,065
Total Governmental Activities			1,029,546	460,164	(759,818)	729,892	512,514
Business-type Activities							
Direct borrowings/placements							
Go Live Plan	1/1/2023	4.17%	82,032	-	(40,166)	41,866	41,866
SCADA Software	12/31/2023	4.73%	28,952	-	(28,952)	-	-
KLIR Inc.	9/1/2024	4.73%	28,646	-	(28,646)	-	-
Community Air Monitoring	7/1/2025	4.17%	-	28,799	(5,299)	23,500	5,520
ArcGIS GeoEvent Server	12/8/2025	7.00%	-	174,255	(54,203)	120,052	57,996
Total Business-type Activities			139,630	203,054	(157,266)	185,418	105,382
Total Subscriptions Payable			$ 1,169,176	$ 663,218	$ (917,084)	$ 915,310	$ 617,896

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Equipment Acquisitions

	Issuance Date	Interest Rates	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Governmental Activities							
Direct borrowings/placements							
2020 De Lage installment purchase	8/15/2020	3.72%	$ 20,499	$ -	$ (8,090)	$ 12,409	$ 12,409
2022 De Lage installment purchase	3/1/2022	2.99%	554,810	-	(99,680)	455,130	102,702
Total Equipment Acquisitions			$ 575,309	$ -	$ (107,770)	$ 467,539	$ 115,111

Michigan Drinking Water State Revolving Fund (DWSRF) Loans

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

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

	Issuance Date	Interest Rates	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Business-type Activities							
Direct borrowings/placements							
2019 DWSRF loan	8/22/2019	2.00%	$ 723,188	$ -	$ (35,294)	$ 687,894	$ 35,294
2020 DWSRF loan	8/7/2020	2.00%	16,568,907	-	(920,000)	15,648,907	880,000
2022 DWSRF loan	6/6/2022	1.88%	4,018,111	-	(205,000)	3,813,111	-
2023 DWSRF loan	10/5/2023	1.88%	6,041,010	1,511,569	-	7,552,579	210,000
2024 DWSRF loan	8/28/2024	2.00%	151,492	9,955,552	-	10,107,044	-
2025 DWSRF loan	9/5/2025	2.00%	-	6,277,116	-	6,277,116	-
Total DWSRF loans			$ 27,502,708	$ 17,744,237	$ (1,160,294)	$ 44,086,651	$ 1,125,294

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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

2019 DWSRF Loan draws are complete, with a total final loan of $923,191 and principal forgiven of $138,479. Annual installments of principal range from $35,294 to $64,367 through October 1, 2039. $5,294 of principal was forgiven in 2025.

2020 DWSRF Loan awarded a total loan of $21,095,000 with $1,265,235 of forgiven principal. Total life to date disbursements of $19,097,874 have been received through December 31, 2025 and the agreement remained open for additional disbursements. Principal is payable in annual installment ranging from $880,000 to $1,190,000 through April 1, 2041. $55,000 of principal was forgiven in 2025.

2022 DWSRF Loan awarded a total loan of $4,890,000 with 100% loan forgiveness. Total life to date disbursements of $4,223,477 have been received through December 31, 2025 and the agreement remained open for additional disbursements. The loan has structured principal payments in annual installments ranging from $210,000 to $290,000 through April 1, 2043, all of which will be forgiven under this agreement. $205,000 of principal was forgiven in 2025.

2023 DWSRF Loan awarded a total loan of $13,184,598 with $8,134,598 of forgiven principal. Total life to date disbursements of $7,230,986 have been received through December 31, 2025 and the agreement remained open for additional disbursements. There were $321,593 of accrued eligible expenditures as of December 31, 2025. Principal is payable in annual installments ranging from $549,598 to $780,000 with payments beginning October 1, 2026 through 2045. There was no principal forgiven in 2025.

2024 DWSRF Loan awarded a total loan of $15,346,822 with $7,159,943 of forgiven principal. Total life to date disbursements of $8,666,778 have been received through December 31, 2025 and the agreement remained open for additional disbursements. There was $1,440,266 of accrued eligible expenditures as of December 31, 2025. Principal is payable in annual installments ranging from $631,822 to $920,000 with payments beginning October 1, 2027 through 2046. There was no principal forgiven in 2025.

2025 DWSRF Loan awarded a total loan of $89,195,000 with $17,839,000 of forgiven principal. There were no disbursements of this loan as of December 31, 2025 and the agreement remained open for additional disbursements. There were $6,277,116 of accrued eligible expenditures as of December 31, 2025. Principal is payable in annual installments ranging from $1,645,000 to $3,375,000 with payments beginning April 1, 2029 through 2065. There was no principal forgiven in 2025.

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Michigan Clean Water State Revolving Fund (CWSRF) Loans

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

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

	Issuance Date	Interest Rates	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025	Amounts Due Within One Year
Business-type Activities							
Direct borrowings/placements							
2023 CWSRF Junior Lien Bonds	5/5/2023	5.00%	$ 6,438,272	$ 769,977	$ (310,000)	$ 6,898,249	$ 315,000

2023 CWSRF Loan dated April 7, 2023, awarded a total loan of $7,445,000 with no forgiven principal. Total life to date disbursements of $7,198,560 have been received through December 31, 2025, and the agreement remained open for additional disbursements. There were $9,689 of accrued eligible expenditures as of December 31, 2025. Principal is payable in annual installments ranging from $315,000 to $440,000 through 2044. Interest of 1.875% is payable semi-annually.

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, multiple types of leave qualify for recognition as a compensated absences liability. The dollar amount of this liability, including salary related benefits, amounted to $11,597,961 and $1,847,462 for vacation and sick for governmental and business-type activities, respectively, at December 31, 2025. Of those amounts, $3,763,386 and $848,235 have been recorded as current liabilities for governmental and business-type activities, respectively.

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT (CONCLUDED)

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, 2025, there were four series of Hospital Finance Authority revenue bonds outstanding with a total principal amount of $108,390,000.

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, 2025, there were two series of Economic Development Corporation revenue bonds outstanding with a total principal amount of $59,205,000.

COMPONENT UNITS

Downtown Development Authority

Kalamazoo Community Foundation note payable dated April 15, 2024, to finance downtown properties redevelopment incentive agreements, due in annual installments of $45,129 to $51,600 through April 15, 2034, with interest of 1.50%, payable annually.

Note payable to the City of Kalamazoo dated December 31, 2024, for the refinancing of a tax appeal and repayment of past debt service payment, due in annual installments of $93,600 to $130,367 through December 31, 2034, with interest of 3.75%, payable annually.

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

COMPONENT UNITS (CONCLUDED)

Economic Development Corporation

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, multiple types of leave qualify for recognition as a compensated absences liability. As a component unit of the City, the EDC follows those policies. The dollar amount of this liability, including salary related benefits, amounted to $675 for vacation and sick at December 31, 2025. Of that total amount, $448 has been recorded as a current liability.

Brownfield Redevelopment Authority

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, multiple types of leave qualify for recognition as a compensated absences liability. As a component unit of the City, the BRDA follows those policies. The dollar amount of this liability, including salary related benefits, amounted to $15,272 for vacation and sick at December 31, 2025. Of that total amount, $4,532 has been recorded as a current liability.

Brownfield Redevelopment Loan Contract dated June 23, 2016, is due in annual installments of $15,003 to $16,163 through June 23, 2031, with interest of 1.50%.

Downtown Economic Growth Authority

Note payable to the City of Kalamazoo dated December 31, 2024, for the refinancing of operating loans, due in annual installments of $92,666 to $129,067 through December 31, 2035, with interest of 3.75%, payable annually.

NOTE 7 - LONG-TERM OBLIGATIONS (CONCLUDED)

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

	Primary Government							
Year	Direct Borrowings/Placements				Other Debt			
Ending	Governmental Activities		Business-Type Activities		Governmental Activities		Business-Type Activities	
Dec. 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,336,133	$ 176,631	$ 337,915	$ 68,524	$ 11,259,560	$ 6,362,662	$ 8,105,440	$ 10,380,948
2027	1,081,241	109,343	308,915	46,957	10,221,659	5,878,005	8,288,342	10,209,948
2028	453,186	56,288	255,566	26,179	10,285,599	5,448,413	8,644,402	9,844,926
2029	241,742	30,013	137,454	13,195	10,398,486	5,016,316	9,016,514	9,469,928
2030	100,030	18,680	47,059	8,994	8,595,320	4,823,440	9,434,680	9,083,894
2031-2035	324,728	49,132	258,823	32,370	39,464,877	17,722,250	49,940,126	39,315,889
2036-2040	67,134	1,407	223,190	9,776	35,920,168	9,094,186	55,663,312	28,820,881
2041-2045	-	-	-	-	18,019,026	2,210,676	61,952,490	16,152,461
2046-2050	-	-	-	-	550,000	33,200	33,380,000	3,871,950
	$ 3,604,194	$ 441,494	$ 1,568,922	$ 205,995	$ 144,714,695	$ 56,589,148	$ 244,425,306	$ 137,150,825

	Component Units					
	Direct Borrowing/Placements					
Year	Downtown Development Authority		Brownfield Redevelopment Authority		Downtown Economic Growth Authority	
Ending Dec. 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 99,255	$ 48,224	$ 15,003	$ 1,402	$ 52,917	$ 80,991
2027	143,603	44,027	15,228	1,177	96,141	37,766
2028	147,942	39,689	15,456	648	99,747	34,160
2029	152,428	35,202	15,688	717	103,487	30,420
2030	157,066	30,563	15,923	481	107,368	90,894
2031-2035	808,257	77,520	16,163	242	600,340	4,840
	$ 1,508,551	$ 275,225	$ 93,461	$ 4,667	$ 1,060,000	$ 279,071

Outstanding principal and interest on the 2020, 2022, 2023, 2024, and 2025 State DWSRF loans as well as the 2023 CWSRF loan have been excluded from the schedules above because the loans have not been drawn in full. Amortization schedules will be determined at the completion of the project.

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, 2025, pension plan membership consisted of the following:

Inactive employees or beneficiaries receiving benefits	950
Inactive employees entitled to but not yet receiving benefits	73
Active employees	662
Total employees covered by the Plan	1,685

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 and general member administrators 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. For public safety members, benefits begin when the member would have first been eligible had they remained employed (at age 50 with 10 years of service or when they would have reached 25 years of service. Retirement benefits are calculated as regular or early retirement but based upon service and final average compensation at termination date for general members and as early retirement for 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.

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' 64th 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, general member administrators, City Manager, and exempt members who retire on or after January 15, 2024 are increased 2% per year, compounded annually. Pensions of exempt members are increased 2% per year, compounded annually, beginning 1 year after retirement for members who retire on or after January 1, 2024. Pensions of non-sworn public safety members who retire on and after January 1, 2022 are increased 1.5% per year, compounded annually, and 2% per year, compounded annually, beginning at age 75. Annual costs-of-living adjustments do not apply to deferred retirements.

Deferred Retirement Option Program

Public safety administrators meeting relevant provisions for an unreduced retirement allowance, authorization by the City Manager, and approval of the City Commission are eligible for the deferred retirement option program (DROP). The annual benefit is computed as regular retirement but is frozen at date of DROP election. For the year ended December 31, 2025, the balance of amounts held by the Plan pursuant to the DROP is $1,630,140.

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

Contributions

System members are required to contribute between 1.0% to 6.5% of annual compensation to the System for pension benefits, depending on bargaining unit. The City is required to contribute such additional amounts, as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. No employer contributions were required for year ended December 31, 2025.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset

The net pension asset reported at December 31, 2025, was determined using a measure of the total pension liability and the pension net position as of December 31, 2025 and an actuarial valuation date of December 31, 2024. Changes in the net pension asset during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a)-(b)
Balances at December 31, 2024	$ 589,480,580	$ 789,871,657	$ (200,391,077)
Changes for the Year			
Service cost	9,092,033	-	9,092,033
Interest on total pension liability	41,724,868	-	41,724,868
Difference between expected and actual experience	9,032,227	-	9,032,227
Employee contributions	-	1,635,389	(1,635,389)
Net investment income	-	132,097,306	(132,097,306)
Benefit payments, including refunds of employee contributions	(37,022,344)	(37,022,344)	-
Administrative expense	-	(386,297)	386,297
Other	-	(312,195)	312,195
Net changes	22,826,784	96,011,859	(73,185,075)
Balances as of December 31, 2025	$ 612,307,364	$ 885,883,516	$ (273,576,152)

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, 2025, the City recognized pension benefit of $18,331,015. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,380,269	$ 10,191
Assumption changes	4,484,710	-
Changes in proportion and differences between employer contributions and share of contributions	526,317	526,317
Net difference between projected and actual earnings on pension plan investments	-	69,772,461
Total	$ 14,391,296	$ 70,308,969

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
2026	$ 4,907,929
2027	(26,975,500)
2028	(18,995,157)
2029	(14,854,945)
	$ (55,917,673)

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, 2024, 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 18.5% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The Pub-2010 Amount-Weighted, General and Safety, Employee, Male and Female tables, projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the December 31, 2024, valuation were based upon the results of an actuarial experience study for the period January 1, 2019 through December 31, 2023.

Changes in Assumptions

No changes in assumptions noted for plan year 2025.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Benefit Terms

No changes in benefit terms noted for plan year 2025.

Discount Rate

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Small Cap (Manager 1)	5.00%	3.58%
U.S. Small Cap (Manager 2)	2.50%	3.58%
International Developed Equity	12.50%	4.68%
U.S. Large Cap (Manager 1)	38.00%	3.58%
U.S. Large Cap (Manager 2)	5.00%	3.58%
Emerging Markets	7.00%	4.48%
Domestic Fixed Income	25.00%	2.48%
Real Estate (Manager 1)	2.50%	4.08%
Real Estate (Manager 2)	2.50%	4.08%

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONCLUDED)

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

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

	1% Decrease Rate 6.25%	Current Discount Rate 7.25%	1% Increase Rate 8.25%
Total pension liability	$ 687,325,565	$ 612,307,364	$ 550,311,842
Plan fiduciary net position	885,883,516	885,883,516	885,883,516
City's net pension (asset)	$ (198,557,951)	$ (273,576,152)	$ (335,571,674)

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.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Contributions

The employers contribute such amounts, as necessary, to provide assets sufficient to pay for member benefits. For the year ended December 31, 2025, the actuarially determined contributions for the employers were $178,385 and actual employer contributions were $3,500,000. The City's share of the actuarially determined contributions was $167,869 and actual City contributions were $3,293,000.

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.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Small Cap (Manager 1)	5.00%	3.58%
U.S. Small Cap (Manager 2)	2.50%	3.58%
International Developed Equity	12.50%	4.68%
U.S. Large Cap (Manager 1)	38.00%	3.58%
U.S. Large Cap (Manager 2)	5.00%	3.58%
Emerging Markets	7.00%	4.48%
Domestic Fixed Income	25.00%	2.48%
Real Estate (Manager 1)	2.50%	4.08%
Real Estate (Manager 2)	2.50%	4.08%

Summary of Significant Accounting Policies

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2023, 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	18 years
Asset valuation method	5 years smoothed market
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
Health care trend rates	Pre-65: 7.25% for the first year, gradually decreasing to 3.50% in year 15 Post-65: 6.50% for the first year, gradually decreasing to 3.50% in year 15
Aging factors	Based on the 2013 SOA study "Health Care Costs - From Birth to Death"

Changes in Assumptions

The health care trend rates assumption was lowered from 7.50% to 7.25% for pre-65 and increased from 6.25% to 6.50% for post-65.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in Benefit Terms

Monthly cost share for new retirees increased from $115.09 to $124.78 for one-person coverage and from $276.21 to $299.47 for two-person coverage. AFSCME members retiring after January 1, 2024, will pay the same increases as an active employee to a maximum of 80% above the contributions the retiree paid during the last month of the retiree's employment.

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

At December 31, 2025, the City reported an asset of ($8,767,787) for its proportionate share of the net OPEB (asset). The net OPEB (asset) was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB (asset) was determined by an actuarial valuation date of December 31, 2023 and rolled-forward using generally accepted actuarial procedures. The City's proportion of the net OPEB (asset) was based on present value of future benefits.

At December 31, 2024, the City's proportion was 94.067%.

	December 31, 2024	
	Plan	City's Share
Total OPEB Liability	$ 114,055,684	$ 107,288,760
Plan Fiduciary Net Position	123,376,473	116,056,547
Net OPEB (Asset)	(9,320,789)	(8,767,787)
Proportionate Share	N/A	94.067%

For the year ended December 31, 2025, the City recognized OPEB benefit of $5,951,869. The net OPEB (asset) is generally liquidated by the General, Major Street, Local Street, Solid Waste, Wastewater, and Water funds.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

At December 31, 2025, 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	$ 1,066,745	$ -
Differences between expected and actual experience	-	808,134
Net difference between projected and actual earnings on plan investments	-	1,758,820
Changes in proportion and differences between employer contributions and share of contributions	-	596
Contributions subsequent to the measurement date*	3,293,000	-
Total	$ 4,359,745	$ 2,567,550

* 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 (asset) for the year ending December 31, 2026.

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

Year Ending December 31,	OPEB Expense
2026	$ (122,076)
2027	1,981,441
2028	(2,468,577)
2029	(891,593)
	$ (1,500,805)

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)

Discount Rate

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

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

The following presents the net OPEB (asset) of the City, as well as what the City's net OPEB 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 discount rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability (asset)	$ 1,507,976	$ (8,767,787)	$ (17,572,286)

Sensitivity of the Net OPEB (Asset) to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Rate	1% Increase
Net OPEB liability (asset)	$ (19,589,020)	$ (8,767,787)	$ 4,005,593

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, 2025, because there is significant uncertainty as to the outcome of a future event. Contingent liabilities are recorded in the Statement of Net Position only when the contingency is probable, and the amount can be estimated. In the opinion of the City Attorney and management, the potential uninsured liability that may result from legal actions should not exceed amounts either reserved in the Insurance and Benefits Fund (an internal service fund) or included in funds maintained by the City's claims administrators.

Environmental Contingencies

The City of Kalamazoo has identified a number of sites within its boundaries that are in need of environmental remediation. Some are privately-held properties, and some are owned by the County and/or the City of Kalamazoo. The City of Kalamazoo has been named as a Potentially-Responsible Party (PRP) by the U.S. Environmental Protection Agency (EPA) in two such sites: the Cork Street Landfill and the Auto Ion site. The City has also entered into cleanup agreements, although not named as a PRP, for two other sites. Based on currently available information, the City has recorded liabilities for the net present value of estimated response costs for these sites in the amount of $1,243,518 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.

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

Environmental Contingencies (concluded)

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

Commitments

The City has approximately $222,710,410 in various contractual commitments and agreements at December 31, 2025. Commitments include obligations for various goods and services, including approximately $137,230,098 for construction contracts on various construction projects, $7,015,222 for equipment purchases and inventory contracts, and $42,116,955 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 $36,348,135. 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 $1,567,347, the Major Streets Fund encumbered $6,817,087, the Grants and Donations Fund encumbered $5,649,143, and the nonmajor governmental funds encumbered $15,282,336.

True-Up Settlement

A 1988 legal settlement with Wastewater customers outside the City limits requires a true-up calculation to compare the projected revenue requirements to actual results. The difference between projected and actual results can result in either a receivable from outside city customers or a payable to outside city customers. While the agreement requires the calculation to be performed at least every two years, the City was in negotiations with the townships and has put true-up calculations on hold pending negotiations and a determination if this settlement is still legally in effect. A true-up of the 2017 through 2025 results cannot be reasonably estimated at the time of this report.

NOTE 12 - RESTRICTED NET POSITION

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which preclude their use for unrestricted purposes. The following are the various net position restrictions as of December 31, 2025:

PRIMARY GOVERNMENT	
Governmental Activities	
Nonexpendable	$ 3,627,564
Expendable	
Major and local street projects	12,165,081
FFE aspirational projects	1,040,672
Solid waste program	5,077,593
Parks and recreation	2,545,240
Neighborhood and community development	6,346,031
Pension	231,051,475
Other post-employment benefits	7,469,215
Other purposes	
Drug enforcement	394,391
Opioid settlement	467,897
Cemetery perpetual care	1,968,737
Capital improvements	8,106,792
Grants and donations	1,151,988
	$ 281,412,676
Business-type Activities	
Restricted for bond reserves	
Wastewater Fund	$ 8,252,636
Water Fund	14,007,237
Restricted for pensions	
Wastewater Fund	23,513,870
Water Fund	19,010,807
Restricted for other post-employment benefits	
Wastewater Fund	720,497
Water Fund	578,075
	$ 66,083,122
COMPONENT UNITS	
Restricted for:	
Economic Development Corporation	$ 343,904
Kalamazoo Foundation for Excellence	175,253,000
	$ 175,596,904

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, 2025, the City abated property tax revenues totaling $47,768 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 expiries.

For the year ended December 31, 2025, the City abated property tax revenues totaling $111,307, under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

NOTE 14 - FUND BALANCE CLASSIFICATIONS

The following are the various fund balance classifications as of December 31, 2025:

	General Fund	Major Streets Fund	Grants and Donations Fund	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Inventory	$ 95,187	$ 130,273	$ -	$ 69,469	$ 294,929
Prepaids	130,052	4,842	-	-	134,894
Notes receivable	2,244,244	-	-	-	2,244,244
Cemetery perpetual care	-	-	-	1,735,160	1,735,160
Endowments	-	-	-	1,892,404	1,892,404
Restricted					
Highways	-	17,911,390	-	4,484,829	22,396,219
Solid waste	-	-	-	5,077,593	5,077,593
Grants and donations	-	-	1,151,988	6,276,562	7,428,550
FFE aspirational projects	-	-	-	1,040,672	1,040,672
Drug enforcement	-	-	-	394,391	394,391
Recreation activities	-	-	-	1,332,411	1,332,411
Park activities	-	-	-	1,218,152	1,218,152
Cemetery perpetual care	-	-	-	1,968,737	1,968,737
Opioid settlement	-	-	-	467,897	467,897
Debt service	-	-	-	133,168	133,168
Capital improvements	-	-	-	30,669,499	30,669,499
Committed					
Economic development programs	-	-	-	2,166,646	2,166,646
Recreation activities	-	-	-	57,008	57,008
Social equity	298,665	-	-	-	298,665
Cemeteries	-	-	-	123,749	123,749
Assigned					
Subsequent year's expenditures	3,073,017	-	-	-	3,073,017
Unassigned	14,699,850	-	-	-	14,699,850
TOTAL FUND BALANCES	$ 20,541,015	$ 18,046,505	$ 1,151,988	$ 59,108,347	$ 98,847,855

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2025, the City implemented the following new pronouncement: GASB Statement No. 102, *Certain Risk Disclosures*. The following is a summary of the new pronouncement:

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

There was no material impact on the City's financial statements after the implementation of GASB Statement No. 102.

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

a. Management's discussion and analysis (MD&A);
   i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
      1) Overview of the Financial Statements,
      2) Financial Summary,
      3) Detailed Analyses,
      4) Significant Capital Asset and Long-Term Financing Activity,
      5) Currently Known Facts, Decisions, or Conditions;
   ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
   iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;

b. Unusual or infrequent items;

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS (CONCLUDED)

c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
   i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
   ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;

d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;

e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

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

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2027 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KALAMAZOO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 27,567,555	$ 27,567,555	$ 28,232,673	$ 665,118
Licenses and permits	3,206,131	3,206,131	3,677,106	470,975
Intergovernmental	19,055,450	19,080,450	17,301,771	(1,778,679)
Charges for services	11,679,402	11,679,402	10,621,874	(1,057,528)
Fines and forfeits	200,144	200,144	321,212	121,068
Interest and rents	500,000	500,000	1,116,180	616,180
Other				
Donations and contributions	20,961,559	20,930,534	20,935,111	4,577
Other	317,450	317,450	450,507	133,057
TOTAL REVENUES	83,487,691	83,481,666	82,656,434	(825,232)
EXPENDITURES				
Current				
General government				
Commission	199,880	324,141	227,882	96,259
Manager	2,221,900	2,339,399	2,237,200	102,199
Diversity, equity, and inclusion	377,693	386,093	338,575	47,518
Executive programs	4,700	4,700	4,200	500
Attorney	1,084,279	1,234,279	1,172,706	61,573
Clerk				
Administration	366,937	374,288	362,389	11,899
Election	910,898	910,898	725,473	185,425
Records management	215,863	215,863	166,856	49,007
Internal audit	114,819	114,819	113,825	994

CITY OF KALAMAZOO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (continued)				
General government (concluded)				
Human resources	$ 1,065,051	$ 1,017,288	$ 989,758	$ 27,530
Customer service	821,538	821,538	798,976	22,562
Management services				
Accounting	767,044	771,144	762,078	9,066
Financial services	619,913	619,913	584,012	35,901
Management services	376,731	394,981	346,758	48,223
Budget	245,372	245,372	221,939	23,433
Assessor	618,579	618,579	594,837	23,742
Treasurer	860,327	860,327	883,602	(23,275)
Purchasing	582,901	607,713	574,231	33,482
Board of review	3,700	3,700	3,054	646
Grants management division	315,794	315,794	293,980	21,814
Building and grounds	1,869,241	1,958,550	1,795,612	162,938
Information technology	6,577,726	5,527,726	4,737,941	789,785
Contribution to OPEB trust	2,678,400	2,678,400	2,405,201	273,199
Other	(156,290)	1,964,560	1,039,388	925,172
Total general government	22,742,996	24,310,065	21,380,473	2,929,592
Public safety				
Department of public safety	39,163,121	40,204,925	39,809,551	395,374
Building inspections	1,001,167	974,569	873,723	100,846
Code enforcement	689,895	662,327	495,504	166,823
Total public safety	40,854,183	41,841,821	41,178,778	663,043

CITY OF KALAMAZOO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (concluded)				
Public works				
Department of public works	$ 888,834	$ 787,427	$ 673,181	$ 114,246
Street lighting	1,326,957	1,428,364	1,428,363	1
City equipment	3,431,291	2,781,291	2,508,768	272,523
Total public works	5,647,082	4,997,082	4,610,312	386,770
Health and welfare				
Pollution control	240,775	354,908	281,843	73,065
Community and economic development				
Planning	1,127,903	1,243,304	1,043,835	199,469
Community development	131,755	616,807	583,344	33,463
CPED administration	671,613	821,343	815,997	5,346
Economic development	1,016,243	885,085	839,481	45,604
Total community and economic development	2,947,514	3,566,539	3,282,657	283,882
Recreation and culture				
Parks maintenance	1,899,442	1,990,224	1,962,679	27,545
Recreation	1,745,198	1,743,313	1,716,639	26,674
Total recreation and culture	3,644,640	3,733,537	3,679,318	54,219

CITY OF KALAMAZOO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONCLUDED)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (CONCLUDED)				
Debt service				
Principal	$ -	$ 1,500,000	$ 1,472,153	$ 27,847
Interest	-	200,000	218,920	(18,920)
Total debt service	-	1,700,000	1,691,073	8,927
Capital outlay	-	1,082,895	1,196,206	(113,311)
TOTAL EXPENDITURES	76,077,190	81,586,847	77,300,660	4,286,187
EXCESS OF REVENUES OVER EXPENDITURES	7,410,501	1,894,819	5,355,774	3,460,955
OTHER FINANCING SOURCES (USES)				
Leases and subscriptions issued	-	1,080,950	1,196,206	115,256
Transfers in	1,596,687	1,580,000	1,566,218	(13,782)
Transfers out	(9,007,188)	(9,308,145)	(9,247,741)	60,404
TOTAL OTHER FINANCING SOURCES (USES)	(7,410,501)	(6,647,195)	(6,485,317)	161,878
NET CHANGE IN FUND BALANCE	-	(4,752,376)	(1,129,543)	3,622,833
Fund balance, beginning of year	21,670,558	21,670,558	21,670,558	-
Fund balance, end of year	$ 21,670,558	$ 16,918,182	$ 20,541,015	$ 3,622,833

CITY OF KALAMAZOO
MAJOR STREETS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental				
Federal revenue	$ 3,471,000	$ 3,471,000	$ -	$ (3,471,000)
Gas and weight tax distribution	9,189,471	9,189,471	8,972,010	(217,461)
State trunkline maintenance	25,000	25,000	73,977	48,977
Other state revenue	333,299	333,299	364,511	31,212
Local revenue	-	79,602	-	(79,602)
Charges for services	125,000	204,460	208,428	3,968
Interest	350,000	350,000	491,358	141,358
Other				
Donations and contributions	-	51,262	20,450	(30,812)
Other	-	-	1,417	1,417
TOTAL REVENUES	13,493,770	13,704,094	10,132,151	(3,571,943)
EXPENDITURES				
Current				
Public works				
Administration	1,877,848	1,770,845	1,603,916	166,929
Routine and preventive maintenance	1,413,352	1,099,946	1,068,545	31,401
Winter maintenance	302,410	620,698	620,699	(1)
Traffic services	1,241,409	1,557,216	1,557,204	12
State trunkline maintenance	18,000	21,843	21,585	258
Capital outlay	15,590,600	33,617,057	3,696,068	29,920,989
TOTAL EXPENDITURES	20,443,619	38,687,605	8,568,017	30,119,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,949,849)	(24,983,511)	1,564,134	26,547,645
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,526,600	4,525,000	4,525,000	-
Bond premium	-	520,429	520,429	-
Transfers in	10,620,000	19,959,713	1,707,988	(18,251,725)
Transfers out	(5,474,661)	(5,474,661)	(5,476,596)	(1,935)
TOTAL OTHER FINANCING SOURCES (USES)	6,671,939	19,530,481	1,276,821	(18,253,660)
NET CHANGE IN FUND BALANCE	(277,910)	(5,453,030)	2,840,955	8,293,985
Fund balance, beginning of year	15,205,550	15,205,550	15,205,550	-
Fund balance, end of year	$ 14,927,640	$ 9,752,520	$ 18,046,505	$ 8,293,985

CITY OF KALAMAZOO
GRANTS AND DONATIONS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 1,033,000	$ 32,957,488	$ 11,397,487	$ (21,560,001)
Charges for services	-	-	3,430	3,430
Interest	-	-	204,744	204,744
Other				
Donations and contributions	-	1,427,770	818,876	(608,894)
TOTAL REVENUES	1,033,000	34,385,258	12,424,537	(21,960,721)
EXPENDITURES				
Current				
General government	500,000	7,241,159	5,673,787	1,567,372
Public safety	1,033,000	4,029,619	858,619	3,171,000
Public works	-	1,819,724	507,585	1,312,139
Health and welfare	-	3,895,217	347,843	3,547,374
Community and economic development	-	1,364,886	256,268	1,108,618
Recreation and culture	1,300	299,727	32,878	266,849
TOTAL EXPENDITURES	1,534,300	18,650,332	7,676,980	10,973,352
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(501,300)	15,734,926	4,747,557	(10,987,369)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	66,875	19,598	(47,277)
Transfers out	(96,687)	(16,967,286)	(5,174,309)	11,792,977
TOTAL OTHER FINANCING SOURCES (USES)	(96,687)	(16,900,411)	(5,154,711)	11,745,700
NET CHANGE IN FUND BALANCE	(597,987)	(1,165,485)	(407,154)	758,331
Fund balance, beginning of year	1,559,142	1,559,142	1,559,142	-
Fund balance, end of year	$ 961,155	$ 393,657	$ 1,151,988	$ 758,331

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CHANGE IN TOTAL PENSION LIABILITY										
Service cost	$ 9,092,033	$ 8,216,475	$ 7,709,111	$ 7,562,395	$ 7,116,766	$ 7,038,828	$ 6,377,103	$ 5,894,750	$ 5,604,960	$ 5,683,351
Interest	41,724,868	39,939,901	38,580,767	37,769,183	36,676,997	36,008,134	34,448,827	33,674,057	32,746,676	33,892,669
Changes of benefit terms	-	-	5,402,558	1,650,511	-	875,728	-	279,702	-	(23,809,450)
Difference between expected and actual experience	9,032,227	3,815,927	2,257,460	(1,715,651)	4,367,838	(2,647,268)	4,007,357	313,218	3,079,970	(2,513,167)
Changes of assumptions	-	8,820,068	-	-	-	-	22,845,295	-	-	-
Benefit payments, including employee refunds	(37,022,344)	(36,197,466)	(34,716,343)	(33,574,723)	(33,064,845)	(31,112,544)	(30,213,896)	(29,931,417)	(28,491,380)	(28,496,870)
Net Change in Total Pension Liability	22,826,784	24,594,905	19,233,553	11,691,715	15,096,756	10,162,878	37,464,686	10,230,310	12,940,226	(15,243,467)
Total Pension Liability, beginning	589,480,580	564,885,675	545,652,122	533,960,407	518,863,651	508,700,773	471,236,087	461,005,777	448,065,551	463,309,018
Total Pension Liability, ending	$ 612,307,364	$ 589,480,580	$ 564,885,675	$ 545,652,122	$ 533,960,407	$ 518,863,651	$ 508,700,773	$ 471,236,087	$ 461,005,777	$ 448,065,551
CHANGE IN PLAN FIDUCIARY NET POSITION										
Contributions - employee	$ 1,635,389	$ 1,581,587	$ 1,475,439	$ 1,443,448	$ 1,345,658	$ 1,285,845	$ 1,238,420	$ 1,209,623	$ 1,086,257	$ 1,085,940
Net investment income (loss)	132,097,306	83,238,414	102,031,275	(99,471,376)	133,637,208	57,798,914	112,193,170	(47,440,721)	94,301,279	72,939,990
Benefit payments, including employee refunds	(37,022,344)	(36,197,466)	(34,716,343)	(33,574,723)	(33,064,845)	(31,112,544)	(30,213,896)	(29,931,417)	(28,491,380)	(28,496,870)
Administrative expenses	(386,297)	(344,696)	(371,467)	(302,840)	(236,148)	(224,903)	(220,934)	(147,100)	(147,099)	(153,024)
Other	(312,195)	(282,280)	(273,261)	(288,849)	(333,861)	(309,797)	(228,905)	(246,932)	(8,848,472)	(21,875,722)
Net Change in Plan Fiduciary Net Position	96,011,859	47,995,559	68,145,643	(132,194,340)	101,348,012	27,437,515	82,767,855	(76,556,547)	57,900,585	23,500,314
Plan Fiduciary Net Position, beginning	789,871,657	741,876,098	673,730,455	805,924,795	704,576,783	677,139,268	594,371,413	670,927,960	613,027,375	589,527,061
Plan Fiduciary Net Position, ending	$ 885,883,516	$ 789,871,657	$ 741,876,098	$ 673,730,455	$ 805,924,795	$ 704,576,783	$ 677,139,268	$ 594,371,413	$ 670,927,960	$ 613,027,375
City's Net Pension (Asset)	$ (273,576,152)	$ (200,391,077)	$ (176,990,423)	$ (128,078,333)	$ (271,964,388)	$ (185,713,132)	$ (168,438,495)	$ (123,135,326)	$ (209,922,183)	$ (164,961,824)
Plan fiduciary net position as a percentage of the total pension liability	144.68%	133.99%	131.33%	123.47%	150.93%	135.79%	133.11%	126.13%	145.54%	136.82%
Covered payroll	$ 49,389,869	$ 45,533,932	$ 43,891,903	$ 42,632,621	$ 39,983,168	$ 39,215,899	$ 37,425,219	$ 34,999,543	$ 32,780,965	$ 37,291,474
City's net pension asset as a percentage of covered payroll	(553.91%)	(440.09%)	(403.24%)	(300.42%)	(680.20%)	(473.57%)	(450.07%)	(351.82%)	(640.38%)	(442.36%)

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 49,389,869	$ 45,533,932	$ 43,891,903	$ 42,632,621	$ 39,983,168	$ 39,215,899	$ 37,425,219	$ 34,999,543	$ 32,780,965	$ 37,291,474
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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.

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 18.5% including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the types of eligibility condition.
Mortality rates	The Pub-2010 Amount-Weighted, Safety, Employee, Male and Female tables, with future mortality improvements projected to 2025 using scale MP-2021.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	17.07%	11.47%	15.49%	(12.59%)	19.36%	8.71%	19.30%	(7.22%)	15.72%	12.64%

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

	2024	2023	2022	2021	2020	2019	2018	2017
CHANGE IN TOTAL OPEB LIABILITY								
Service cost	$ 654,053	$ 691,019	$ 845,695	$ 4,388,941	$ 3,521,372	$ 2,734,661	$ 2,740,829	$ 1,490,221
Interest	7,866,983	9,352,932	9,732,130	9,573,919	10,492,915	11,124,987	10,773,588	12,162,956
Change of benefit terms	(614,036)	(695,254)	-	(71,389,507)	-	-	(3,068,315)	-
Difference between expected and actual experience	(4,061,133)	(30,336,257)	(17,567,990)	8,939,601	(3,102,684)	(17,999,270)	8,398,776	(45,814)
Changes of assumptions	5,360,744	7,402,758	8,994,589	(144,053,838)	48,509,288	47,299,449	6,299,583	67,099,621
Benefit payments, including refunds of member contributions	(6,668,011)	(7,117,124)	(7,197,691)	(7,558,698)	(9,018,385)	(9,365,696)	(9,334,535)	(9,258,659)
Net Change in Total OPEB Liability	2,538,600	(20,701,926)	(5,193,267)	(200,099,582)	50,402,506	33,794,131	15,809,926	71,448,325
Total OPEB Liability, beginning	111,517,084	132,219,010	137,412,277	337,511,859	287,109,353	253,315,222	237,505,296	166,056,971
Total OPEB Liability, ending	$ 114,055,684	$ 111,517,084	$ 132,219,010	$ 137,412,277	$ 337,511,859	$ 287,109,353	$ 253,315,222	$ 237,505,296
CHANGE IN PLAN FIDUCIARY NET POSITION								
Employer contributions	$ 3,500,000	$ 3,500,000	$ 3,500,000	$ 3,500,000	$ 3,500,000	$ 3,500,000	$ 3,500,000	$ 3,500,000
Employee contributions	1,074,657	1,060,906	992,253	979,659	999,874	978,010	970,429	920,121
OPEB plan net investment income	12,869,886	15,633,961	(15,037,749)	20,007,295	8,469,461	17,160,651	(7,353,500)	14,711,769
Benefit payments, including refunds of member contributions	(7,742,668)	(8,178,030)	(8,189,944)	(8,538,357)	(10,018,259)	(10,343,706)	(10,304,964)	(10,178,780)
Administrative expenses	(115,548)	(118,058)	(117,962)	(119,115)	(141,174)	(125,815)	(106,986)	(100,922)
Net Change in Plan Fiduciary Net Position	9,586,327	11,898,779	(18,853,402)	15,829,482	2,809,902	11,169,140	(13,295,021)	8,852,188
Plan Fiduciary Net Position, beginning	113,790,146	101,891,367	120,744,769	104,915,287	102,105,385	90,936,245	104,231,266	95,379,078
Plan Fiduciary Net Position, ending	$ 123,376,473	$ 113,790,146	$ 101,891,367	$ 120,744,769	$ 104,915,287	$ 102,105,385	$ 90,936,245	$ 104,231,266
Plan's Net OPEB Liability (Asset)	$ (9,320,789)	$ (2,273,062)	$ 30,327,643	$ 16,667,508	$ 232,596,572	$ 185,003,968	$ 162,378,977	$ 133,274,030
Plan fiduciary net position as a percentage of the total OPEB liability	108.17%	102.04%	77.06%	87.87%	31.08%	35.56%	35.90%	43.89%
Covered payroll	$ 15,046,475	$ 16,704,718	$ 17,360,357	$ 18,758,015	$ 21,057,232	$ 22,773,155	$ 39,920,744	$ 37,363,784
Plan's net OPEB liability (asset) as a percentage of covered payroll	(61.95%)	(13.61%)	174.69%	88.86%	1104.59%	812.38%	406.75%	356.69%
City's proportionate share of plan's net OPEB liability (asset)	94.067%	94.199%	93.752%	94.300%	93.026%	92.729%	92.938%	92.678%
City's net OPEB liability (asset)	$ (8,767,787)	$ (2,141,202)	$ 28,432,772	$ 15,717,460	$ 216,375,287	$ 171,552,329	$ 150,911,773	$ 123,515,706
City's covered payroll	$ 8,368,552	$ 10,430,194	$ 11,822,542	$ 13,459,912	$ 15,842,813	$ 17,777,797	$ 34,999,543	$ 32,780,966
City's net OPEB liability (asset) as a percentage of covered payroll	-104.77%	-20.53%	240.50%	116.77%	1365.76%	964.98%	431.18%	376.79%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	$ 178,385	$ 565,456	$ 966,755	$ 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	3,500,000	3,500,000	3,500,000
Contribution deficiency (excess)	$ (3,321,615)	$ (2,934,544)	$ (2,533,245)	$ (342,904)	$ 700,466	$ 6,338,111	$ 4,512,819	$ 4,611,777	$ 4,110,636
Covered payroll	$ 14,525,518	$ 15,046,475	$ 16,704,718	$ 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	24.10%	23.26%	20.95%	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, 2025 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	17 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 18.50% (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 for General and Safety
Health care trend rates	Pre-65: 7.75% for the first year, gradually decreasing to 3.50% in year 15 Post-65: 6.50% for the first year, gradually decreasing to 3.50% in year 15
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 EIGHT MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	11.34%	15.61%	(12.68%)	19.53%	8.33%	18.87%	(6.98%)	15.81%

CITY OF KALAMAZOO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - DEFINED BENEFIT PENSION AND OPEB PLANS

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

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

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

Defined Benefit Pension Plan

Actuarial Assumptions

Actuarial valuation:	
Frequency	Annual
Latest date	December 31, 2025
Basis for contribution	December 31, 2024
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 18.5% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The Pub-2010 Amount-Weighted, Safety, Employee, Male and Female tables, with mortality improvements projected to 2025 using scale MP-2021.

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

Defined Benefit Pension Plan (continued)

Changes in Assumptions

Plan Year	
2024	Rates of mortality were updated to use the Pub-2010 Amount Weighted, General and Safety, Male and Female tables, projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
	The administrative expense load assumption was increased from 0.75% to 1.00% of payroll.
	Updated retirement rates for AFSCME, KMEA, General Exempt, and CSO.
	Updated merit and longevity rates for KMEA, General Exempt, and Public Safety.
	Lowered the assumed age difference between spouses from assuming males are three years older than their spouses to two years older.
	Lowered the percentage of public safety members assumed to be married at retirement from 90% to 85%.
2019	Rates of mortality were updated to use the Pub-2010 Amount Weighted, General and Safety tables, with future mortality improvements projected to 2025 using scale MP-2019.
	The investment return assumption was lowered from 7.50% to 7.25%.
	The administrative expense load assumption was increased from 0.65% to 0.75%.
	The price inflation assumption was decreased from 2.50% to 2.25%.
	Rates of retirement were updated to reflect recent patterns.
	Rates of turnover were increased to reflect recent patterns.
	Rates of merit and longevity pay increases were updated to reflect recent patterns for the Exempt group.
	The option factor basis was updated to use a 7.25% interest rate assumption and an 80%/20% unisex blend of the Pub-2010 Amount-Weighted General, Healthy Retiree, Male and Female tables, with future mortality improvements projected to 2025 using scale MP-2019 (effective January 1, 2021).

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

Defined Benefit Pension Plan (concluded)

Changes in Benefit Terms

Plan Year	
2023	Exempt members who retire on/after January 15, 2024 receive a 2.0% Post-Retirement Adjustment (PRA) in January of each year.
	Exempt members previously contributing 3.5% of annual compensation now contribute 1.5% of annual compensation.
	Public Safety members' deferred retirement benefits begin when the member would have first been eligible had they remained employed (at age 50 with 10 years of service or when they would have reached 25 years of service).
2022	An increase in the lump sum death benefit payable to beneficiaries upon the death of a retired member from $1,000 to $5,000 (does not apply to deferred retirements).
	Non-Sworn Public Safety members who retire after January 1, 2022 are eligible for a 1.5% post-retirement adjustment (2% at age 75) in January of each year, compounded annually
	An expansion of the DROP to include qualifying sworn members of KPSOA and KPSA who obtain 25 years or more of credited service on or after May 1, 2022 through December 31, 2026 and elect to participate in the program.
2020	The addition of the General Member Administrator group. This group follows the same eligibility requirements and benefit maximums as the General Exempt group: age 62 with 5 years of service and a benefit maximum of 92% or 70% of Final Average Compensation based on the date of hire. The General Member Administrator group is eligible for a 2.7% benefit multiplier and post-retirement benefit increases of 2%, compounded annually.
2016	Effective October 1, 2016, the City of Kalamazoo's existing transit operations spun off to become part of the Central County Transportation Authority (CCTA). The CCTA is a stand alone single-employer pension plan.

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

OPEB Plan

Actuarial Assumptions

Actuarial valuation:	
Frequency	Annual
Latest date	January 1, 2025
Basis for contribution	January 1, 2025
Actuarial cost method	Individual entry age
Amortization method	Level dollar on a closed basis
Remaining amortization period	18 Years
Asset valuation method	5-year smoothed fair value
Investment rate of return	7.25%, net of OPEB plan investment expense
Projected salary increases	3.5% - 15.5% (includes inflation)
Healthcare cost trend rate	3.5% - 7.25%

Changes in Assumptions

Plan Year	
2024	The health care trend rates assumption was lowered from 7.50% to 7.25% for pre-65 and increased from 6.25% to 6.50% for post-65.
2021	The health care trend rates assumption was lowered from 8.25% to 7.50% for pre-65 and from 8.25% to 6.25% for post-65.
2020	The investment return assumption was lowered from 7.50% to 7.25%. The price inflation assumption was decreased from 2.50% to 2.25%. Rates of mortality were updated to use the Pub-2010 Amount Weighted, General and Safety tables, with future mortality improvements projected to 2025 using scale MP-2019.
2019	The price inflation assumption was decreased from 2.75% to 2.50%.

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

OPEB Plan (concluded)

Changes in Benefit Terms

Plan Year	
2024	Monthly cost share for new retirees increased from $115.09 to $124.78 for one-person coverage and from $276.21 to $299.47 for two-person coverage. AFSCME members retiring after January 1, 2024, will pay the same increases as an active employee to a maximum of 80% above the contributions the retiree paid during the last month of the retiree's employment.
2023	Monthly cost share for new retirees increased from $106.92 to $115.09 for one-person coverage and from $256.61 to $276.21 for two-person coverage.
2021	Reimbursement of Medicare Part D premiums.
2018	All City non-union members are vested at 5 years of service and are eligible to retire at age 62 with 5 years of service. Members who are eligible for retiree medical benefits pay an increasing contribution rate.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City's budgeted expenditures have been shown at the activity level for the General Fund and the major special revenue funds. The approved budget of the City has been adopted at the activity level for the General Fund and the total fund level for special revenue funds and capital projects funds.

During the year ended December 31, 2025, the City incurred expenditures in excess of the amounts appropriated as follows:

	Amounts Appropriated	Amounts Expended	Variance
General Fund			
Current			
General government			
Treasurer	$ 860,327	$ 883,602	$ 23,275
Capital outlay	1,082,895	1,196,206	113,311

OTHER SUPPLEMENTARY INFORMATION

CITY OF KALAMAZOO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2025

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
ASSETS					
Cash and cash equivalents	$ 12,852,019	$ 134,838	$ 8,940,655	$ 81,848	$ 22,009,360
Cash and cash equivalents - restricted	1,631,441	-	23,695,685	-	25,327,126
Investments	-	-	1,004,805	3,619,824	4,624,629
Investments with agents	-	-	-	4,437,644	4,437,644
Receivables					
Accounts	320,670	-	217,934	2,225	540,829
Interest	-	-	18,300	-	18,300
Taxes	161,647	-	-	-	161,647
Notes and settlements	6,825,060	-	-	-	6,825,060
Due from other funds	192,972	-	1,078,800	-	1,271,772
Due from other governmental units	954,066	3,325,455	-	-	4,279,521
Advances to other governmental units	942,116	-	-	-	942,116
Inventories	69,469	-	-	-	69,469
TOTAL ASSETS	$ 23,949,460	$ 3,460,293	$ 34,956,179	$ 8,141,541	$ 70,507,473
LIABILITIES					
Accounts payable	$ 978,069	$ -	$ 3,040,266	$ -	$ 4,018,335
Due to other funds	909,454	1,670	1,246,414	-	2,157,538
Due to other governmental units	67,000	-	-	-	67,000
Deposits payable	575,882	-	-	-	575,882
Unearned revenue	49,971	-	-	-	49,971
TOTAL LIABILITIES	2,580,376	1,670	4,286,680	-	6,868,726
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,204,945	3,325,455	-	-	4,530,400
FUND BALANCES					
Nonspendable	69,469	-	-	3,627,564	3,697,033
Restricted	17,747,267	133,168	30,669,499	4,513,977	53,063,911
Committed	2,347,403	-	-	-	2,347,403
TOTAL FUND BALANCES	20,164,139	133,168	30,669,499	8,141,541	59,108,347
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 23,949,460	$ 3,460,293	$ 34,956,179	$ 8,141,541	$ 70,507,473

CITY OF KALAMAZOO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
REVENUES					
Taxes	$ 3,731,548	$ -	$ -	$ -	$ 3,731,548
Intergovernmental	5,311,083	360,317	4,753,694	-	10,425,094
Charges for services	3,802,961	-	-	64,590	3,867,551
Fines and forfeits	429,247	-	-	-	429,247
Interest and rents	859,728	15,497	1,104,416	1,132,192	3,111,833
Other					
Donations and contributions	7,388	-	-	-	7,388
Other	47,145	-	230,000	-	277,145
TOTAL REVENUES	14,189,100	375,814	6,088,110	1,196,782	21,849,806
EXPENDITURES					
Current					
Public safety	428,718	-	-	-	428,718
Public works	7,602,738	-	-	20,100	7,622,838
Health and welfare	2,637,803	-	-	-	2,637,803
Community and economic development	2,087,740	-	-	-	2,087,740
Recreation and culture	3,086,240	-	-	75,225	3,161,465
Debt service					
Principal	126,525	10,237,461	-	-	10,363,986
Interest and fiscal charges	18,597	5,901,045	-	-	5,919,642
Capital outlay	876,829	-	11,862,717	-	12,739,546
TOTAL EXPENDITURES	16,865,190	16,138,506	11,862,717	95,325	44,961,738
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,676,090)	(15,762,692)	(5,774,607)	1,101,457	(23,111,932)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	365,000	-	13,055,000	-	13,420,000
Bond premium	41,941	-	1,501,390	-	1,543,331
Transfers in	1,982,567	15,776,768	9,940,280	-	27,699,615
Transfers out	(1,975,548)	-	(6,319,547)	(295,244)	(8,590,339)
TOTAL OTHER FINANCING SOURCES (USES)	413,960	15,776,768	18,177,123	(295,244)	34,072,607
NET CHANGE IN FUND BALANCES	(2,262,130)	14,076	12,402,516	806,213	10,960,675
Fund balances, beginning of year	22,426,269	119,092	18,266,983	7,335,328	48,147,672
Fund balances, end of year	$ 20,164,139	$ 133,168	$ 30,669,499	$ 8,141,541	$ 59,108,347

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.

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

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2025

	Local Streets	Cemeteries	Solid Waste	Neighborhood and Community Development	Economic Development Programs	FFE Aspirational Projects	Drug Enforcement	Kalamazoo Municipal Golf Association	Opioid Settlement	Total
ASSETS										
Cash and cash equivalents	$ 3,001,411	$ 147,594	$ 5,314,016	$ 1,010,793	$ 1,241,268	$ 1,277,299	$ 391,741	$ -	$ 467,897	$ 12,852,019
Cash and cash equivalents - restricted	1,369,609	-	-	122,046	-	-	134,463	5,323	-	1,631,441
Receivables										
Accounts	10,718	7,715	147,522	96,562	-	-	-	58,153	-	320,670
Taxes	-	-	161,647	-	-	-	-	-	-	161,647
Notes and settlements	-	-	-	5,888,020	18,262	-	-	-	918,778	6,825,060
Due from other funds	34,011	41,228	-	116,797	-	936	-	-	-	192,972
Due from other governmental units	384,627	-	-	569,439	-	-	-	-	-	954,066
Advances to other governmental units	-	-	-	-	942,116	-	-	-	-	942,116
Inventories	-	-	-	69,469	-	-	-	-	-	69,469
TOTAL ASSETS	$ 4,800,376	$ 196,537	$ 5,623,185	$ 7,873,126	$ 2,201,646	$ 1,278,235	$ 526,204	$ 63,476	$ 1,386,675	$ 23,949,460
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Accounts payable	$ 74,878	$ 11,273	$ 215,124	$ 580,758	$ -	$ 96,036	$ -	$ -	$ -	$ 978,069
Due to other funds	240,669	11,164	43,841	471,108	-	141,527	-	1,145	-	909,454
Due to other governmental units	-	-	32,000	-	35,000	-	-	-	-	67,000
Deposits payable	-	-	-	444,069	-	-	131,813	-	-	575,882
Unearned revenue	-	49,971	-	-	-	-	-	-	-	49,971
TOTAL LIABILITIES	315,547	72,408	290,965	1,495,935	35,000	237,563	131,813	1,145	-	2,580,376
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	380	254,627	31,160	-	-	-	-	918,778	1,204,945
FUND BALANCES										
Nonspendable	-	-	-	69,469	-	-	-	-	-	69,469
Restricted	4,484,829	-	5,077,593	6,276,562	-	1,040,672	394,391	5,323	467,897	17,747,267
Committed	-	123,749	-	-	2,166,646	-	-	57,008	-	2,347,403
TOTAL FUND BALANCES	4,484,829	123,749	5,077,593	6,346,031	2,166,646	1,040,672	394,391	62,331	467,897	20,164,139
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,800,376	$ 196,537	$ 5,623,185	$ 7,873,126	$ 2,201,646	$ 1,278,235	$ 526,204	$ 63,476	$ 1,386,675	$ 23,949,460

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

	Local Streets	Cemeteries	Solid Waste	Neighborhood and Community Development	Economic Development Programs	FFE Aspirational Projects	Drug Enforcement	Kalamazoo Municipal Golf Association	Opioid Settlement	Total
REVENUES										
Property taxes	$ -	$ -	$ 3,731,548	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,731,548
Intergovernmental	2,397,386	-	786,516	2,081,402	-	-	45,779	-	-	5,311,083
Charges for services	-	247,480	-	-	-	-	-	3,472,108	83,373	3,802,961
Fines and forfeits	-	-	162,867	22,360	-	-	244,020	-	-	429,247
Interest	155,629	10,912	185,706	293,567	77,853	111,558	24,503	-	-	859,728
Other										
Donations and contributions	-	7,388	-	-	-	-	-	-	-	7,388
Other	-	-	2,135	-	-	-	45,010	-	-	47,145
TOTAL REVENUES	2,553,015	265,780	4,868,772	2,397,329	77,853	111,558	359,312	3,472,108	83,373	14,189,100
EXPENDITURES										
Current										
Public safety	-	-	-	-	-	-	428,718	-	-	428,718
Public works	2,725,001	537,471	4,340,266	-	-	-	-	-	-	7,602,738
Health and welfare	-	-	-	2,637,803	-	-	-	-	-	2,637,803
Community and economic development	-	-	-	169	34,176	2,053,395	-	-	-	2,087,740
Recreation and culture	-	-	-	-	-	-	-	3,086,240	-	3,086,240
Debt service										
Principal	-	-	-	-	-	-	-	126,525	-	126,525
Interest and fiscal charges	-	-	-	-	-	-	-	18,597	-	18,597
Capital outlay	250,152	143,828	-	-	-	-	-	482,849	-	876,829
TOTAL EXPENDITURES	2,975,153	681,299	4,340,266	2,637,972	34,176	2,053,395	428,718	3,714,211	-	16,865,190
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(422,138)	(415,519)	528,506	(240,643)	43,677	(1,941,837)	(69,406)	(242,103)	83,373	(2,676,090)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	365,000	-	-	-	-	-	-	-	-	365,000
Bond premium	41,941	-	-	-	-	-	-	-	-	41,941
Transfers in	1,459,068	295,244	40,500	187,755	-	-	-	-	-	1,982,567
Transfers out	(1,340,373)	-	(81,584)	(247,136)	-	(65,709)	-	(240,746)	-	(1,975,548)
TOTAL OTHER FINANCING SOURCES (USES)	525,636	295,244	(41,084)	(59,381)	-	(65,709)	-	(240,746)	-	413,960
NET CHANGE IN FUND BALANCES	103,498	(120,275)	487,422	(300,024)	43,677	(2,007,546)	(69,406)	(482,849)	83,373	(2,262,130)
Fund balances, beginning of year	4,381,331	244,024	4,590,171	6,646,055	2,122,969	3,048,218	463,797	545,180	384,524	22,426,269
Fund balances, end of year	$ 4,484,829	$ 123,749	$ 5,077,593	$ 6,346,031	$ 2,166,646	$ 1,040,672	$ 394,391	$ 62,331	$ 467,897	$ 20,164,139

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

Local Streets Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental				
Gas and weight tax distribution	$ 2,461,269	$ 2,461,269	$ 2,397,386	$ (63,883)
Interest	41,203	41,203	155,629	114,426
TOTAL REVENUES	2,502,472	2,502,472	2,553,015	50,543
EXPENDITURES				
Current				
Public works				
Administration	1,243,088	1,268,088	1,188,906	79,182
Routine and preventive maintenance	1,057,095	1,057,095	944,379	112,716
Winter maintenance	187,350	459,753	442,423	17,330
Traffic services	157,650	157,650	149,293	8,357
Capital outlay	829,600	2,530,995	250,152	2,280,843
TOTAL EXPENDITURES	3,474,783	5,473,581	2,975,153	2,498,428
EXCESS OF REVENUES (UNDER) EXPENDITURES	(972,311)	(2,971,109)	(422,138)	2,548,971
OTHER FINANCING SOURCES (USES)				
Issuance of debt	829,600	365,000	365,000	-
Bond premium	-	41,941	41,941	-
Transfers in	1,429,069	1,459,069	1,459,068	(1)
Transfers out	(1,339,789)	(1,339,789)	(1,340,373)	(584)
TOTAL OTHER FINANCING SOURCES (USES)	918,880	526,221	525,636	(585)
NET CHANGE IN FUND BALANCE	(53,431)	(2,444,888)	103,498	2,548,386
Fund balance, beginning of year	4,381,331	4,381,331	4,381,331	-
Fund balance, end of year	$ 4,327,900	$ 1,936,443	$ 4,484,829	$ 2,548,386

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Cemeteries Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 238,267	$ 238,267	$ 247,480	$ 9,213
Interest	-	-	10,912	10,912
Other				
Donations and contributions	-	57,358	7,388	(49,970)
TOTAL REVENUES	238,267	295,625	265,780	(29,845)
EXPENDITURES				
Current				
Public works				
Administration	392,923	417,871	314,261	103,610
Maintenance	143,075	143,075	223,210	(80,135)
Capital outlay	-	216,358	143,828	72,530
TOTAL EXPENDITURES	535,998	777,304	681,299	96,005
EXCESS OF REVENUES (UNDER) EXPENDITURES	(297,731)	(481,679)	(415,519)	66,160
OTHER FINANCING SOURCES				
Transfers in	295,244	375,244	295,244	(80,000)
NET CHANGE IN FUND BALANCE	(2,487)	(106,435)	(120,275)	(13,840)
Fund balance, beginning of year	244,024	244,024	244,024	-
Fund balance, end of year	$ 241,537	$ 137,589	$ 123,749	$ (13,840)

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Solid Waste Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 3,594,355	$ 3,594,355	$ 3,731,548	$ 137,193
Intergovernmental	670,098	670,098	786,516	116,418
Fines and forfeits	142,000	142,000	162,867	20,867
Interest	10,000	10,000	185,706	175,706
Other	-	-	2,135	2,135
TOTAL REVENUES	4,416,453	4,416,453	4,868,772	452,319
EXPENDITURES				
Current				
Public works				
Street cleaning	225,800	368,566	283,247	85,319
Rubbish collection and disposal	2,305,075	2,339,075	2,231,636	107,439
Natural waste collection and disposal	1,096,199	1,101,752	1,017,856	83,896
Property trash violations	700,071	551,750	481,676	70,074
Weather and emergency events	-	325,854	325,851	3
TOTAL EXPENDITURES	4,327,145	4,686,997	4,340,266	346,731
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	89,308	(270,544)	528,506	799,050
OTHER FINANCING SOURCES (USES)				
Transfers in	40,500	40,500	40,500	-
Transfers out	(81,584)	(81,584)	(81,584)	-
TOTAL OTHER FINANCING SOURCES (USES)	(41,084)	(41,084)	(41,084)	-
NET CHANGE IN FUND BALANCE	48,224	(311,628)	487,422	799,050
Fund balance, beginning of year	4,590,171	4,590,171	4,590,171	-
Fund balance, end of year	$ 4,638,395	$ 4,278,543	$ 5,077,593	$ 799,050

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Neighborhood and Community Development Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 7,519,560	$ 2,081,402	$ (5,438,158)
Fines and forfeitures	-	-	22,360	22,360
Interest	-	-	293,567	293,567
Other	-	860,738	-	(860,738)
TOTAL REVENUES	-	8,380,298	2,397,329	(5,982,969)
EXPENDITURES				
Current				
Health and welfare				
Community Development Block Grant	188,423	3,764,967	1,568,152	2,196,815
HOME	11,079	4,343,289	1,069,651	3,273,638
Total health and welfare	199,502	8,108,256	2,637,803	5,470,453
Community and economic development				
Demolition revolving	170	170	169	1
TOTAL EXPENDITURES	199,672	8,108,426	2,637,972	5,470,454
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(199,672)	271,872	(240,643)	(512,515)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	122,046	187,755	65,709
Transfers out	-	(272,044)	(247,136)	24,908
TOTAL OTHER FINANCING SOURCES (USES)	-	(149,998)	(59,381)	90,617
NET CHANGE IN FUND BALANCE	(199,672)	121,874	(300,024)	(421,898)
Fund balance, beginning of year	6,646,055	6,646,055	6,646,055	-
Fund balance, end of year	$ 6,446,383	$ 6,767,929	$ 6,346,031	$ (421,898)

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Economic Development Programs Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Interest	$ -	$ -	$ 77,853	$ 77,853
EXPENDITURES				
Current				
Community and economic development				
Economic initiatives	-	34,176	34,176	-
NET CHANGE IN FUND BALANCE	-	(34,176)	43,677	77,853
Fund balance, beginning of year	2,122,969	2,122,969	2,122,969	-
Fund balance, end of year	$ 2,122,969	$ 2,088,793	$ 2,166,646	$ 77,853

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

FFE Aspirational Projects

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Interest	$ -	$ -	$ 111,558	$ 111,558
Other				
Donations and contributions	5,000,000	5,000,000	-	(5,000,000)
TOTAL REVENUES	5,000,000	5,000,000	111,558	(4,888,442)
EXPENDITURES				
Current				
Community and economic development				
Operations	652,000	652,000	269,477	382,523
Youth development and employment	1,004,000	1,004,000	933,825	70,175
Shared prosperity	-	65,000	65,000	-
Complete neighborhoods	3,146,000	2,060,596	230,499	1,830,097
Inviting public spaces	10,000	10,000	10,000	-
Connected city	-	78,676	56,761	21,915
Economic vitality	50,000	2,602,432	235,319	2,367,113
Environmental responsibility	-	162,952	80,365	82,587
Safe community	138,000	177,297	172,149	5,148
TOTAL EXPENDITURES	5,000,000	6,812,953	2,053,395	4,759,558
EXCESS OF REVENUES (UNDER) EXPENDITURES	-	(1,812,953)	(1,941,837)	(128,884)
OTHER FINANCING (USES)				
Transfers out for:				
Economic vitality	-	-	(65,709)	(65,709)
NET CHANGE IN FUND BALANCE	-	(1,812,953)	(2,007,546)	(194,593)
Fund balance, beginning of year	3,048,218	3,048,218	3,048,218	-
Fund balance, end of year	$ 3,048,218	$ 1,235,265	$ 1,040,672	$ (194,593)

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Drug Enforcement Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 24,000	$ 24,000	$ 45,779	$ 21,779
Fines and forfeits	124,800	124,800	244,020	119,220
Interest	-	-	24,503	24,503
Other	-	-	45,010	45,010
TOTAL REVENUES	148,800	148,800	359,312	210,512
EXPENDITURES				
Current				
Public safety	147,571	505,038	428,718	76,320
NET CHANGE IN FUND BALANCE	1,229	(356,238)	(69,406)	286,832
Fund balance, beginning of year	463,797	463,797	463,797	-
Fund balance, end of year	$ 465,026	$ 107,559	$ 394,391	$ 286,832

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Kalamazoo Municipal Golf Association Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 2,870,000	$ 3,500,000	$ 3,472,108	$ (27,892)
EXPENDITURES				
Current				
Recreation and culture	2,429,254	3,059,254	3,086,240	(26,986)
Debt service				
Principal	-	-	126,525	(126,525)
Interest and fiscal charges	-	-	18,597	(18,597)
Capital outlay	-	483,000	482,849	151
TOTAL EXPENDITURES	2,429,254	3,542,254	3,714,211	(171,957)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	440,746	(42,254)	(242,103)	(199,849)
OTHER FINANCING (USES)				
Transfers out	(240,746)	(244,773)	(240,746)	4,027
NET CHANGE IN FUND BALANCE	200,000	(287,027)	(482,849)	(195,822)
Fund balance, beginning of year	545,180	545,180	545,180	-
Fund balance, end of year	$ 745,180	$ 258,153	$ 62,331	$ (195,822)

CITY OF KALAMAZOO
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)
YEAR ENDED DECEMBER 31, 2025

Opioid Settlement Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ -	$ -	$ 83,373	$ 83,373
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	83,373	83,373
Fund balance, beginning of year	384,524	384,524	384,524	-
Fund balance, end of year	$ 384,524	$ 384,524	$ 467,897	$ 83,373

NONMAJOR DEBT SERVICE FUNDS

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

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

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

CITY OF KALAMAZOO
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2025

	Building Authority Debt Service	General Debt Service	OPEB Bond Debt Service	Total
ASSETS				
Cash and cash equivalents	$ 133,838	$ 1,000	$ -	$ 134,838
Due from other governmental units	-	-	3,325,455	3,325,455
TOTAL ASSETS	$ 133,838	$ 1,000	$ 3,325,455	$ 3,460,293
LIABILITIES				
Due to other funds	$ 1,670	$ -	$ -	$ 1,670
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	3,325,455	3,325,455
FUND BALANCES				
Restricted	132,168	1,000	-	133,168
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 133,838	$ 1,000	$ 3,325,455	$ 3,460,293

CITY OF KALAMAZOO
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

	Building Authority Debt Service	General Debt Service	OPEB Bond Debt Service	Total
REVENUES				
Intergovernmental	$ 94,212	$ -	$ 266,105	$ 360,317
Interest and rents	15,497	-	-	15,497
TOTAL REVENUES	109,709	-	266,105	375,814
EXPENDITURES				
Debt service				
Principal	1,440,000	6,970,000	1,827,461	10,237,461
Interest and fiscal charges	230,836	3,173,884	2,496,325	5,901,045
TOTAL EXPENDITURES	1,670,836	10,143,884	4,323,786	16,138,506
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,561,127)	(10,143,884)	(4,057,681)	(15,762,692)
OTHER FINANCING SOURCES				
Transfers in	1,574,203	10,144,884	4,057,681	15,776,768
NET CHANGE IN FUND BALANCES	13,076	1,000	-	14,076
Fund balances, beginning of year	119,092	-	-	119,092
Fund balances, end of year	$ 132,168	$ 1,000	$ -	$ 133,168

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, 2025

	Cork Street Landfill Cap Construction	Capital Improvement Projects	Streets Jurisdiction Transfer	Total
ASSETS				
Cash and cash equivalents	$ -	$ 3,462,745	$ 5,477,910	$ 8,940,655
Cash and cash equivalents - restricted	600,899	23,094,786	-	23,695,685
Investments	-	-	1,004,805	1,004,805
Receivables				
Accounts	17,934	200,000	-	217,934
Interest	-	-	18,300	18,300
Due from other funds	-	1,078,800	-	1,078,800
TOTAL ASSETS	$ 618,833	$ 27,836,331	$ 6,501,015	$ 34,956,179
LIABILITIES				
Accounts payable	$ -	$ 3,040,266	$ -	$ 3,040,266
Due to other funds	603,922	2,447	640,045	1,246,414
TOTAL LIABILITIES	603,922	3,042,713	640,045	4,286,680
FUND BALANCES				
Restricted	14,911	24,793,618	5,860,970	30,669,499
TOTAL LIABILITIES AND FUND BALANCES	$ 618,833	$ 27,836,331	$ 6,501,015	$ 34,956,179

CITY OF KALAMAZOO
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

	Cork Street Landfill Cap Construction	Capital Improvement Projects	Streets Jurisdiction Transfer	Total
REVENUES				
Intergovernmental	$ -	$ 77,695	$ 4,675,999	$ 4,753,694
Interest and rents	14,911	995,991	93,514	1,104,416
Other	-	230,000	-	230,000
TOTAL REVENUES	14,911	1,303,686	4,769,513	6,088,110
EXPENDITURES				
Capital outlay	-	11,862,717	-	11,862,717
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,911	(10,559,031)	4,769,513	(5,774,607)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	13,055,000	-	13,055,000
Bond premium	-	1,501,390	-	1,501,390
Transfers in	-	9,940,280	-	9,940,280
Transfers out	-	(5,258,139)	(1,061,408)	(6,319,547)
TOTAL OTHER FINANCING SOURCES (USES)	-	19,238,531	(1,061,408)	18,177,123
NET CHANGE IN FUND BALANCES	14,911	8,679,500	3,708,105	12,402,516
Fund balances, beginning of year	-	16,114,118	2,152,865	18,266,983
Fund balances, end of year	$ 14,911	$ 24,793,618	$ 5,860,970	$ 30,669,499

CITY OF KALAMAZOO
NONMAJOR CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

Cork Street Landfill Cap Construction Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Interest and rents	$ -	$ -	$ 14,911	$ 14,911
EXPENDITURES				
Capital outlay	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	14,911	14,911
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 14,911	$ 14,911

CITY OF KALAMAZOO
NONMAJOR CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Capital Improvement Projects Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 40,600	$ 77,695	$ 37,095
Interest and rents	8,000	8,000	995,991	987,991
Other				
Donations and contributions	-	19,000	-	(19,000)
Other	30,000	15,023,507	230,000	(14,793,507)
TOTAL REVENUES	38,000	15,091,107	1,303,686	(13,787,421)
EXPENDITURES				
Capital outlay	9,032,610	34,792,442	11,862,717	22,929,725
EXCESS OF REVENUES (UNDER) EXPENDITURES	(8,994,610)	(19,701,335)	(10,559,031)	9,142,304
OTHER FINANCING SOURCES (USES)				
Issuance of debt	9,032,610	13,055,000	13,055,000	-
Bond premium	-	1,501,390	1,501,390	-
Transfers in	5,236,666	10,404,500	9,940,280	(464,220)
Transfers out	(5,319,224)	(5,319,224)	(5,258,139)	61,085
TOTAL OTHER FINANCING SOURCES (USES)	8,950,052	19,641,666	19,238,531	(403,135)
NET CHANGE IN FUND BALANCE	(44,558)	(59,669)	8,679,500	8,739,169
Fund balance, beginning of year	16,114,118	16,114,118	16,114,118	-
Fund balance, end of year	$ 16,069,560	$ 16,054,449	$ 24,793,618	$ 8,739,169

CITY OF KALAMAZOO
NONMAJOR CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)
YEAR ENDED DECEMBER 31, 2025

Streets Jurisdiction Transfer Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 4,675,999	$ 4,675,999
Interest and rents	-	-	93,514	93,514
OTHER FINANCING (USES)				
Transfers out	(1,799,742)	(2,102,593)	(1,061,408)	1,041,185
NET CHANGE IN FUND BALANCE	(1,799,742)	(2,102,593)	3,708,105	5,810,698
Fund balance, beginning of year	2,152,865	2,152,865	2,152,865	-
Fund balance, end of year	$ 353,123	$ 50,272	$ 5,860,970	$ 5,810,698

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, 2025

	Cemetery Perpetual Care	Recreation Endowment	Parks Endowment	Total
ASSETS				
Cash and cash equivalents	$ 81,848	$ -	$ -	$ 81,848
Investments	3,619,824	-	-	3,619,824
Investments with agents	-	2,264,294	2,173,350	4,437,644
Accounts receivable	2,225	-	-	2,225
TOTAL ASSETS	$ 3,703,897	$ 2,264,294	$ 2,173,350	$ 8,141,541
LIABILITIES	$ -	$ -	$ -	$ -
FUND BALANCES				
Nonspendable	1,735,160	937,206	955,198	3,627,564
Restricted	1,968,737	1,327,088	1,218,152	4,513,977
TOTAL FUND BALANCES	3,703,897	2,264,294	2,173,350	8,141,541
TOTAL LIABILITIES AND FUND BALANCES	$ 3,703,897	$ 2,264,294	$ 2,173,350	$ 8,141,541

CITY OF KALAMAZOO
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

	Cemetery Perpetual Care	Recreation Endowment	Parks Endowment	Total
REVENUES				
Charges for services	$ 64,590	$ -	$ -	$ 64,590
Interest and dividends	448,545	344,528	339,119	1,132,192
TOTAL REVENUES	513,135	344,528	339,119	1,196,782
EXPENDITURES				
Current				
Public works	20,100	-	-	20,100
Parks and recreation	-	5,625	69,600	75,225
TOTAL EXPENDITURES	20,100	5,625	69,600	95,325
EXCESS OF REVENUES OVER EXPENDITURES	493,035	338,903	269,519	1,101,457
OTHER FINANCING (USES)				
Transfers out	(295,244)	-	-	(295,244)
NET CHANGE IN FUND BALANCES	197,791	338,903	269,519	806,213
Fund balances, beginning of year	3,506,106	1,925,391	1,903,831	7,335,328
Fund balances, end of year	$ 3,703,897	$ 2,264,294	$ 2,173,350	$ 8,141,541

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, 2025

	Employees' Retirement System	Other Post-Employment Benefits	Total
ASSETS			
Cash and cash equivalents	$ 1,283,184	$ 364,001	$ 1,647,185
Investments			
U.S. Treasuries	84,266,984	13,451,568	97,718,552
Corporate bonds	80,276,576	12,814,578	93,091,154
Collateralized mortgage obligations	52,730,150	8,417,333	61,147,483
Equity mutual funds	620,239,313	99,009,018	719,248,331
Real estate mutual funds	43,185,576	6,893,729	50,079,305
Receivables			
Interest and dividends	1,525,071	243,639	1,768,710
Investments sold	2,376,662	379,387	2,756,049
TOTAL ASSETS	885,883,516	141,573,253	1,027,456,769
LIABILITIES			
Accounts payable	-	502,363	502,363
NET POSITION			
Restricted for pension and OPEB	$ 885,883,516	$ 141,070,890	$ 1,026,954,406

CITY OF KALAMAZOO
PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Employees' Retirement System	Other Post-Employment Benefits	Total
ADDITIONS TO NET POSITION			
Investment income			
Change in fair value of investments	$ 113,926,771	$ 18,007,429	$ 131,934,200
Interest	8,433,134	1,333,027	9,766,161
Dividends	11,860,504	1,880,783	13,741,287
Total investment income	134,220,409	21,221,239	155,441,648
Less investment expense	(2,123,103)	(339,428)	(2,462,531)
Net investment income	132,097,306	20,881,811	152,979,117
Contributions			
Employer	-	3,500,000	3,500,000
Plan members	1,635,389	1,115,482	2,750,871
Total contributions	1,635,389	4,615,482	6,250,871
TOTAL ADDITIONS TO NET POSITION	133,732,695	25,497,293	159,229,988
DEDUCTIONS FROM NET POSITION			
Benefits	36,876,915	7,655,028	44,531,943
Refunds of contributions	145,429	-	145,429
Administrative expenses	386,297	147,848	534,145
Miscellaneous expenses	312,195	-	312,195
TOTAL DEDUCTIONS	37,720,836	7,802,876	45,523,712
CHANGE IN NET POSITION	96,011,859	17,694,417	113,706,276
Net position, beginning of year	789,871,657	123,376,473	913,248,130
Net position, end of year	$ 885,883,516	$ 141,070,890	$ 1,026,954,406

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2025

	General
ASSETS	
Cash and cash equivalents	$ 497,175
Taxes receivable	8,484
Due from other governmental units	2,144
TOTAL ASSETS	$ 507,803
LIABILITIES	
Accounts payable	$ 4,356
Due to other governmental units	31,250
TOTAL LIABILITIES	35,606
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	3,717
FUND BALANCE	
Unassigned	468,480
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 507,803

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2025

Total fund balance - governmental fund		$ 468,480
Amounts reported for the 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 fund.		
The cost of capital assets is	$ 339,044	
Accumulated depreciation is	(230,405)	
Capital assets, net		108,639
Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the governmental fund. These consist of:		
Unavailable revenue		3,717
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet. Long-term liabilities at year-end consist of:		
Notes payable	(1,508,551)	
Accrued interest payable	(4,652)	
		(1,513,203)
Net position (deficit) of governmental activities		$ (932,367)

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
DOWNTOWN DEVELOPMENT AUTHORITY
YEAR ENDED DECEMBER 31, 2025

	General
REVENUES	
Taxes	$ 284,302
Intergovernmental	516,134
Interest	31,227
TOTAL REVENUES	831,663
EXPENDITURES	
Current	
Public works	17,197
Community and economic development	159,540
Debt service	692,913
TOTAL EXPENDITURES	869,650
EXCESS OF REVENUES (UNDER) EXPENDITURES	(37,987)
OTHER FINANCING SOURCES	
Issuance of debt	483,000
NET CHANGE IN FUND BALANCE	445,013
Fund balance, beginning of year	23,467
Fund balance, end of year	$ 468,480

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 -
DOWNTOWN DEVELOPMENT AUTHORITY
YEAR ENDED DECEMBER 31, 2025

Net change in fund balance - governmental fund		$ 445,013
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Depreciation expense		(7,016)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue		(31,564)
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 debt 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	$ (483,000)	
Debt principal maturity	180,657	
Maturity of other obligations	489,000	
		186,657
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported in governmental funds. These activities consist of:		
Change in accrued interest payable		(3,732)
Change in net position of governmental activities		$ 589,358

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
BALANCE SHEET - ECONOMIC DEVELOPMENT CORPORATION
DECEMBER 31, 2025

		General
ASSETS		
Cash and cash equivalents	$	482,629
Receivables		
Accounts		45,000
Notes		470,328
Due from other governmental units		35,113
TOTAL ASSETS	$	1,033,070
LIABILITIES		
Accounts payable	$	35,564
Due to other governmental units		3,855
Advance from other governmental units		470,328
TOTAL LIABILITIES		509,747
FUND BALANCE		
Restricted		343,904
Unassigned		179,419
TOTAL FUND BALANCE		523,323
TOTAL LIABILITIES AND FUND BALANCE	$	1,033,070

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
ECONOMIC DEVELOPMENT CORPORATION
DECEMBER 31, 2025

Total fund balance - governmental fund	$	523,323
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		(675)
Net position of governmental activities	$	522,648

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ECONOMIC DEVELOPMENT CORPORATION
YEAR ENDED DECEMBER 31, 2025

	General
REVENUES	
Intergovernmental	$ 313,074
Charges for services	58,500
Interest	25,934
TOTAL REVENUES	397,508
EXPENDITURES	
Current	
Community and economic development	395,971
NET CHANGE IN FUND BALANCE	1,537
Fund balance, beginning of year	521,786
Fund balance, end of year	$ 523,323

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, 2025

Net change in fund balance - governmental fund	$ 1,537
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	1,211
Change in net position of governmental activities	$ 2,748

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
BALANCE SHEET - BROWNFIELD REDEVELOPMENT AUTHORITY
DECEMBER 31, 2025

	General
ASSETS	
Cash and cash equivalents	$ 7,539,946
Receivables	
Taxes	652,676
Notes	505,458
Due from other governmental units	44,627
Advance to developers	960,952
TOTAL ASSETS	$ 9,703,659
LIABILITIES	
Accounts payable	$ 213,099
Due to other governmental units	7,778
Advance from other governmental units	471,788
TOTAL LIABILITIES	692,665
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	383,949
FUND BALANCE	
Nonspendable	994,622
Assigned	1,206,560
Unassigned	6,425,863
TOTAL FUND BALANCE	8,627,045
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 9,703,659

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
BROWNFIELD REDEVELOPMENT AUTHORITY
DECEMBER 31, 2025

Total fund balance - governmental fund		$ 8,627,045
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		383,949
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	$ (93,461)	
Compensated absences	(15,272)	
		(108,733)
Net position of governmental activities		$ 8,902,261

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BROWNFIELD REDEVELOPMENT AUTHORITY
YEAR ENDED DECEMBER 31, 2025

	General
REVENUES	
Taxes	$ 3,150,445
Intergovernmental	460,431
Charges for services	29,765
Interest	327,444
Other	1,400
TOTAL REVENUES	3,969,485
EXPENDITURES	
Current	
Community and economic development	3,389,957
Debt service	16,405
TOTAL EXPENDITURES	3,406,362
NET CHANGE IN FUND BALANCE	563,123
Fund balance, beginning of year	8,063,922
Fund balance, end of year	$ 8,627,045

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, 2025

Net change in fund balance - governmental fund	$ 563,123
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	23,920
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	14,781
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	1,006
Change in net position of governmental activities	$ 602,830

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
BALANCE SHEET - NORTHSIDE CULTURAL BUSINESS DISTRICT AUTHORITY
DECEMBER 31, 2025

		General
ASSETS		
Cash and cash equivalents	$	30,121
Taxes receivable		38,565
TOTAL ASSETS	$	68,686
LIABILITIES	$	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		38,565
FUND BALANCE		
Restricted		30,121
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$	68,686

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
NORTHSIDE CULTURAL BUSINESS DISTRICT AUTHORITY
DECEMBER 31, 2025

Total fund balance - governmental fund	$	30,121
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		38,565
Net position of governmental activities	$	68,686

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NORTHSIDE CULTURAL BUSINESS DISTRICT AUTHORITY
YEAR ENDED DECEMBER 31, 2025

	General
REVENUES	
Taxes	$ 20,172
EXPENDITURES	
Current	
Community and economic development	1,039
NET CHANGE IN FUND BALANCE	19,133
Fund balance, beginning of year	10,988
Fund balance, end of year	$ 30,121

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES -
NORTHSIDE CULTURAL BUSINESS DISTRICT AUTHORITY
YEAR ENDED DECEMBER 31, 2025

Net change in fund balance - governmental fund	$ 19,133
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	18,393
Change in net position of governmental activities	$ 37,526

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
BALANCE SHEET - DOWNTOWN ECONOMIC GROWTH AUTHORITY
DECEMBER 31, 2025

	General
ASSETS	
Cash and cash equivalents	$ 527,913
Taxes receivable	1,081,940
Due from other governmental units	97,000
TOTAL ASSETS	$ 1,706,853
LIABILITIES	
Accounts payable	$ 104,308
Due to other governmental units	56,250
TOTAL LIABILITIES	160,558
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	1,081,940
FUND BALANCE	
Unassigned	464,355
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 1,706,853

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
DOWNTOWN ECONOMIC GROWTH AUTHORITY
DECEMBER 31, 2025

Total fund balance - governmental fund	$ 464,355
Amounts reported for the governmental activities in the statement of net position are different because:	
Long-term receivables are not available to pay for current period expenditures and are therefore unavailable in the fund.	
Unavailable revenue	1,081,940
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the Governmental Fund Balance Sheet. Long-term liabilities at year end consist of:	
Notes payable	(1,060,000)
Net position of governmental activities	$ 486,295

CITY OF KALAMAZOO
DISCRETELY PRESENTED COMPONENT UNIT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
DOWNTOWN ECONOMIC GROWTH AUTHORITY
YEAR ENDED DECEMBER 31, 2025

	General
REVENUES	
Property taxes	$ 874,337
Intergovernmental	137,000
Interest	31,255
Other	1,700
TOTAL REVENUES	1,044,292
EXPENDITURES	
Current	
Public works	488,452
Community and economic development	385,451
TOTAL EXPENDITURES	873,903
NET CHANGE IN FUND BALANCE	170,389
Fund balance, beginning of year	293,966
Fund balance, end of year	$ 464,355

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 -
DOWNTOWN ECONOMIC GROWTH AUTHORITY
YEAR ENDED DECEMBER 31, 2025

Net change in fund balance - governmental fund	$ 170,389
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 funds. In the current period these amounts consist of:	
Change in unavailable revenue	207,603
Change in net position of governmental activities	$ 377,992

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.

Contents **Page**

TABLE 1

CITY OF KALAMAZOO
NET POSITION BY COMPONENT
2016-2025
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	$ 122,361,164	$ 120,389,124	$ 122,213,595	$ 124,191,725	$ 126,527,295	$ 133,948,050	$ 137,752,770	$ 142,772,849	$ 152,312,331	$ 163,017,013
Restricted	14,937,512	22,611,812	29,541,823	46,788,941	196,897,575	224,313,087	150,104,809	192,371,133	214,631,597	281,412,676
Unrestricted	85,140,274	93,207,875	31,002,648	15,099,509	(145,782,756)	(189,827,472)	(37,683,258)	(26,579,208)	(21,787,741)	(67,707,541)
Total governmental activities net position	$ 222,438,950	$ 236,208,811	$ 182,758,066	$ 186,080,175	$ 177,642,114	$ 168,433,665	$ 250,174,321	$ 308,564,774	$ 345,156,187	$ 376,722,148
Business-type activities										
Net investment in capital assets	$ 140,434,583	$ 144,557,184	$ 145,972,507	$ 148,065,618	$ 153,783,289	$ 168,863,713	$ 165,139,867	$ 176,902,091	$ 225,641,881	$ 231,848,068
Restricted	2,094,054	2,089,731	2,811,148	4,112,996	38,299,446	41,448,296	33,038,482	44,490,401	51,531,583	66,083,122
Unrestricted	49,851,898	45,467,985	22,705,613	14,617,705	(15,864,683)	(22,290,647)	20,436,193	40,450,954	41,096,382	49,732,139
Total business-type activities net position	$ 192,380,535	$ 192,114,900	$ 171,489,268	$ 166,796,319	$ 176,218,052	$ 188,021,362	$ 218,614,542	$ 261,843,446	$ 318,269,846	$ 347,663,329
Primary government										
Net investment in capital assets	$ 262,795,747	$ 264,946,308	$ 268,186,102	$ 272,257,343	$ 280,310,584	$ 302,811,763	$ 302,892,637	$ 319,674,940	$ 377,954,212	$ 394,865,081
Restricted	17,031,566	24,701,543	32,352,971	50,901,937	235,197,021	265,761,383	183,143,291	236,861,534	266,163,180	347,495,798
Unrestricted	134,992,172	138,675,860	53,708,261	29,717,214	(161,647,439)	(212,118,119)	(17,247,065)	13,871,746	19,308,641	(17,975,402)
Total primary government net position	$ 414,819,485	$ 428,323,711	$ 354,247,334	$ 352,876,494	$ 353,860,166	$ 356,455,027	$ 468,788,863	$ 570,408,220	$ 663,426,033	$ 724,385,477

TABLE 2

CITY OF KALAMAZOO
CHANGES IN NET POSITION
2016-2025
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
General government	$ 5,721,625	$ 3,749,149	$ 14,756,851	$ 13,337,417	$ 5,421,764	$ 13,435,805	$ 26,339,275	$ 17,420,939	$ 24,786,090	$ 14,437,412
Public safety	35,180,743	37,129,688	48,251,573	44,946,326	57,333,724	63,817,583	(21,635,209)	8,755,954	34,886,506	45,891,152
Public works	14,953,810	15,533,907	17,056,118	21,434,101	18,381,668	15,924,730	4,271,336	10,633,094	9,265,147	18,247,774
Health and welfare	-	-	-	-	-	-	3,443,553	4,862,119	3,562,538	3,785,960
Community and economic development	4,500,102	4,536,753	11,683,998	9,779,012	13,505,444	14,348,148	7,179,295	6,621,657	5,677,793	6,577,614
Recreation and culture	2,100,881	3,168,551	4,039,342	6,299,389	4,954,960	909,314	3,281,776	5,804,576	6,667,904	1,812,393
Interest on long-term debt	4,735,609	5,174,409	4,700,844	4,630,744	4,756,337	4,765,099	4,886,375	5,254,080	5,495,165	5,530,651
Total governmental activities expenses	67,192,770	69,292,457	100,488,726	100,426,989	104,353,897	113,200,679	27,766,401	59,352,419	90,341,143	96,282,956
Business-type activities										
Wastewater	21,294,272	21,035,419	26,827,856	29,961,234	32,304,437	32,768,446	19,692,234	33,077,150	42,417,379	42,801,388
Water	15,953,040	15,509,780	19,978,024	21,391,499	23,330,783	26,787,065	16,678,316	21,589,916	28,590,499	30,983,197
Other	1,714,755	1,676,753	-	-	-	-	-	1,246,958	1,870,332	1,726,923
Total business-type activities expenses	38,962,067	38,221,952	46,805,880	51,352,733	55,635,220	59,555,511	36,370,550	55,914,024	72,878,210	75,511,508
Total primary government expenses	$ 106,154,837	$ 107,514,409	$ 147,294,606	$ 151,779,722	$ 159,989,117	$ 172,756,190	$ 64,136,951	$ 115,266,443	$ 163,219,353	$ 171,794,464
Program Revenues										
Governmental activities										
Charges for services										
General government	$ 7,581,047	$ 7,798,637	$ 7,020,944	$ 8,785,840	$ 9,946,432	$ 10,336,312	$ 9,005,465	$ 9,912,438	$ 7,828,449	$ 8,249,418
Community development and planning	1,573,669	1,686,416	1,955,984	2,072,539	1,741,114	2,142,154	1,836,582	2,145,075	56,264	146,121
Other	1,805,820	2,653,944	4,682,641	4,485,685	3,470,210	3,976,183	6,943,895	8,319,622	10,594,508	10,934,319
Operating grants and contributions	14,323,779	33,765,675	45,961,378	41,823,581	45,878,127	46,975,411	51,550,791	53,544,698	62,706,711	49,845,271
Capital grants and contributions	10,944	18,008	9,077	8,958,293	535,170	1,242,023	1,017,974	457,925	76,801	5,766,154
Total governmental activities program revenues	25,295,259	45,922,680	59,630,024	66,125,938	61,571,053	64,672,083	70,354,707	74,379,758	81,262,733	74,941,283
Business-type activities										
Charges for services										
Wastewater	19,599,234	15,736,474	20,836,363	23,805,086	23,954,176	25,836,935	33,208,124	38,142,454	40,526,310	46,988,131
Water	15,451,374	16,726,191	17,471,819	18,616,280	21,938,383	23,993,959	29,498,227	34,723,819	38,150,241	39,741,287
Other	1,674,904	1,706,745	-	-	-	-	-	573,222	1,597,597	1,902,712
Operating grants and contributions	131,334	36,855	1,646,220	860,080	2,111,355	118,137	535,666	576,283	346,852	316,492
Capital grants and contributions	2,130,600	3,186,467	2,734,745	1,857,181	9,594,948	20,441,810	3,526,902	18,077,981	43,859,786	11,253,838
Total business-type activities program revenues	38,987,446	37,392,732	42,689,147	45,138,627	57,598,862	70,390,841	66,768,919	92,093,759	124,480,786	100,202,460
Total primary government program revenues	$ 64,282,705	$ 83,315,412	$ 102,319,171	$ 111,264,565	$ 119,169,915	$ 135,062,924	$ 137,123,626	$ 166,473,517	$ 205,743,519	$ 175,143,743
Net (Expense) Revenue										
Governmental activities	$ (41,046,743)	$ (23,369,777)	$ (40,858,702)	$ (34,301,051)	$ (42,782,844)	$ (48,528,596)	$ 42,588,306	$ 15,027,339	$ (9,078,410)	$ (21,341,673)
Business-type activities	25,379	(829,220)	(4,116,733)	(6,214,106)	1,963,642	10,835,330	30,398,369	36,179,735	51,602,576	24,690,952
Total primary government net expense	$ (41,021,364)	$ (24,198,997)	$ (44,975,435)	$ (40,515,157)	$ (40,819,202)	$ (37,693,266)	$ 72,986,675	$ 51,207,074	$ 42,524,166	$ 3,349,279

TABLE 2

CITY OF KALAMAZOO
CHANGES IN NET POSITION (CONCLUDED)
2016-2025
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities										
General revenues										
Property taxes	$ 34,350,331	$ 24,802,341	$ 22,927,422	$ 23,498,110	$ 24,628,307	$ 25,268,136	$ 26,706,218	$ 28,562,231	$ 30,867,773	$ 31,964,979
Grants and contributions not restricted to specific programs	8,563,853	9,046,844	10,355,402	11,303,841	9,115,496	10,442,055	11,237,359	11,316,874	11,316,424	14,979,613
Unrestricted investment earnings	997,789	1,913,430	43,192	3,191,077	538,957	1,813,305	843,157	5,068,979	6,534,034	5,479,342
Gain on sale of assets	8,850	1,487,317	1,485,625	69,257	14,980	2,961	97,433	357,725	-	-
Other	90,682	111,987	276,267	213,867	425,043	445,888	196,183	184,978	198,632	117,634
Transfers - internal activities	-	(222,281)	(831,618)	(652,992)	(378,000)	(378,000)	(378,000)	(2,127,673)	(1,056,907)	366,066
Total governmental activities	44,011,505	37,139,638	34,256,290	37,623,160	34,344,783	37,594,345	38,702,350	43,363,114	47,859,956	52,907,634
Business-type activities										
Unrestricted investment earnings	124,116	182,701	432,037	723,717	280,428	115,869	(245,333)	3,049,448	4,287,546	4,876,233
Gain (loss) on sale of assets	4,008	25,605	37,839	29,641	38,839	107,726	1,103	-	76,771	-
Legal settlement	-	-	-	-	5,400,000	-	-	17,414	-	-
Other	148,677	132,998	166,174	114,807	309,232	366,385	61,041	85,765	56,066	192,364
Transfers - internal activities	-	222,281	831,618	652,992	378,000	378,000	378,000	2,127,673	1,056,907	(366,066)
Special item - transfer of net position	-	-	-	-	-	-	-	1,768,869	-	-
Total business-type activities	276,801	563,585	1,467,668	1,521,157	6,406,499	967,980	194,811	7,049,169	5,477,290	4,702,531
Total primary government	$ 44,288,306	$ 37,703,223	$ 35,723,958	$ 39,144,317	$ 40,751,282	$ 38,562,325	$ 38,897,161	$ 50,412,283	$ 53,337,246	$ 57,610,165
Change in Net Position										
Governmental activities	$ 2,964,762	$ 13,769,861	$ (6,602,412)	$ 3,322,109	$ (8,438,061)	$ (10,934,251)	$ 81,290,656	$ 58,390,453	$ 38,781,546	$ 31,565,961
Business-type activities	302,180	(265,635)	(2,649,065)	(4,692,949)	8,370,141	11,803,310	30,593,180	43,228,904	57,079,866	29,393,483
Total primary government	$ 3,266,942	$ 13,504,226	$ (9,251,477)	$ (1,370,840)	$ (67,920)	$ 869,059	$ 111,883,836	$ 101,619,357	$ 95,861,412	$ 60,959,444

TABLE 3

CITY OF KALAMAZOO
FUND BALANCES
GOVERNMENTAL FUNDS
2016-2025
(UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund										
Nonspendable	$ 1,145,445	$ 1,166,644	$ 1,230,482	$ 1,230,482	$ 2,482,065	$ 2,743,017	$ 3,014,964	$ 2,295,891	$ 2,422,141	$ 2,469,483
Restricted	-	-	-	-	-	-	166,335	104,227	-	-
Committed	-	-	-	-	-	-	202,168	273,980	305,379	298,665
Assigned	2,703,090	407,342	1,347,804	1,347,804	1,012,279	2,263,295	2,076,278	1,865,646	1,793,256	3,073,017
Unassigned	8,120,863	10,812,051	9,244,320	9,244,320	12,277,493	12,638,766	11,260,233	12,057,488	17,149,782	14,699,850
Total general fund	$ 11,969,398	$ 12,386,037	$ 11,822,606	$ 11,822,606	$ 15,771,837	$ 17,645,078	$ 16,719,978	$ 16,597,232	$ 21,670,558	$ 20,541,015
All other governmental funds										
Nonspendable	$ 5,815,832	$ 3,880,499	$ 4,708,506	$ 4,708,506	$ 4,727,448	$ 4,210,613	$ 8,045,457	$ 4,852,726	$ 4,018,586	$ 3,832,148
Restricted	10,320,453	18,794,512	24,934,188	24,934,188	46,851,013	54,901,201	51,753,103	57,065,294	58,509,638	72,127,289
Committed	841,999	2,002,503	2,037,803	2,037,803	1,396,746	2,123,900	1,532,689	1,422,782	2,384,140	2,347,403
Total all other governmental funds	$ 16,978,284	$ 24,677,514	$ 31,680,497	$ 31,680,497	$ 52,975,207	$ 61,235,714	$ 61,331,249	$ 63,340,802	$ 64,912,364	$ 78,306,840

TABLE 4

CITY OF KALAMAZOO
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
2016-2025
(UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Property taxes and special assessments	$ 34,350,331	$ 24,802,341	$ 22,927,423	$ 23,836,445	$ 24,652,041	$ 25,329,203	$ 27,418,999	$ 29,960,516	$ 30,715,465	$ 31,964,221
Licenses and permits	2,401,934	2,467,735	2,709,592	2,786,500	2,460,132	2,844,543	2,751,717	2,744,476	2,687,528	3,677,106
Intergovernmental revenue	21,252,260	23,524,707	26,256,483	35,456,567	28,999,795	30,709,121	34,140,436	45,289,060	52,754,129	48,534,850
Charges for services	10,565,330	9,664,577	11,090,392	11,556,318	11,793,440	12,563,757	12,337,376	12,786,400	15,461,406	14,701,283
Fines and forfeits	244,278	154,511	215,587	66,726	126,869	191,048	371,556	552,160	580,328	750,459
Interest and rents	1,832,803	1,961,057	1,987,803	3,192,420	1,292,139	2,675,019	2,059,744	6,122,891	5,610,192	4,924,115
Net investment earnings	585,136	840,048	(754,813)	643,463	-	-	-	-	-	-
Other revenue										
Donations and contributions	-	19,775,051	29,094,726	27,253,766	25,502,915	27,634,839	28,593,476	19,167,503	21,289,454	21,781,825
Other	1,257,290	2,505,971	2,613,642	1,415,191	1,366,097	1,358,567	1,287,533	1,423,657	240,901	729,069
Total revenues	72,489,362	85,695,998	96,140,835	106,207,396	96,193,428	103,306,097	108,960,837	118,046,663	129,339,403	127,062,928
Expenditures										
Current Expenditures										
General government	7,341,895	9,157,348	10,607,154	11,099,230	12,450,620	12,971,708	21,071,594	25,710,185	28,427,117	27,054,260
Public safety	30,528,266	31,105,681	33,482,897	33,488,526	34,087,818	33,137,382	36,531,599	38,311,529	39,843,494	42,466,115
Public works	14,790,370	17,129,352	17,625,761	17,718,363	19,073,957	20,517,972	15,221,020	16,160,431	16,516,322	17,612,684
Health and welfare	-	-	-	-	-	-	2,794,302	4,267,068	3,151,107	3,267,489
Community and economic development	4,231,956	4,012,858	10,283,249	9,862,013	11,278,596	14,311,847	9,313,320	7,393,412	5,759,927	5,626,665
Recreation and culture	2,412,924	3,300,482	5,033,609	5,819,733	4,627,442	5,843,745	5,457,213	5,816,856	6,177,085	6,873,661
Other	4,789,158	3,660,911	3,694,424	3,882,174	3,795,578	4,055,619	-	-	-	-
Debt service										
Principal	6,358,284	6,903,019	6,960,929	6,928,137	7,601,761	8,166,132	9,572,162	10,714,702	11,498,414	11,836,139
Interest and fiscal charges	4,658,360	4,816,081	4,822,209	4,804,497	4,940,694	5,182,682	5,359,101	5,770,849	6,138,338	6,138,562
Capital outlay	2,072,309	6,019,394	5,847,792	5,447,404	4,830,724	5,180,605	22,422,842	17,422,641	16,997,635	17,631,820
Total expenditures	77,183,522	86,105,126	98,358,024	99,050,077	102,687,190	109,367,692	127,743,153	131,567,673	134,509,439	138,507,395
Excess (deficiency) of revenues over expenditures	(4,694,160)	(409,128)	(2,217,189)	7,157,319	(6,493,762)	(6,061,595)	(18,782,316)	(13,521,010)	(5,170,036)	(11,444,467)
Other financing sources (uses)										
Transfers in	13,901,129	14,184,803	21,289,956	21,030,157	21,241,047	23,563,294	24,547,204	25,236,039	39,456,679	30,993,419
Transfers out	(13,901,129)	(14,407,084)	(20,766,485)	(19,205,149)	(20,169,051)	(22,491,298)	(23,475,208)	(25,913,716)	(38,338,586)	(28,488,985)
Issuance of long-term debt	7,135,000	7,895,000	7,750,000	8,688,665	12,600,000	16,885,000	14,409,507	13,510,000	7,710,000	17,945,000
Issuance of refunding debt	-	3,780,000	-	-	-	-	-	-	-	-
Leases and subscriptions issued	-	-	-	-	-	-	713,168	1,526,957	2,023,802	1,196,206
Payments to advance refunding escrow agent	(2,156,567)	(3,722,683)	-	-	(2,428,136)	(6,090,000)	-	-	-	-
Bond premium (discount)	751,105	794,961	383,270	1,580,851	1,242,000	2,602,545	1,380,080	1,182,119	963,029	2,063,760
Total other financing sources (uses)	5,729,538	8,524,997	8,656,741	12,094,524	12,485,860	14,469,541	17,574,751	15,541,399	11,814,924	23,709,400
Net change in fund balances	$ 1,035,378	$ 8,115,869	$ 6,439,552	$ 19,251,843	$ 5,992,098	$ 8,407,946	$ (1,207,565)	$ 2,020,389	$ 6,644,888	$ 12,264,933
Debt service as a percentage of noncapital expenditures	15.6%	15.6%	13.4%	13.4%	13.9%	14.3%	14.2%	14.9%	15.5%	15.0%

TABLE 5

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

	Taxable Assessed Value (A)						
Year	Real	Personal	Industrial and Commercial Subject to Act 198	Total Taxable Assessed Value (A)	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value
2016	$ 1,309,987,962	$ 153,133,500	$ 32,866,275	$ 1,495,987,737	21.0705	$ 3,216,646,530	46.5%
2017	1,321,157,164	156,804,200	30,651,422	1,508,612,786	13.8000	3,379,206,496	44.6%
2018	1,378,858,390	153,497,100	22,410,089	1,554,765,579	13.8000	3,458,363,098	45.0%
2019	1,436,532,666	161,537,300	15,894,342	1,613,964,308	13.8000	3,736,212,958	43.2%
2020	1,506,412,301	166,266,600	13,475,178	1,686,154,079	13.8000	4,136,406,164	40.8%
2021	1,573,007,345	170,248,600	7,109,097	1,750,365,042	13.8000	4,411,866,260	39.7%
2022	1,666,450,358	173,854,400	7,058,007	1,847,362,765	13.8000	4,783,746,600	38.6%
2023	1,780,289,410	171,022,200	4,231,386	1,955,542,996	13.8000	5,118,605,828	38.2%
2024	1,905,753,523	181,461,100	6,218,570	2,093,433,193	13.8000	5,637,521,100	37.1%
2025	1,991,183,625	189,596,400	6,922,943	2,187,702,968	13.8000	6,008,874,982	36.4%

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, 2024. 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)

	City of Kalamazoo			Overlapping Rates						Totals	
Year Ended December 31,	Operating	Refuse Collection and Disposal	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)
2016	19.2705	1.8000	21.0705	24.9500	7.6163	6.0000	6.4066	2.8135	3.9583	72.8152	54.8152
2017	12.0000	1.8000	13.8000	24.8204	7.5920	6.0000	6.4028	2.8089	3.9487	65.3728	47.5024
2018	12.0000	1.8000	13.8000	26.0704	7.8298	6.0000	6.4028	2.8089	3.9487	66.8606	48.9902
2019	12.0000	1.8000	13.8000	26.0489	7.8276	6.0000	6.4028	2.8089	3.9487	66.8369	48.9880
2020	12.0000	1.8000	13.8000	25.8757	8.4215	6.0000	6.2935	2.7970	3.9213	67.1090	49.4333
2021	12.0000	1.8000	13.8000	25.8757	9.0652	6.0000	6.0187	2.7918	3.9117	67.4631	49.7874
2022	12.0000	1.8000	13.8000	25.8757	9.1773	6.0000	6.9853	2.7802	3.8999	68.5184	50.8427
2023	12.0000	1.8000	13.8000	25.8757	8.0740	6.0000	6.9935	2.7802	3.8990	67.4224	49.7467
2024	12.0000	1.8000	13.8000	25.8757	8.0057	6.0000	6.9785	2.7729	3.8893	67.3221	49.6464
2025	12.0000	1.8000	13.8000	25.8597	7.9967	6.0000	6.9565	2.7645	3.8713	67.2487	49.5730

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

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

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

(B) Kalamazoo Public Schools is the largest school district within the City. Portions of other school districts overlap the City's boundaries. Of those which do, the millage rates for the fiscal year ended December 31, 2023 ranged from 24.3395 to 26.8552 for each $1,000 of Taxable Value. The total tax rates for property owners in these other school districts would differ accordingly.

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

TABLE 7

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

		2025					2015		
		Taxable Value of Property				(B) Percent	Taxable Assessed		Percent
Taxpayer	Industry	Ad Valorem	Abated (A)	Total	Rank	of Total	Value	Rank	of Total
Consumers Energy Co	Electric and gas utility	$ 111,289,983	$ -	$ 111,289,983	1	5.07%	$ 44,086,939	3	2.82%
Zoetis	Pharmaceutical research and manufacturing	41,434,594	4,137,149	45,571,743	2	2.08%	69,144,477	1	4.42%
Catalyst Development	Real estate development; hospitality and entertainment	39,590,921	-	39,590,921	3	1.80%	23,251,549	4	1.49%
MIMG LXVI Drakes Pond, LLC	Apartment complexes	33,027,190	-	33,027,190	4	1.51%	11,582,600	8	0.74%
Plaza Corp Properties	Real estate development, property holdings	29,376,613	-	29,376,613	5	1.34%	13,112,869	6	0.84%
Hinman Properties	Real estate development, property holdings	20,944,826	-	20,944,826	6	0.95%	-	0	0.00%
Lifecare (Friendship Village)	Retirement community	19,896,376	-	19,896,376	7	0.91%	10,705,019	9	0.68%
Bronson Hospital Properties	Healthcare services, property holdings	18,280,875	-	18,280,875	8	0.83%	10,320,755	10	0.66%
Knollwood Loft, LLC	Apartment complexes	17,547,993	-	17,547,993	9	0.80%	-	0	0.00%
Parkway Flats, LLC	Apartment complexes	14,271,870	-	14,271,870	10	0.65%	-	0	0.00%
Former Top 10 Taxpayers	Various	-	-	-		0.00%	75,590,249	2, 5, 7	4.83%
		$ 345,661,241	$ 4,137,149	$ 349,798,390		15.94%	$ 257,794,457		16.47%

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 $2,194,204,019 for the year ending December 31, 2024 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 2015 Assessment Roll and the 2015 Tax Roll. The City's Total Taxable Valuation, including Act 198 and Act 255 values totaled $1,564,964,296

TABLE 8

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

Year	(A) Total 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
2016	$ 28,478,647	$ 27,466,876	96.45%	$ 979,189	$ 28,446,065	99.89%
2017	17,919,973	17,441,490	97.33%	454,425	17,895,915	99.87%
2018	18,372,464	17,859,355	97.21%	484,067	18,343,422	99.84%
2019	19,141,882	18,620,712	97.28%	506,856	19,127,568	99.93%
2020	20,036,179	19,557,536	97.61%	460,771	20,018,307	99.91%
2021	20,847,985	19,951,610	95.70%	401,596	20,353,206	97.63%
2022	22,045,564	21,048,148	95.48%	958,757	22,006,905	99.82%
2023	23,398,140	22,483,130	96.09%	889,190	23,372,320	99.89%
2024	24,901,512	23,983,790	96.31%	876,360	24,860,150	99.83%
2025	26,059,740	25,042,936	96.10%	976,900	26,019,836	99.85%

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.

(B) Data totals for Tax Year 2025 are current through 12-31-25 including settlement figures with County Treasurer.

TABLE 9

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

	Governmental Activities					Business-Type Activities							
Year	General Obligation Bonds	Revenue Bonds	Installment Purchase Contracts	Leases	Subscriptions	General Obligation Bonds	Revenue Bonds	Installment Purchase Contracts	Leases	Subscriptions	Total Primary Government (A)	Percentage of Personal Income	Per Capita (B)
2016	$ 119,915,640	$ 1,920,000	$ -	$ -	$ -	$ 19,477,081	$ 26,755,000	$ -	$ -	$ -	$ 168,067,721	11.49%	$ 2,210
2017	122,372,761	1,615,000	-	-	-	19,117,993	29,820,000	-	-	-	172,925,754	11.42%	2,281
2018	124,554,024	1,295,000	-	-	-	18,132,151	43,045,000	-	-	-	187,026,175	11.42%	2,443
2019	127,939,101	975,000	80,463	-	-	18,731,665	60,540,000	274,304	-	-	208,540,533	11.95%	2,733
2020	131,756,998	655,000	63,554	-	-	20,540,373	88,800,000	7,718,638	-	-	249,534,563	14.23%	3,360
2021	136,796,373	330,000	45,691	-	-	19,950,960	85,955,000	16,672,641	-	-	259,750,665	14.71%	3,529
2022	142,595,434	-	808,086	2,015,893	-	25,226,792	136,175,000	21,937,055	122,061	-	328,880,321	17.83%	4,513
2023	147,273,967	-	686,742	2,166,848	880,679	27,719,321	178,200,000	24,844,906	282,730	221,191	382,276,384	19.23%	5,228
2024	145,289,046	-	575,309	2,534,154	1,029,546	30,868,563	206,920,000	33,940,980	743,619	139,630	422,040,847	20.93%	5,759
2025	154,276,449	-	467,539	2,406,763	729,892	32,171,174	230,015,000	50,984,900	695,610	185,418	471,932,745	21.95%	6,439

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

(A) 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).

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

TABLE 10

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

Year	General Obligation Bonds	Less: Restricted Fund Balance Available in Debt Service Funds (A)	Total	Percentage of Estimated Actual Value of Property (B)	Per Capita (C)
2016	$ 139,392,721	$ 58,232	$ 139,334,489	4.33%	$ 1,832
2017	141,490,754	62,691	141,428,063	4.19%	1,866
2018	142,686,175	60,376	142,625,799	4.12%	1,863
2019	146,670,766	58,947	146,611,819	3.92%	1,924
2020	152,297,371	57,289	152,240,082	3.68%	2,050
2021	156,747,333	56,346	156,690,987	3.55%	2,129
2022	167,822,226	91,431	167,730,795	3.51%	2,302
2023	174,993,288	106,990	174,886,298	3.42%	2,388
2024	176,157,609	119,092	176,038,517	3.12%	2,399
2025	186,447,623	133,168	186,314,455	3.10%	2,542

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, 2025
(UNAUDITED)

Overlapping	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Comstock School District	$ 62,655,000	11.18%	$ 7,004,829
Kalamazoo School District	193,206,667	57.01%	110,147,121
Parchment School District	29,582,583	1.03%	304,701
Portage School District	221,645,000	1.74%	3,856,623
Kalamazoo County	134,955,000	18.35%	24,764,243
Kalamazoo Community College	3,775,000	18.09%	682,898
Total overlapping debt	$ 645,819,250		$ 146,760,415

Direct	Gross Debt
General obligation bonds	
Building Authority	$ 3,680,000
Capital improvement	96,581,754
OPEB	54,014,695
Leases and subscriptions	3,136,655
Equipment acquisitions	467,539
Total direct debt	$ 157,880,643
Total net direct and overlapping debt of governmental activities	$ 304,641,058

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, 2025
(UNAUDITED)

State Equalized Value (A)	
Ad valorem property	$ 2,985,422,700
Tax abated property	11,192,372
Revenue Sharing (B)	847,545,797
LCSA/PPT (C)	237,933,406
Total State Equalized Value (SEV)	$ 4,082,094,275
Limitation per Section 5.2074 of the Home Rule Act of the State of Michigan	10.0%
Legal Limitation	$ 408,209,428
Debt Obligations of the Primary Government (B)	$ 471,932,745
Less debt not subject to limitation:	
Water System and Wastewater System Revenue Bonds	(230,015,000)
Water System DWRF Bonds	(50,984,900)
	(280,999,900)
Total Debt of the City Subject to Limitation	$ 190,932,845
LEGAL DEBT MARGIN	$ 217,276,583

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, 2023 for the basis of the year ending December 31, 2024 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
2016	$ 199,808,878	$ 139,392,721	$ 60,416,157	69.8%
2017	209,685,061	141,490,754	68,194,307	67.5%
2018	238,356,369	142,686,175	95,670,194	59.9%
2019	254,504,290	146,751,229	107,753,061	57.7%
2020	295,592,596	154,560,523	141,032,073	52.3%
2021	316,942,824	156,793,024	160,149,800	49.5%
2022	338,888,683	170,768,266	168,120,417	50.4%
2023	360,762,594	179,231,478	181,531,116	49.7%
2024	388,990,702	181,179,867	207,810,835	46.6%
2025	408,209,428	190,932,845	217,276,583	46.8%

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

TABLE 13

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

	Michigan Transportation Revenue Bonds (A)				
	Gas and Weight Tax	Debt Service			
Year	Revenues (A)	Principal	Interest	Total	Coverage
2016	$ 5,718,839	$ 465,000	$ 77,508	$ 542,508	10.54
2017	7,454,420	305,000	28,947	333,947	22.32
2018	7,812,157	320,000	20,768	340,768	22.93
2019	9,095,547	320,000	16,192	336,192	27.05
2020	8,996,648	320,000	11,655	331,655	27.13
2021	9,982,172	325,000	7,030	332,030	30.06
2022	10,240,686	330,000	2,360	332,360	30.81
2023	13,019,020	-	-	-	-
2024	11,805,343	-	-	-	-
2025	11,369,396	-	-	-	-

	Special Assessment Bonds (B)				
	Special Assessment	Debt Service			
Year	Collections	Principal	Interest	Total	Coverage
2016	$ -	$ -	$ -	$ -	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-

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)

	Wastewater System Revenue Bonds									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues (B)										
Operating Revenues	$ 19,599,234	$ 15,748,201	$ 20,836,520	$ 23,805,086	$ 23,965,835	$ 25,836,935	$ 33,210,943	$ 38,175,523	$ 40,528,704	$ 46,994,632
Interest Revenue	84,217	105,670	213,890	374,336	217,973	56,376	373,380	943,602	484,341	563,247
Intergovernmental	-	-	327,025	394,098	673,392	-	-	-	-	-
Total Revenues	19,683,451	15,853,871	21,377,435	24,573,520	24,857,200	25,893,311	33,584,323	39,119,125	41,013,045	47,557,879
Direct Operating Expenses (C)										
Operation and Maintenance (O&M)	16,036,230	15,822,715	21,684,795	24,525,759	26,426,771	26,693,797	12,604,913	25,745,664	34,296,571	34,072,349
Other Post Employment Benefits (OPEB)										
OPEB Debt Service										
Principal	204,414	207,162	210,459	214,305	219,251	225,295	231,889	238,483	246,176	254,419
Interest	397,269	427,638	391,735	387,589	382,617	376,890	370,330	363,241	355,593	375,529
Add: OPEB Contributions Made (D)	357,700	357,700	357,700	423,390	377,400	371,400	274,800	251,500	151,460	419,850
Less:										
Payment in Lieu of Taxes	(719,064)	(722,952)	(734,592)	(747,264)	(757,104)	(757,104)	(757,104)	(794,952)	(834,696)	(860,580)
Pension and OPEB (E)	(350,037)	78,839	(2,821,842)	(2,923,190)	(3,328,195)	(4,485,536)	11,943,338	7,182,203	1,903,238	2,238,834
Total Direct Operating Expenses	15,926,512	16,171,102	19,088,255	21,880,589	23,320,740	22,424,742	24,668,166	32,986,139	36,118,342	36,500,401
Net Available Revenue	3,756,939	(317,231)	2,289,180	2,692,931	1,536,460	3,468,569	8,916,157	6,132,986	4,894,703	11,057,478
Debt Service										
Principal	675,000	680,000	700,000	850,000	1,095,000	1,045,000	1,050,000	1,645,000	2,145,000	2,430,000
Interest	295,345	247,449	398,214	645,813	884,533	1,060,300	1,527,939	2,095,764	3,010,159	3,397,412
Total Debt Service	970,345	927,449	1,098,214	1,495,813	1,979,533	2,105,300	2,577,939	3,740,764	5,155,159	5,827,412
Debt Service Coverage Ratio (A)	3.87	-0.34	2.08	1.80	0.78	1.65	3.46	1.64	0.95	1.90
Junior Bonds Debt Service										
Principal	-	-	-	-	-	-	-	-	-	116,355
Interest	-	-	-	-	-	-	-	-	22,408	310,000
Total Junior Debt Service	-	-	-	-	-	-	-	-	22,408	426,355
Total Debt Service including Junior Bonds	970,345	927,449	1,098,214	1,495,813	1,979,533	2,105,300	2,577,939	3,740,764	5,177,567	6,253,767
Debt Service Coverage Ratio including Junior Bonds	3.87	-0.34	2.08	1.80	0.78	1.65	3.46	1.64	0.95	1.77

TABLE 13

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

	Water System Revenue Bonds									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues (B)										
Operating Revenues	$ 15,451,374	$ 16,755,588	$ 17,550,913	$ 18,656,544	$ 21,938,811	$ 23,993,959	$ 29,498,424	$ 34,723,819	$ 38,150,241	$ 39,741,287
Interest Revenue	39,851	77,031	218,147	349,381	62,455	59,493	481,531	1,482,500	846,447	1,133,717
Intergovernmental	131,334	36,855	319,195	73,204	169,755	103,243	374,788	576,284	-	-
Total Revenues	15,622,559	16,869,474	18,088,255	19,079,129	22,171,021	24,156,695	30,354,743	36,782,603	38,996,688	40,875,004
Direct Operating Expenses (C)										
Operation and Maintenance (O&M)	11,468,537	11,028,537	15,175,424	16,033,733	17,074,341	19,734,595	8,074,646	11,726,267	16,450,075	17,246,942
Other Post Employment Benefits (OPEB)										
OPEB Debt Service										
Principal	187,302	189,820	192,841	196,365	200,897	206,435	212,477	218,519	225,568	233,121
Interest	364,013	391,840	375,339	355,143	350,587	345,340	339,329	332,833	325,825	317,572
Add: OPEB Contributions Made (D)	298,200	298,200	298,200	315,080	283,600	259,700	219,100	194,200	109,380	354,870
Less:										
Payment in Lieu of Taxes	(595,716)	(598,188)	(604,560)	(614,988)	(623,088)	(623,088)	(300,000)	(300,000)	(300,000)	(300,000)
Pension and OPEB (E)	(315,810)	256,436	(2,161,936)	(2,242,472)	(2,390,454)	(2,648,548)	8,741,552	4,919,300	1,774,893	1,918,320
Total Direct Operating Expenses	11,406,526	11,566,645	13,275,308	14,042,861	14,895,883	17,274,434	17,287,104	17,091,119	18,585,741	19,770,825
Net Available Revenue	4,216,033	5,302,829	4,812,948	5,036,268	7,275,138	6,882,261	13,067,639	19,691,484	20,410,947	21,104,179
Debt Service										
Principal	1,225,000	1,335,000	1,300,000	1,525,000	1,345,000	1,915,000	2,005,000	2,730,000	3,520,000	4,185,000
Interest	676,511	720,214	976,017	1,264,192	1,552,119	1,995,408	2,264,476	3,042,994	4,125,209	5,229,262
Total Debt Service	1,901,511	2,055,214	2,276,017	2,789,192	2,897,119	3,910,408	4,269,476	5,772,994	7,645,209	9,414,262
Debt Service Coverage Ratio	2.22	2.58	2.11	1.81	2.51	1.76	3.06	3.41	2.67	2.24
Junior Bonds Debt Service										
Principal	-	-	-	-	60,000	25,000	834,765	860,000	875,000	865,000
Interest	-	-	-	-	193	42,769	254,871	311,637	328,302	299,905
Total Junior Debt Service	-	-	-	-	60,193	67,769	1,089,636	1,171,637	1,203,302	1,164,905
Total Debt Service including Junior Bonds	1,901,511	2,055,214	2,276,017	2,789,192	2,957,312	3,978,177	5,359,112	6,944,631	8,848,511	10,579,167
Debt service Coverage Ratio including Junior Bonds	2.22	2.58	2.11	1.81	2.46	1.73	2.44	2.84	2.31	1.99

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 pension and 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.

(D) In 2015, the City issued a general obligation bond for the purpose of funding OPEB liabilities. For the purpose of debt 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, 2025
(UNAUDITED)

Year	Tax Increment Revenues Available for Operations and the Bonds	2011 Downtown Development Refunding Bonds PRINCIPAL (4/1)	RATE	INTEREST (4/1 & 10/1)	Total Authority Debt Service	Debt Service Coverage
2016	$ 1,398,580	$ 420,000	3.50%	$ 43,350	$ 463,350	3.02
2017	787,418	450,000	4.00%	27,000	477,000	1.65
2018	-	450,000	4.00%	9,000	459,000	-
2019	-	-	0.00%	-	-	-
2020	-	-	0.00%	-	-	-
2021	-	-	0.00%	-	-	-
2022	-	-	0.00%	-	-	-
2023	-	-	0.00%	-	-	-
2024	-	-	0.00%	-	-	-
2025	-	-	0.00%	-	-	-
		$ 1,720,000		$ 136,050	$ 1,856,050	

Source: City of Kalamazoo

Note: The Downtown Development Refunding Bonds were paid in full in the year 2018 with support from the City of Kalamazoo. The Tax Incremental Financing district associated with these earlier debts is now closed.

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
2016	76,041	$ 19,242	$ 1,463,180,922	25.7	12,764	4.9%
2017	75,807	19,968	1,513,714,176	25.8	12,759	5.1%
2018	76,545	22,146	1,695,165,570	39.8	12,673	4.1%
2019	76,200	22,879	1,743,379,800	26.0	12,880	3.4%
2020	74,262	23,619	1,753,994,178	26.5	12,583	7.5%
2021	73,598	23,999	1,766,278,402	26.4	12,376	6.2%
2022	72,873	25,305	1,844,051,265	26.4	12,300	4.9%
2023	73,126	27,191	1,988,369,066	25.9	12,324	4.0%
2024	73,290	27,514	2,016,501,060	29.0	12,276	5.5%
2025	73,290	29,341	2,150,401,890	26.9	12,323	5.1%

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)

		2025			2015		
Company	Principal Product or Service	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	4.2%	4,779	1	3.7%
Western Michigan University	Education	4,237	2	3.0%	4,045	3	3.1%
Stryker Corporation	Medical Equipment	3,300	3	2.3%	2,089	6	1.6%
Pfizer Corporation	Pharmaceuticals	2,200	4	1.6%	3,200	4	2.5%
Kalamazoo Public Schools	Education	1,800	5	1.3%	2,220	5	1.7%
Borgess Medical Center	Pharmaceuticals	1,400	6	1.0%	4,201	2	3.2%
Meijer, Inc.	Retail Goods	1,200	7	0.9%	1,500	9	1.2%
Kalamazoo Valley CC	Education	1,100	8	0.8%	0	N/A	0.0%
Portage Public Schools	Education	1,000	9	0.7%	0	N/A	0.0%
Parker Hannefin Corp	Aerospace and Aircraft Comp	1,000	10	0.7%	0	N/A	0.0%
Total		23,137		16.5%	22,034		17.0%

Sources:

Kalamazoo Regional Chamber of Commerce

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)

	Full-time Equivalent Employees (A)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
General government	61	74	81	92	90	92	93	94	94	97
Public safety	259	270	281	276	293	295	296	295	295	297
Economic development	6	6	7	4	3	4	4	4	4	4
Community development and planning	30	33	34	35	38	37	38	40	43	46
Parks and recreation	13	14	14	15	17	17	17	18	19	20
Public works	39	41	36	32	28	24	28	30	32	34
Streets	25	30	31	30	34	36	33	33	35	35
Wastewater	67	75	73	88	91	88	81	81	82	85
Water	46	57	71	70	68	72	79	79	93	95
Total	546	600	628	642	662	665	669	674	697	713

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.

CITY OF KALAMAZOO
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS
(UNAUDITED)

	2016 (A)	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Assessors										
Number of real property parcels	23,300	23,840	23,644	23,677	23,658	23,671	23,733	23,557	23,579	23,741
Cost to assess real property - per parcel	$17.46	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Revenue gained per real property parcel for new development	($0.19)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of personal property accounts	3,200	3,073	2,825	2,797	2,777	2,837	2,898	2,572	2,556	2,340
Cost to assess personal property - per parcel	$22.43	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New personal property accounts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cost savings due to office realignment - per period	$0.72	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Treasury										
Percent of City operation tax collected at year end	95%	97%	97%	97%	97%	96%	95%	100%	100%	0%
Average rate of return on investments	T-Bill + 15 basis pts	T-Bill + 15 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 2 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts	T-Bill + 5 basis pts
Public Safety										
Fire safety										
Number of residential fires/Number of fatal fires	N/A	69 / 2	60 / 0	75 / 3	84/2	71/2	91/0	75/1	83/1	89/0
Number of fire inspections completed	N/A	2231	2455	421	9 (B)	260	1,841	2,489	2,386	2,340
Kalamazoo Valley Enforcement Team (KVET)										
Number of investigations	1,100	404	332	345	228	231	275	346	372	509
Number of arrests (includes warrants)	900	354	200	159	338	349	367	197	187	263
Operations										
Number of calls for service	102,000	107,797	107,508	114,444	124,766	129,319	127,772	127,417	127,245	127,278
Number of persons arrested	8,200	5,346	5,918	5,422	3,412	3,008	3,521	3,792	4,165	4,145
Traffic citations issued	12,000	6,491	6,414	6,635	5,585	4,974	4,804	3,848	6,140	6,344
Traffic accidents / OUIL Arrests	3,000	3,283/280	3,136/273	3,354/243	2,732 / 220	3,160/171	3,252/157	2863/160	2710/155	2493/118
Economic development										
Number of tax abated acres redeveloped	7.133	0.21	0.564	11.3	11.49	3.95	16.47	1.796	5.82	15.606
Private investment leveraged / jobs created	$23,000,000/182	$8,900,000/45	$5,375,000/55	$53,400,000/299	$39,900,000/47	$117,000,000/97	$18,500,000/88	$47,859,166/59	$43,500,000/5	$3,352,972/79
New taxable value added to the City	$4,400,000	$1,330,918	$1,524,906	$9,718,209	$5,842,900	$8,340,000	$1,638,305	$2,342,300	$0	$4,208,482
Community development and planning										
Number of housing inspections	13,000	1,681	1,495	2,046	1,245	1,678	1,281	6,120	6,212	4,915
Number of rental units inspected/reinspected	N/A	7461	6310	6940	2865	2,931	4,783	4,509	6,502	6,005
Number of rental units certified	N/A	6318	6160	7052	2519	4,517	7,447	5,904	3,311	3,327
Zoning enforcement actions	N/A	171	159	100	50	140	117	126	142	145
Number of persons impacted by housing-related grant award activities	N/A	1027	506	2117	1491	3,164	2,851	4,270	3,547	3,354
Parks and recreation										
Number of park reservations and public events	185	1,750	222	222	794	2,321	2,589	1,686	2,293	1,927
Number of family programs	N/A	30	53	53	25	30	30	29	29	22
Number of people served through family programs	N/A	N/A	N/A	N/A	3,592	9,950	12,550	13,512	11,679	13,815
Number of youth development programs	N/A	41	45	45	16	25	30	43	54	54
Number of people served through youth development programs	N/A	N/A	547	547	765	1,299	1,804	3,440	3,537	3,376
Number of youth served through grant programs	N/A	N/A	N/A	N/A	25	26	53	32	128	107

CITY OF KALAMAZOO
OPERATING INDICATORS BY FUNCTION (CONCLUDED)
LAST TEN YEARS
(UNAUDITED)

	2016 (A)	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government (concluded)										
Public works										
Volume of leaves collected (cubic yards)	90,000	90,000	N/A	N/A	N/A	11,375	17,618	18,709	13,653	11,759
Volume of material recycled (tons)	2,550	588	2,140	2,220	2,262	2,216	2,074	2,032	2,153	2,698
Number of housing units participating in recycling activities	8,200	9,500	10,812	11,261	11,290	12,008	12,569	12,827	13,185	13,858
Volume of solid waste collected (tons)	15,625	3,572	1,652	1,035	9,316	1,825	889	879	938	893
Water										
Cubic meters of water billed (millions)	20.2	22.2	21.14	21.6	21.9	22.2	24	22.9	24.1	26.7
Average operating cost to produce one cubic meter of water	$0.800	$0.496	$0.718	$0.758	$0.971	$1.102	$0.562	$0.774	$0.978	$0.949
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)	36.0	36.1	28.7	30.3	37.8	27.1	28.4	28.7	36.7	36.7
Average operating cost to treat one cubic meter of wastewater	$0.660	$0.572	$0.755	$0.703	$1.123	$1.156	$0.604	$1.065	$1.068	$1.349
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.

(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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	2	2	1	1	1
Parking lots	12	12	12	12	12	11	7	7	7	7
Parking ramps	3	3	3	3	3	3	3	3	3	3
Public safety										
Public safety headquarters building	1	1	1	1	1	1	1	1	1	1
Public safety stations	6	5	5	5	5	5	5	5	5	5
Training facility	1	1	1	1	1	1	1	1	1	1
Vehicles	163	163	163	163	163	170	170	196	195	195
Community development and planning										
Vehicles	13	13	13	13	13	1	1	0	0	19
Parks and recreation										
Administration building	1	1	1	1	1	1	1	1	1	1
Youth development center	1	1	1	1	1	2	2	2	2	2
Acreage of parks										
Mini-parks	5.7	5.7	5.7	5.7	5.7	5.71	5.71	5.71	5.71	5.71
Neighborhood parks and playgrounds	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5	86.5
Major community parks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Open green space and preserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community parks	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2
Large urban parks	181.0	181.0	181.0	181.0	181.0	181	181	181	181	181
Small urban parks	6.1	6.1	6.1	6.1	6.1	6.14	6.14	6.14	6.14	6.14
Sports complex	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1
Natural resources areas	92.61	92.61	92.61	92.61	92.61	92.61	92.61	92.61	92.61	92.61
Green spaces	25.88	25.88	25.88	25.88	25.88	25.88	25.88	25.88	25.88	25.88
Islands and right of ways	182.23	182.23	182.23	182.23	182.23	182.23	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	6	6	6	6	6	6
Large urban parks	1.0	1.0	1.0	1	1	1	1	1	1	1
Small urban parks	4.0	4.0	4.0	4	4	4	4	4	4	4
Sports complex	1.0	1.0	1.0	1	1	1	1	1	1	1
Natural resources areas	2.0	2.0	2.0	2	2	2	2	2	2	2
Green spaces	10.0	10.0	10.0	10	10	10	10	10	10	10
Islands and right of ways	40.0	40.0	40.0	40	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	2	2	2	2	2
Vehicles	3	3	3	3	3	12	12	16	16	16

TABLE 18

CITY OF KALAMAZOO
CAPITAL ASSET STATISTICS BY FUNCTION (CONCLUDED)
LAST TEN YEARS
(UNAUDITED)

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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)	166.24	166.25	166.07	166.07	166.07	167.07	167.07	167.07	167.07	167.07
Major streets (miles)	83.62	83.62	83.62	97.27	97.27	97.27	97.27	97.27	97.27	97.27
Traffic signals	84	84	84	134	134	134	134	134	134	134
Wastewater										
Sanitary sewers (miles)	295	295	295	295	295	295	295	295	295	295
Storm sewers mains (miles)	188.9	188.9	188.9	188.9	188.9	189.0	189.1	233.4	233.4	233.4
Number of lift stations maintained	62	62	62	62	62	62	64	64	64	68
Maximum daily treatment capacity (millions of gallons)	53.3	53.3	53.3	53.3	53.3	53.3	53.5	53.5	53.5	53.5
Water										
Water facility	1	1	1	1	1	1	1	1	1	1
Storage stations	8	8	8	9	10	9	10	10	10	10
Pumping stations	16	16	16	16	13	13	13	13	13	13
Booster/bleeder stations	19	22	22	25	25	21	21	23	23	23
Water mains (miles)	761	768	771	776	780	767	839	848	875	880
Wells in Service	98	98	98	98	94	92	90	90	90	90
Maximum daily well capacity (millions of gallons)	71.86	77.00	77.00	77.00	72.00	74.88	72.58	72.58	72.58	71.71
Storage capacity (millions of gallons)	15.10	15.10	15.10	15.30	15.30	17.45	18.95	18.95	18.95	18.95
Internal service										
Public works equipment (A)										
Utility and other vehicles	103	103	103	99	99	86	75	95	103	110
Public utilities equipment (B)										
Utility and other vehicles	84	84	84	92	92	91	90	115	131	135

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, 2025
(UNAUDITED)

REVENUES	
Building Permits	$ 1,437,418
Electrical Permits	336,738
Mechanical Permits	391,135
Plumbing Permits	164,051
Other Permits and License Fees	18,673
TOTAL REVENUES	2,348,015
EXPENDITURES	
Wages, Salaries, and Benefits	722,705
Supplies	2,059
Services	148,958
Administrative Overhead*	406,278
TOTAL EXPENDITURES	1,280,000
EXCESS/(DEFICIT) REVENUES OVER EXPENDITURES	$ 1,068,015

* 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)

Revenue by Source

Year Ended December 31,	Employee Contributions	Employer Contributions	Employer Contributions as a % of Covered Payroll	Investment Income (Loss)	Total
2016	$ 1,085,940	$ -	0.00%	$ 72,939,990	$ 74,025,930
2017	1,086,258	-	0.00%	94,301,279	95,387,537
2018	1,209,623	-	-	(47,440,721)	(46,231,098)
2019	1,238,420	-	-	112,193,171	113,431,591
2020	1,285,845	-	-	57,798,914	59,084,759
2021	1,345,658	-	-	133,637,208	134,982,866
2022	1,443,447	-	-	(99,471,376)	(98,027,929)
2023	1,475,439	-	-	102,031,275	103,506,714
2024	1,581,587	-	-	83,238,415	84,820,002
2025	1,635,389	-	-	132,097,306	133,732,695

Expenses by Type

Year Ended December 31,	Benefits	Administrative Expenses (A)	Refunds	Total
2016	$ 28,474,218	$ 153,024	$ 22,652	$ 28,649,894
2017	28,407,023	147,099	84,357	28,638,479
2018	29,858,901	147,100	72,516	30,078,517
2019	30,254,967	228,905	179,863	30,663,735
2020	31,375,608	224,903	46,733	31,647,244
2021	33,339,138	236,148	59,568	33,634,854
2022	33,719,767	302,840	143,805	34,166,412
2023	34,857,037	371,467	132,567	35,361,071
2024	36,178,764	344,696	300,982	36,824,442
2025	37,189,110	386,297	145,429	37,720,836

(A) Investment advisor fees are reported as a reduction of investment income, rather than as administrative expense.

CITY OF KALAMAZOO
TAXABLE VALUE
LAST TEN YEARS
(UNAUDITED)

TOTAL TAXABLE VALUE

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
2015	2016	2016	$ 1,462,323,703	$ 19,985,624	$ 1,482,309,327	-3.53%
2016	2017	2017	1,493,291,518	19,211,958	1,512,503,476	2.04%
2017	2018	2018	1,526,454,237	15,000,119	1,541,454,356	1.91%
2018	2019	2019	1,593,012,675	11,435,906	1,604,448,581	4.09%
2019	2020	2020	1,665,092,583	10,866,235	1,675,958,818	4.64%
2020	2021	2021	1,724,739,669	8,752,032	1,733,491,701	3.59%
2021	2022	2022	1,829,118,903	8,674,892	1,837,793,795	6.22%
2022	2023	2023	1,940,315,452	6,880,938	1,947,196,390	5.95%
2023	2024	2024	2,071,637,362	8,924,787	2,080,562,149	6.85%
2024	2025	2025	2,172,194,229	9,032,418	2,181,226,647	4.84%

Per Capita Total Taxable Value for the Fiscal Year Ending December 31, 2025 (3) .... $ 28,550.52

Note: The taxable values represent starting taxable property values rendered by the March Board of Review. The taxable values above do not reflect final adjustments of the Tax Tribunal Judgments, Board of Review decisions, or other adjustments.

(1) Does not include the value of property located within the City's Renaissance Zone which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376"). Act 376 was designed to stimulate private investment within the Zone through the abatement of certain property, income, and business taxes. For the fiscal year ending December 31, 2023, the Taxable Value of the property located in the Zone totaled $0.

(2) Abated taxable value is the equivalent taxable value of property granted tax abatement under Act 198.

(3) Based on the City's 2024 census of 73,290

CITY OF KALAMAZOO
TAXABLE VALUE (CONCLUDED)
LAST TEN YEARS
(UNAUDITED)

TOTAL TAXABLE VALUE BY USE AND CLASS

	Years Ended December 31									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Use										
Commercial	$ 497,082,445	$ 507,506,210	$ 533,395,918	$ 563,065,239	$ 596,480,576	$ 622,118,583	$ 654,679,342	$ 679,068,557	$ 716,926,890	$ 739,039,971
Industrial	170,554,616	166,053,319	138,437,989	128,457,376	123,220,852	119,156,416	119,664,581	121,722,680	125,786,271	127,692,687
Residential	787,374,141	806,386,916	831,394,149	862,339,314	897,626,408	927,899,246	984,194,273	1,060,599,953	1,142,163,188	1,209,364,389
Utility	45,404,800	49,645,800	51,298,700	59,728,200	66,715,800	72,081,700	79,255,400	85,805,200	95,685,800	105,129,600
	$ 1,500,416,002	$ 1,529,592,245	$ 1,554,526,756	$ 1,613,590,129	$ 1,684,043,636	$ 1,741,255,945	$ 1,837,793,596	$ 1,947,196,390	$ 2,080,562,149	$ 2,181,226,647
Class										
Real	$ 1,330,865,302	$ 1,357,875,745	$ 1,390,289,956	$ 1,443,101,929	$ 1,511,530,436	$ 1,573,007,345	$ 1,663,837,846	$ 1,776,157,340	$ 1,899,101,049	$ 1,991,548,547
Personal	169,550,700	171,716,500	164,236,800	170,488,200	172,513,200	170,248,600	173,955,750	171,039,050	181,461,100	189,678,100
	$ 1,500,416,002	$ 1,529,592,245	$ 1,554,526,756	$ 1,613,590,129	$ 1,684,043,636	$ 1,743,255,945	$ 1,837,793,596	$ 1,947,196,390	$ 2,080,562,149	$ 2,181,226,647

PERCENT OF TOTAL TAXABLE VALUE BY USE AND CLASS

	Years Ended December 31									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Use										
Commercial	33.13%	33.18%	34.31%	34.90%	35.42%	35.73%	35.62%	34.87%	34.46%	33.88%
Industrial	11.37%	10.86%	8.91%	7.96%	7.32%	6.84%	6.51%	6.25%	6.05%	5.85%
Residential	52.48%	52.72%	53.48%	53.44%	53.30%	53.29%	53.55%	54.47%	54.90%	55.44%
Utility	3.03%	3.25%	3.30%	3.70%	3.96%	4.14%	4.31%	4.41%	4.60%	4.82%
	100.0%	100.0%	44.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Class										
Real	88.70%	88.77%	89.43%	89.43%	89.76%	90.23%	90.53%	91.22%	91.28%	91.30%
Personal	11.30%	11.23%	10.57%	10.57%	10.24%	9.77%	9.47%	8.78%	8.72%	8.70%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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
2015	2016	2016	$ 1,573,848,720	$ 20,479,741	$ 1,594,328,461	-2.44%
2016	2017	2017	1,673,583,796	19,949,507	1,693,533,303	6.22%
2017	2018	2018	1,700,749,306	15,553,589	1,716,302,895	1.34%
2018	2019	2019	1,847,688,738	12,385,324	1,860,074,062	8.38%
2019	2020	2020	2,047,236,882	12,076,905	2,059,313,787	10.71%
2020	2021	2021	2,186,104,330	9,584,683	2,195,689,013	6.62%
2021	2022	2022	2,371,934,300	9,789,071	2,381,723,371	8.47%
2022	2023	2023	2,541,917,714	8,110,050	2,550,027,764	16.14%
2023	2024	2024	2,794,430,550	10,223,314	2,804,653,864	17.76%
2024	2025	2025	2,985,422,700	11,192,372	2,996,615,072	17.51%

Per Capita Total SEV for the Fiscal Year Ending December 31, 2025 (3) .... $ 40,887.09

(1) Does not include the value of property located within the City's Renaissance Zone which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376") Act 376 was designed to stimulate private investment within the Zone through the abatement of certain property, income, and business taxes. For the fiscal year ending December 31, 2023, the State Equalized Value of the property located in the Zone totaled $0.

(2) Abated SEV Value is the equivalent state equalized value of property granted tax abatement under Act 198.

(3) Based on the City's 2024 census of 73,290.

CITY OF KALAMAZOO
STATE EQUALIZED VALUATION (CONCLUDED)
LAST TEN YEARS
(UNAUDITED)

Total SEV by Use and Class

	Years Ended December 31									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Use										
Commercial	$ 529,093,000	$ 582,129,960	$ 607,493,600	$ 662,546,700	$ 747,872,400	$ 807,275,968	$ 881,614,371	$ 883,214,375	$ 914,409,426	$ 938,922,109
Industrial	173,331,600	171,329,300	142,322,700	132,570,233	133,000,300	128,190,900	130,334,000	138,494,600	161,898,000	164,320,900
Residential	864,730,520	907,877,736	928,268,606	1,014,914,005	1,120,464,582	1,198,384,562	1,290,519,600	1,442,513,589	1,632,660,328	1,788,242,463
Utility	45,404,800	49,645,800	51,298,700	59,728,200	66,715,800	72,081,700	79,255,400	85,805,200	95,865,800	105,129,600
	$ 1,612,559,920	$ 1,710,982,796	$ 1,729,383,606	$ 1,869,759,138	$ 2,068,053,082	$ 2,205,933,130	$ 2,381,723,371	$ 2,550,027,764	$ 2,804,833,554	$ 2,996,615,072
Class										
Real	$ 1,443,105,420	$ 1,539,350,196	$ 1,565,235,306	$ 1,699,349,838	$ 1,895,597,582	$ 2,035,745,130	$ 2,207,838,421	$ 2,379,052,714	$ 2,623,259,464	$ 2,807,019,272
Personal	169,454,500	171,632,600	164,148,300	170,409,300	172,455,500	170,188,000	173,884,950	170,975,050	181,574,090	189,595,800
	$ 1,612,559,920	$ 1,710,982,796	$ 1,729,383,606	$ 1,869,759,138	$ 2,068,053,082	$ 2,205,933,130	$ 2,381,723,371	$ 2,550,027,764	$ 2,804,833,554	$ 2,996,615,072

Percent of Total SEV by Use and Class

	Years Ended December 31									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Use										
Commercial	32.81%	34.02%	35.13%	35.43%	36.16%	32.95%	37.02%	34.64%	32.60%	31.33%
Industrial	10.75%	10.01%	8.23%	7.09%	6.43%	14.94%	5.47%	5.43%	5.77%	5.48%
Residential	53.62%	53.06%	53.68%	54.28%	54.18%	52.11%	54.18%	56.57%	58.21%	59.68%
Utility	2.82%	2.90%	2.97%	3.19%	3.23%	0.00%	3.33%	3.36%	3.41%	3.51%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Class										
Real	89.49%	89.97%	90.51%	90.89%	91.66%	88.74%	92.70%	93.30%	93.53%	93.67%
Personal	10.51%	10.03%	9.49%	9.11%	8.34%	11.26%	7.30%	6.70%	6.47%	6.33%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE 23

CITY OF KALAMAZOO
MAXIMUM AND ACTUAL TAX RATES
DECEMBER 31, 2025
(UNAUDITED)

Millage Classification	Millage Authorized	Cumulative Millage Reduction Fraction (A)	Maximum Allowable Millage	Actual Millage Levied
Operating	20.0000		18.6051	12.0000
Refuse Collection and Disposal	2.8906		2.7906	1.8000
	22.8906		21.3957	13.8000

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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Constitutional	$ 5,650,526	$ 6,113,479	$ 6,234,855	$ 6,496,509	$ 6,390,741	$ 6,853,490	$ 7,893,940	$ 7,911,638	$ 8,055,929	$ 7,919,008
Statutory	2,913,324	2,933,365	2,973,344	2,956,061	2,534,605	3,102,357	3,102,354	3,288,498	3,469,210	3,701,525
Total revenue sharing	$ 8,563,850	$ 9,046,844	$ 9,208,199	$ 9,452,570	$ 8,925,346	$ 9,955,847	$ 10,996,294	$ 11,200,136	$ 11,525,139	$ 11,620,533
% of General Fund revenue	15.5%	15.6%	14.3%	14.6%	13.2%	14.5%	15.5%	14.8%	14.8%	15.4%

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

TABLE 25

CITY OF KALAMAZOO
RECEIPTS FROM THE MICHIGAN TRANSPORTATION FUND
LAST TEN YEARS
(UNAUDITED)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash Basis										
Major Streets	$ 4,364,625	$ 5,681,289	$ 5,655,318	$ 7,184,681	$ 7,029,151	$ 7,559,569	$ 7,932,245	$ 10,283,441	$ 9,178,162	$ 9,521,458
Local Streets	1,233,421	1,605,587	1,735,940	1,873,912	1,976,621	2,130,684	2,225,802	2,520,071	2,511,822	2,468,690
	$ 5,598,046	$ 7,286,876	$ 7,391,258	$ 9,058,593	$ 9,005,772	$ 9,690,253	$ 10,158,047	$ 12,803,512	$ 11,689,984	$ 11,990,148

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Accrual Basis										
Major Streets	$ 4,458,804	$ 5,811,846	$ 6,091,576	$ 7,092,786	$ 7,022,117	$ 7,785,158	$ 7,996,005	$ 10,471,809	$ 9,268,135	$ 9,268,135
Local Streets	1,260,035	1,642,573	1,720,581	2,002,761	1,974,531	2,197,015	2,244,681	2,547,211	2,537,208	2,397,386
	$ 5,718,839	$ 7,454,419	$ 7,812,157	$ 9,095,547	$ 8,996,648	$ 9,982,173	$ 10,240,686	$ 13,019,020	$ 11,805,343	$ 11,665,521

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

TABLE 26

CITY OF KALAMAZOO
LABOR CONTRACTS
DECEMBER 31, 2025
(UNAUDITED)

Bargaining Unit	Membership	Contract Expiration Date
American Federation of State, County and Municipal Employees	141	September 5, 2028
Kalamazoo Municipal Employees Association	109	December 31, 2025
Kalamazoo Police Supervisors Association (Captains, Lieutenants and Sergeants)	56	December 31, 2026
Kalamazoo Police Officers Association (Officers and Detectives)	213	December 31, 2026
Non-Union	184	Not Applicable
Total Employees	703	

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
2016	35,616	1,820	37,436	4.9%	4,599,000	238,000	4,837,000	4.9%
2017	35,396	1,917	37,313	5.1%	4,657,000	227,000	4,884,000	4.6%
2018	35,585	1,527	37,112	4.1%	4,695,000	201,000	4,896,000	4.1%
2019	36,147	1,263	37,410	3.4%	4,747,000	175,000	4,922,000	3.6%
2020	33,813	2,761	36,574	7.5%	4,455,000	401,000	4,856,000	8.3%
2021	33,516	2,228	35,744	6.2%	4,496,000	280,000	4,776,000	5.9%
2022	34,628	1,795	36,423	4.9%	4,633,000	203,000	4,836,000	4.2%
2023	35,674	1,482	37,156	4.0%	4,833,000	177,000	5,010,000	3.5%
2024	38,152	2,210	40,362	5.5%	4,818,000	262,000	5,080,000	5.2%
2025	36,401	1,949	38,350	5.1%	4,751,000	249,000	5,000,000	5.0%

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)

Franchisor	Effective Date	Year of Renewal
Comstock Township	15-Mar-21	2061
Cooper Township	15-Mar-21	2061
Kalamazoo Township	15-Mar-21	2061
Oshtemo Township	15-Mar-21	2061
Pavilion Township	15-Mar-21	2061
City of Portage	1-Oct-12	2042
Richland Township	15-Mar-21	2061
Richland Village	15-Mar-21	2061
Texas Township	15-Mar-21	2061

Source: City of Kalamazoo, Public Services Department, Water Division

TABLE 29

CITY OF KALAMAZOO
WATER SUPPLY SYSTEM
APPROXIMATE NUMBER OF WATER SUPPLY CUSTOMERS BY LOCATION AND USER CLASSIFICATION
LAST FIVE YEARS
(UNAUDITED)

Customer Location and Classification	2021		2022		2023		2024		2025	
City										
Residential	18,076	40.50%	18,129	40.19%	18,197	40.21%	18,053	39.05%	18,002	38.94%
MultiFamily	957	2.14%	957	2.12%	873	1.93%	961	2.08%	1,000	2.16%
Commercial / Industrial	2,150	4.82%	2,181	4.84%	2,142	4.73%	2,120	4.59%	2,474	5.35%
Fire Protection	862	1.93%	890	1.97%	866	1.91%	883	1.91%	895	1.94%
Seasonal Uses	175	0.39%	170	0.38%	203	0.45%	230	0.50%	212	0.46%
Total City	22,220	49.78%	22,327	49.50%	22,281	49.23%	22,247	48.13%	22,583	48.85%
Out City										
Residential	19,065	42.72%	19,394	42.99%	19,627	43.38%	19,688	42.58%	19,789	42.80%
MultiFamily	875	1.96%	880	1.95%	805	1.78%	885	1.91%	942	2.04%
Commercial / Industrial	1,492	3.34%	1,517	3.36%	1,524	3.37%	1,535	3.32%	1,855	4.01%
Fire Protection	873	1.96%	883	1.96%	886	1.96%	906	1.96%	925	2.00%
Seasonal Uses	108	0.24%	107	0.24%	127	0.28%	143	0.31%	141	0.30%
Total Out City	22,413	50.22%	22,781	50.50%	22,969	50.77%	23,157	50.08%	23,652	51.15%
Total System										
Residential	37,141	83.22%	37,523	83.18%	37,824	83.59%	37,741	81.63%	37,791	81.74%
MultiFamily	1,832	4.10%	1,837	4.07%	1,678	3.71%	1,846	3.99%	1,942	4.20%
Commercial / Industrial	3,642	8.16%	3,698	8.20%	3,666	8.10%	3,655	7.91%	4,329	9.36%
Fire Protection	1,735	3.89%	1,773	3.93%	1,752	3.87%	1,789	3.87%	1,820	3.94%
Seasonal Uses	283	0.63%	277	0.62%	330	0.73%	373	0.81%	353	0.76%
Total System	44,633	100.00%	45,108	100.00%	45,250	100.00%	45,404	98.21%	46,235	100.00%

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) MultiFamily, Fire Protection, and Seasonal were previously not reported in the years 2021-2024. The information was updated for additional transparency and consistency with the City's billing categories and other tables. Prior year information has been updated for comparability.

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)

Meter Location and Size	2021		2022		2023		2024		2025	
City										
5/8" - 3/4"	16,912	37.89%	16,939	37.55%	16,917	37.40%	16,842	37.11%	17,169	37.13%
1"	2,749	6.16%	2,778	6.16%	2,806	6.20%	2,826	6.23%	2,837	6.14%
1 1/2"	283	0.63%	284	0.63%	284	0.63%	287	0.63%	287	0.62%
2"	1,081	2.43%	1,086	2.41%	1,070	2.37%	1,069	2.36%	1,051	2.27%
3"	212	0.48%	214	0.47%	208	0.46%	206	0.45%	209	0.45%
4"	108	0.25%	118	0.26%	114	0.25%	116	0.26%	116	0.25%
6"	11	0.02%	12	0.03%	12	0.03%	12	0.03%	13	0.03%
8"	2	0.00%	6	0.01%	6	0.01%	6	0.01%	6	0.01%
Total City	21,358	47.86%	21,437	47.52%	21,417	47.35%	21,364	47.08%	21,688	46.91%
Out City										
5/8" - 3/4"	8,840	19.81%	8,831	19.58%	8,838	19.54%	8,814	19.42%	9,159	19.81%
1"	11,102	24.88%	11,456	25.39%	11,623	25.69%	11,795	25.99%	11,911	25.76%
1 1/2"	383	0.86%	387	0.86%	389	0.86%	393	0.87%	401	0.87%
2"	1,008	2.26%	1,016	2.25%	1,021	2.26%	1,037	2.28%	1,047	2.26%
3"	128	0.29%	128	0.28%	134	0.30%	133	0.29%	131	0.28%
4"	64	0.14%	66	0.15%	65	0.14%	64	0.14%	65	0.14%
6"	13	0.03%	13	0.03%	13	0.03%	13	0.03%	13	0.03%
8"	2	0.00%	2	0.00%	2	0.00%	2	0.00%	-	0.00%
Total Out City	21,540	48.27%	21,899	48.54%	22,085	48.82%	22,251	49.02%	22,727	49.16%
Total Meters	42,898	96.13%	43,336	96.06%	43,502	96.17%	43,615	96.10%	44,415	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)

Location and Size of Fire Protection Line/Hydrant	2021		2022		2023		2024		2025	
City										
4"	244	0.55%	247	0.56%	240	0.53%	241	0.50%	245	0.53%
6"	188	0.42%	192	0.44%	191	0.42%	195	0.43%	197	0.43%
8"	87	0.19%	93	0.21%	91	0.20%	93	0.21%	94	0.20%
10"	2	0.00%	2	0.00%	5	0.01%	6	0.02%	5	0.01%
Hydrants	341	0.76%	356	0.79%	339	0.75%	348	0.77%	354	0.77%
Total City	862	1.92%	890	2.00%	866	1.91%	883	1.93%	895	1.94%
Out City										
4"	215	0.48%	221	0.48%	222	0.48%	227	0.49%	240	0.52%
6"	122	0.27%	123	0.27%	126	0.27%	134	0.29%	137	0.30%
8"	82	0.18%	83	0.18%	83	0.17%	85	0.18%	85	0.18%
10"	5	0.01%	5	0.01%	5	0.01%	5	0.01%	5	0.01%
Hydrants	449	1.01%	451	1.00%	450	0.99%	455	1.00%	458	0.99%
Total Out City	873	1.95%	883	1.94%	886	1.92%	906	1.97%	925	2.00%
Total Fire Protection	1,735	3.87%	1,773	3.94%	1,752	3.83%	1,789	3.90%	1,820	3.94%
Total Service Connections	44,633	100.00%	45,109	100.00%	45,254	100.00%	45,404	100.00%	46,235	100.00%

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Customer connection data is averaged for the year. Historical adjustments have been made for consistency with the Table 29, Customers by User Class and Location.

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	2021	2022	2023	2024	2025
City (Quarterly Billed Accounts)					
5/8" Meter	$ 35.45	$ 44.47	$ 53.36	$56.56	$59.39
1" Meter	47.48	59.71	71.65	75.95	79.75
1-1/2" Meter	59.52	74.95	89.94	95.34	100.11
2" Meter	92.60	116.86	140.23	148.64	156.07
City (Monthly Billed Accounts)					
5/8" Meter	15.38	19.06	22.87	24.24	25.45
1" Meter	19.40	24.14	28.97	30.71	32.25
1-1/2" Meter	23.41	29.22	35.06	37.16	39.02
2" Meter	34.45	43.19	51.83	54.94	57.69
3" Meter	115.66	146.08	175.30	185.82	195.11
4" Meter	145.74	184.18	221.02	234.28	245.99
6" Meter	215.92	273.10	327.72	347.38	364.75
8" Meter	296.12	374.71	449.65	476.63	500.46
City (Monthly Fire Protection Charge)					
4" Detector Check	39.85	45.20	54.24	54.24	56.95
6" Detector Check	47.90	59.76	71.71	71.71	75.30
8" Detector Check	64.44	87.77	105.32	105.32	110.59
10" Detector Check	136.79	186.79	224.15	224.15	235.36
Fire Hydrant	3.33	3.33	3.33	3.33	296.31

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	2021	2022	2023	2024	2025
Out City (Quarterly Billed Accounts)					
5/8" Meter	$ 37.04	$ 44.47	$ 53.36	$ 56.56	$ 59.39
1" Meter	49.79	59.71	71.65	75.95	79.75
1-1/2" Meter	62.55	74.95	89.94	95.34	100.11
2" Meter	97.62	116.86	140.23	148.64	156.07
Out City (Monthly Billed Accounts)					
5/8" Meter	15.77	19.06	22.87	24.24	25.45
1" Meter	20.02	24.14	28.97	30.71	32.25
1-1/2" Meter	24.28	29.22	35.06	37.16	39.02
2" Meter	35.98	43.19	51.83	54.94	57.69
3" Meter	122.07	146.08	175.30	185.82	195.11
4" Meter	153.96	184.18	221.02	234.28	245.99
6" Meter	228.35	273.10	327.72	347.38	364.75
8" Meter	313.38	374.71	449.65	476.63	500.46
Out City (Monthly Fire Protection Charge)					
4" Detector Check	43.06	45.20	54.24	54.24	56.95
6" Detector Check	51.48	59.76	71.71	71.71	75.30
8" Detector Check	68.77	87.77	105.32	105.32	110.59
10" Detector Check	143.81	186.79	224.15	224.15	235.36
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)

Meter Location and Classification	2021	2022	2023	2024	2025
City					
Residential	$0.617	$0.734	$0.734	$0.934	$0.981
MultiFamily	0.482	0.540	0.540	0.687	0.721
Commercial/Industrial	0.541	0.612	0.612	0.778	0.817
Fire Protection - First 15 M3	0.539	0.612	0.612	0.734	0.771
Fire Protection - Over 15 M3	1.615	1.834	1.834	2.201	2.311
Seasonal Uses	0.877	1.193	1.193	1.518	1.594
Out City					
Residential	$0.711	$0.734	$0.734	$0.934	$0.981
MultiFamily	0.516	0.540	0.540	0.687	0.721
Commercial/Industrial	0.580	0.612	0.612	0.778	0.817
Fire Protection - First 15 M3	0.578	0.612	0.612	0.734	0.771
Fire Protection - Over 15 M3	1.737	1.834	1.834	2.201	2.311
Seasonal Uses	1.012	1.193	1.193	1.518	1.594

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%
January 1,2023	20.00%
January 1, 2024	6.00%
January 1, 2025	5.00%
January 1, 2026	14.00%

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Reflects anticipated increase in total system revenues. The actual change in rates by meter location and classification vary.

TABLE 34

CITY OF KALAMAZOO
WATER SUPPLY SYSTEM
WATER SUPPLY VOLUME AS PUMPED AND BILLED (1)
LAST FIVE YEARS
(UNAUDITED)

	2021	2022	2023	2024	2025
Pumped	26,723,103	26,714,852	28,049,174	27,456,910	27,910,814
Billed	22,245,676	24,045,745	22,971,137	23,744,218	24,104,517
Unaccounted (2) (3)	4,477,427	2,669,107	5,078,037	3,712,692	3,806,297
Unaccounted as a Percent of Pumped (3)	16.75%	9.99%	18.10%	13.52%	13.64%

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.

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	2021		2022		2023		2024		2025	
City										
Residential	4,001,334	17.99%	3,850,610	16.01%	4,063,952	17.69%	3,712,907	15.39%	3,613,290	14.99%
MultiFamily (3)	1,766,798	7.94%	1,763,070	7.33%	1,531,553	6.67%	1,545,822	6.41%	1,694,126	7.03%
Commercial/Industrial	4,966,027	22.32%	5,765,746	23.98%	6,969,387	30.34%	7,767,800	32.20%	7,989,301	33.14%
Fire Protection	73,823	0.33%	-88,413	-0.37%	16,693	0.07%	25,801	0.11%	25,462	0.11%
Seasonal Uses (1)	536,704	2.41%	1,209,607	5.04%	566,272	2.47%	431,156	3.35%	395,581	1.65%
Total City	11,344,686	51.00%	12,500,620	51.99%	13,147,857	57.24%	13,483,486	57.46%	13,717,760	56.92%
Out City										
Residential	5,922,394	26.62%	6,572,037	27.33%	5,006,896	21.80%	5,392,554	22.36%	5,353,355	22.21%
MultiFamily (3)	1,777,071	7.99%	1,739,191	7.23%	1,496,219	6.50%	1,561,731	6.47%	1,691,356	7.02%
Commercial/Industrial	2,747,044	12.35%	2,767,563	11.51%	2,787,586	12.14%	2,887,374	11.97%	2,918,248	12.11%
Fire Protection	-23,782	-0.11%	2,595	0.01%	-1,107	0.00%	16,055	0.07%	7,844	0.03%
Seasonal Uses (1)	478,263	2.15%	463,739	1.93%	533,686	2.32%	403,018	1.67%	415,954	1.73%
Total Out City	10,900,990	49.00%	11,545,125	48.01%	9,823,280	42.76%	10,260,732	42.54%	10,386,757	43.10%
Total System										
Residential	9,923,728	44.61%	10,422,647	43.35%	9,070,848	39.49%	9,105,461	38.35%	8,966,645	37.20%
MultiFamily (3)	3,543,869	15.93%	3,502,261	14.56%	3,027,772	13.18%	3,107,553	13.09%	3,385,482	14.05%
Commercial/Industrial	7,713,071	34.67%	8,533,309	35.49%	9,756,973	42.47%	10,655,174	44.87%	10,907,549	45.25%
Fire Protection	50,041	0.22%	-85,818	-0.36%	15,586	0.07%	41,856	0.18%	33,306	0.14%
Seasonal Uses (2)	1,014,967	4.56%	1,673,346	6.96%	1,099,958	4.79%	834,174	3.51%	811,535	3.36%
Total System	22,245,676	100.00%	24,045,745	100.00%	22,971,137	100.00%	23,744,218	100.00%	24,104,517	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.

(3) MultiFamily, Fire Protection, and Season were previously not reported in the years 2021-2024. The information was updated for additional transparency and consistency with the City's billing categories and other tables. Prior year information has been updated for comparability.

TABLE 36

CITY OF KALAMAZOO
WATER SUPPLY SYSTEM
AVERAGE AND PEAK DAILY WATER SUPPLY VOLUME (1)
LAST FIVE YEARS
(UNAUDITED)

	2021	2022	2023	2024	2025
Average Daily Water Supply	19.04	20.08	20.30	19.80	20.20
Peak Daily Water Supply	34.07	33.56	35.27	32.50	32.27
Peak as a Percent of Average	178.94%	167.13%	173.74%	164.14%	159.75%

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	2021		2022		2023		2024		2025	
City										
Residential	$ 4,938,420	22.25%	$ 5,967,556	22.10%	$ 7,580,344	23.52%	$ 7,696,920	22.43%	$ 7,740,863	21.38%
MultiFamily (1)	1,177,460	5.31%	1,370,846	5.07%	1,495,180	4.64%	1,599,781	4.66%	1,836,093	5.07%
Commercial/Industrial	3,480,593	15.68%	4,599,591	17.03%	6,447,942	20.00%	7,436,458	21.68%	8,045,251	22.22%
Fire Protection	405,789	1.83%	211,332	0.78%	469,771	1.46%	499,850	1.46%	526,964	1.46%
Seasonal Uses	520,468	2.35%	1,475,380	5.46%	909,966	2.82%	775,861	2.26%	754,528	2.07%
Total City	10,522,730	47.42%	13,624,705	50.44%	16,903,203	52.44%	18,008,870	52.49%	18,903,699	52.20%
Out City										
Residential	7,455,208	33.60%	8,688,839	32.16%	9,679,273	30.03%	10,383,513	30.26%	10,829,385	29.91%
MultiFamily (1)	1,256,650	5.66%	1,359,845	5.03%	1,456,472	4.52%	1,587,779	4.63%	1,808,159	4.99%
Commercial/Industrial	2,227,636	10.04%	2,460,966	9.11%	3,019,617	9.37%	3,231,085	9.42%	3,542,335	9.78%
Fire Protection	221,017	1.00%	299,130	1.11%	366,019	1.14%	414,865	1.21%	433,774	1.20%
Seasonal Uses	507,600	2.29%	579,968	2.15%	807,141	2.50%	682,544	1.99%	694,027	1.92%
Total Out City	11,668,111	52.58%	13,388,748	49.56%	15,328,522	47.56%	16,299,786	47.51%	17,307,680	47.80%
Total System										
Residential	12,393,628	55.85%	14,656,395	54.25%	17,259,617	53.55%	18,080,433	52.70%	18,570,248	51.29%
MultiFamily (1)	2,434,110	10.97%	2,730,691	10.11%	2,951,652	9.16%	3,187,560	9.29%	3,644,252	10.06%
Commercial/Industrial	5,708,229	25.72%	7,060,557	26.14%	9,467,559	29.37%	10,667,543	31.09%	11,587,586	32.00%
Fire Protection	626,806	2.82%	510,462	1.89%	835,790	2.59%	914,715	2.67%	960,738	2.65%
Seasonal Uses	1,028,068	4.63%	2,055,348	7.61%	1,717,107	5.33%	1,458,405	4.25%	1,448,555	4.00%
Total System	$ 22,190,841	100.00%	$ 27,013,453	100.00%	$ 32,231,725	100.00%	$ 34,308,656	100.00%	$ 36,211,379	100.00%

Source: City of Kalamazoo, Public Services Department, Water Division

(1) MultiFamily, Fire Protection, and Season were previously not reported in the years 2021-2024. The information was updated for additional transparency and consistency with the City's billing categories and other tables. Prior year information has been updated for comparability.

TABLE 38

CITY OF KALAMAZOO
WATER SUPPLY SYSTEM
TEN LARGEST WATER CUSTOMERS BY VOLUME AND REVENUE
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

Customer	Principal Product or Service	Water Volume (cubic meters)	Percent of Total (1)	Water Revenue	Percent of Total (2)
Zoetis, Inc	Pharmaceuticals	4,355,389	18.1%	$ 3,557,348	9.8%
Cass Information Systems, Inc.	Paper Products	2,153,270	8.9%	1,740,038	4.8%
Graphic Packaging Corporation	Paper Products	1,917,881	8.0%	1,556,180	4.3%
Western Michigan University	University	634,880	2.6%	509,282	1.4%
Kalsec, Inc.	Food Grade Flavoring	248,186	1.0%	202,170	0.6%
Bronson Methodist Hospital	Hospital	250,434	1.0%	204,505	0.6%
Borgess Medical Center	Hospital	203,970	0.8%	165,750	0.5%
Coopers Landing	Apartments	191,028	0.8%	137,027	0.4%
MIMG	Apartments	166,560	0.7%	120,061	0.3%
Continental Linen Service	Linen Services	154,773	0.6%	125,666	0.3%
		10,276,371	24.4%	$ 8,318,027	13.2%

Source: City of Kalamazoo, Public Services Department, Water Division

(1) Based on water volume of 24,104,517 cubic meters.
(2) Based on Water System billed revenue of $36,211,378.

*Water Volume is higher than previous years because a new report is being used. The new report groups all bills under each customers name, thereby showing a more realistic picture of each customer because it is pulling in all of their accounts, not just the ones with high usage.

TABLE 39

CITY OF KALAMAZOO
WASTEWATER SYSTEM
WASTEWATER SERVICE AGREEMENTS
(UNAUDITED)

Municipality	Date of Execution	Year to be Renewed (3)
City of Galesburg (2)	29-Jul-85	2025
City of Parchment (2)	23-Jul-85	2015
City of Portage (2)	27-Jan-86	2016
Village of Augusta (2)	26-Mar-81	2021
Village of Mattawan (2)	18-Nov-96	2026
Village of Vicksburg (2)	16-Apr-85	2015
Charleston Township (1)	3-Jul-98	2016
Comstock Township (1)	16-Sep-80	2010
Cooper Township (1)	10-Oct-83	2013
Kalamazoo Township (1)	6-Oct-80	2010
Oshtemo Township (1)	8-Oct-84	2014
Pavilion Township (1)	16-Mar-81	2011
Schoolcraft Township (1)	25-Oct-82	2012
Texas Township (1)	22-Oct-84	2014
Gull Lake Sewer Authority (2)	15-Sep-80	2010
Barry County		
Prairieville Township		
Richland Township		
Ross Township		
South County Sewer Authority (2)	20-Jul-04	2016

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Served by a retail service agreement.
(2) Served by a wholesale service agreement.
(3) For any contracts which have expired, the City and the affected Township(s) are continuing their relationship under the continuation portion of the agreement(s) while new agreements are being negotiated.

TABLE 40

CITY OF KALAMAZOO
WASTEWATER SYSTEM
APPROXIMATE NUMBER OF WASTEWATER CUSTOMERS
BY LOCATION AND USER CLASSIFICATION
LAST FIVE YEARS
(UNAUDITED)

Customer Location and Classification	2021		2022		2023		2024		2025	
Retail Customers										
In-City Retail Customers										
Residential	17,044	47.99%	17,092	47.83%	17,171	47.78%	17,036	47.26%	16,985	45.95%
MultiFamily (3)	935	2.63%	936	2.62%	855	2.38%	938	2.60%	975	2.64%
Commercial	1,764	4.97%	1,782	4.99%	1,767	4.92%	1,760	4.88%	2,063	5.58%
Industrial	107	0.30%	108	0.30%	108	0.30%	107	0.30%	145	0.39%
Sub-Total	19,850	55.89%	19,918	55.74%	19,901	55.38%	19,841	55.04%	20,168	54.56%
Out-City Retail Customers										
Residential	12,274	34.57%	12,375	34.63%	12,580	35.01%	12,646	35.07%	12,821	34.69%
MultiFamily (3)	730	2.06%	733	2.05%	671	1.87%	736	2.04%	794	2.15%
Commercial	971	2.73%	982	2.75%	997	2.77%	1,009	2.80%	1,315	3.56%
Industrial	30	0.08%	31	0.09%	32	0.09%	32	0.09%	52	0.14%
Sub-Total	14,005	39.44%	14,121	39.52%	14,280	39.74%	14,423	40.00%	14,982	40.54%
Total Retail Customers	33,855	95.33%	34,039	95.26%	34,181	95.12%	34,264	95.04%	35,150	95.10%
Wholesale Customers										
Monitored Industries	13	0.04%	11	0.03%	11	0.03%	11	0.03%	14	0.04%
Flat Rate Industries (1)	-	0.00%	3	0.01%	4	0.01%	3	0.01%	3	0.01%
Municipal Customers (2)	8	0.02%	8	0.02%	8	0.02%	8	0.02%	8	0.02%
Dewatering Accounts	4	0.01%	3	0.01%	3	0.01%	2	0.01%	2	0.01%
Septage Haulers	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Sub-Total	25	0.07%	25	0.07%	26	0.07%	24	0.07%	27	0.08%
Flat Rate Customers	1,633	4.60%	1,669	4.67%	1,729	4.81%	1,761	4.89%	1,787	4.83%
Total Sewer Customers	35,513	100.00%	35,733	100.00%	35,936	100.00%	36,049	100.00%	36,964	100.00%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Starting in 2022, monitored industries were offered an opt-in for a consistent flat rate each month based on historical averages.

(2) Starting in 2022, all municipal contracts were moved to a consistent flat rate each month based on historical use averages.

(3) MultiFamily, Flat Rate and Industrial Monitored industries were not originally reported on the 2021-2024 data. These categories were added to offer additional transparency to the customer classes based on billing systems. Historical data was adjusted for consistency.

TABLE 41

CITY OF KALAMAZOO
WASTEWATER SYSTEM
NUMBER OF RETAIL CUSTOMERS BY METER SIZE
LAST FIVE YEARS
(UNAUDITED)

Meter Size	2021		2022		2023		2024		2025	
5/8" - 3/4"	23,159	68.41%	23,185	68.12%	23,177	67.81%	23,101	67.43%	23,781	67.66%
1"	8,167	24.12%	8,308	24.41%	8,472	24.79%	8,615	25.14%	8,811	25.07%
1-1/2"	500	1.48%	502	1.47%	503	1.47%	508	1.48%	515	1.47%
2"	1,594	4.71%	1,600	4.70%	1,593	4.66%	1,601	4.67%	1,600	4.55%
3"	287	0.85%	289	0.85%	283	0.83%	283	0.83%	287	0.82%
4"	132	0.39%	139	0.41%	137	0.40%	140	0.41%	140	0.40%
6"	15	0.04%	15	0.04%	15	0.04%	15	0.04%	16	0.05%
8"	1	0.00%	1	0.00%	1	0.00%	1	0.00%	-	0.00%
	33,855	100.00%	34,039	100.00%	34,181	100.00%	34,264	100.00%	35,150	100.00%

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)

	2021		2022		2023		2024		2025	
Meter Location and Size	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly
City										
5/8"	$ 7.67	$ 10.35	$ 12.11	$ 15.85	$ 12.11	$ 15.85	$ 13.56	$ 15.85	$ 15.23	$ 20.47
3/4"	7.80	10.75	12.30	16.40	12.30	16.40	13.78	16.40	15.50	21.24
1"	8.20	11.96	12.85	18.10	12.85	18.10	14.39	18.10	16.27	23.60
1-1/2"	8.73	13.56	13.61	20.34	13.61	20.34	15.24	20.34	17.34	26.71
2"	10.21	18.00	15.66	26.51	15.66	26.51	17.54	26.51	20.21	35.25
3"	21.08	50.58	30.80	71.94	30.80	71.94	34.50	71.94	41.19	97.94
4"	25.10	62.66	36.42	88.76	36.42	88.76	40.79	88.76	48.95	121.14
6"	34.49	90.82	49.50	128.04	49.50	128.04	55.44	128.04	67.00	175.28
Flat Rate	-	61.17	-	93.34	-	93.34	-	-	-	120.36
Dewatering	6.33	-	9.42	-	9.42	-	10.55	-	12.35	-
Septage	-	-	-	-	-	-	-	-	-	-
Our City										
5/8"	$ 9.47	$ 15.77	$ 13.55	$ 20.18	$ 13.55	$ 20.18	$ 15.18	$ 20.18	$ 16.73	$ 25.03
3/4"	9.79	16.72	13.88	21.18	13.88	21.18	15.55	21.18	17.14	26.29
1"	10.74	19.56	14.88	24.17	14.88	24.17	16.67	24.17	18.40	30.03
1-1/2"	12.00	23.34	16.20	28.14	16.20	28.14	18.14	28.14	20.04	35.01
2"	15.47	33.75	19.85	39.08	19.85	39.08	22.23	39.08	24.62	48.78
3"	41.00	110.33	46.70	119.64	46.70	119.64	52.30	119.64	58.26	149.65
4"	50.45	138.70	56.65	149.48	56.65	149.48	63.45	149.48	70.73	187.04
6"	72.51	204.89	79.86	219.11	79.86	219.11	89.44	219.11	99.81	274.27
Flat Rate	-	102.74	-	129.16	-	129.16	-	129.16	-	157.77
Municipalities	6.33	-	-	-	-	-	-	-	-	-
Dewatering	6.33	-	9.42	-	9.42	-	10.55	-	12.35	-
Septage	-	-	9.42	-	9.42	-	10.55	-	12.35	-

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)

Fixed Monthly Charges $/Month(7)

Fiscal Years Ended December 31		2021	2022	2023	2024	2025
	Portage	-	395,500	395,500	409,300	453,800
	Galesburg	-	10,200	10,200	9,900	11,200
	Vicksburg	-	25,200	25,200	26,200	28,900
	Gull Lake	-	82,100	82,100	78,300	85,600
	Augusta	-	6,000	6,000	5,600	6,000
	Mattawan	-	33,400	33,400	33,100	36,500
	South County	-	98,000	98,000	9,000	10,000
	Charleston	-	-	-	2,900	3,200

Commodity Charges (per cubic meter) (1)

Fiscal Years Ended December 31		2021	2022	2023	2024	2025
	In-City Retail Customers	0.598	0.908	0.908	1.017	1.174
	Out-City Retail Customers	1.013	1.279	1.279	1.432	1.561
	Wholesale Municipal Customers	0.694	-	-	-	-
	City of Galesburg (3)	0.835	-	-	-	-
	In-City Dewatering Customers	0.598	9.420	9.420	1.017	1.174
	Out-City Dewatering Customers	1.013	9.420	9.420	1.432	1.561

Additional Quantity and Quality Wastewater Treatment (2)

Fiscal Years Ended December 31		2021	2022	2023	2024	2025
	Additional Quantity Charge $/CM					
	Pfizer	0.306	0.367	0.367	0.411	0.553
	Graphic Packaging	0.140	0.168	0.168	0.188	0.893
	Dewater - Industrial Outside City	0.360	-	-	-	0.203
	In-City Industrial	0.360	0.431	0.431	0.483	0.893
	Out-City Industrial	0.648	0.767	0.767	0.859	0.553
						0.893
	COD Charge (8) $/KG					
	Pfizer	-	0.338	0.338	0.379	0.380
	Graphic Packaging	-	0.314	0.314	0.352	0.410
	In-City Industrial	-	0.314	0.314	0.352	0.380
	Out-City Industrial	-	0.344	0.344	0.385	1.297
						1.367
	BOD Charge (4) $/KG					
	Pfizer	0.282	-	-	-	-
	Graphic Packaging	0.262	-	-	-	-
	In-City Industrial	0.262	-	-	-	-
	Out-City Industrial	0.287	-	-	-	-

TABLE 43

CITY OF KALAMAZOO
WASTEWATER SYSTEM
WASTEWATER TREATMENT CHARGES BY CUSTOMER CLASSIFICATION (1) (CONCLUDED)
LAST FIVE YEARS
(UNAUDITED)

Additional Quantity and Quality Wastewater Treatment (2)

Fiscal Years Ended December 31		2021	2022	2023	2024	2025
	SS Charge $/KG (5)					
	Pfizer	0.861	1.033	1.033	1.157	1.297
	Graphic Packaging	0.809	0.971	0.971	1.088	1.367
	In-City Industrial	0.809	0.971	0.971	1.088	1.297
	Out-City Industrial	0.862	1.034	1.034	1.158	4.781
						5.116
	NH3 Charge $/KG (6)					
	Pfizer (Inside City)	3.347	4.016	4.016	4.498	4.781
	Pfizer (Outside City)	3.347	4.016	4.016	4.498	5.116
	Graphic Packaging	3.143	3.772	3.772	4.225	4.781
	In-City Industrial	3.145	3.774	3.774	4.225	14.246
	Out-City Industrial	3.431	4.092	4.092	4.583	14.246

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 (NH_3) 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)

Retail Customers	2021		2022		2023		2024		2025	
Residential	5,136,297	18.90%	4,967,762	17.41%	5,185,467	17.74%	4,950,072	16.41%	4,932,411	15.11%
MultiFamily (2)	3,208,055	11.81%	3,128,754	10.97%	2,699,825	9.24%	3,003,285	9.95%	2,969,634	9.10%
Commercial	3,781,094	13.91%	3,988,685	13.98%	4,423,128	15.13%	4,820,588	15.97%	4,977,916	15.25%
Industrial	1,252,016	4.61%	1,281,456	4.49%	938,027	3.21%	703,208	2.33%	685,146	2.10%
Sub-Total	13,377,462	49.23%	13,366,657	46.85%	13,246,447	45.32%	13,477,153	44.66%	13,565,107	41.56%
Wholesale Customers										
Monitored Industries (2)	6,076,143	22.36%	6,655,584	23.33%	3,628,177	12.41%	3,244,561	10.75%	3,777,932	11.58%
Flat Rate Industries (2)(3)	-	0.00%	715,558	2.51%	4,166,021	14.25%	3,814,521	12.64%	3,679,690	11.28%
Municipal Customers (4)	7,567,359	27.85%	7,673,370	26.90%	8,024,112	27.45%	9,477,468	31.41%	11,414,017	34.98%
Dewatering Accounts	152,131	0.56%	117,866	0.41%	166,758	0.57%	163,126	0.54%	196,444	0.60%
Septage Haulers	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Sub-Total	13,795,633	50.77%	15,162,378	53.15%	15,985,068	54.68%	16,699,676	55.34%	19,068,083	58.44%
Total Wastewater Billed	27,173,095	100.00%	28,529,035	100.00%	29,231,515	100.00%	30,176,829	100.00%	32,633,190	100.00%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Measured in Cubic Meters.

(2) MultiFamily, Flat Rate Industries, and Monitored Industries were not originally reported on the 2021-2024 data. These categories were added to offer additional transparency to the customer classes based on billing systems. Historical data was adjusted for consistency.

(3) Starting in 2022, monitored industries were offered an opt-in for a consistent flat rate each month based on historical averages. Volumes represent treated volumes vs. billed volumes.

(4) Starting in 2022, all municipal contracts were moved to a consistent flat rate each month based on historical averages. Volumes represent treated volumes vs. billed volumes.

TABLE 45

CITY OF KALAMAZOO
WASTEWATER SYSTEM
WASTEWATER VOLUME AS TREATED AND BILLED (1)
LAST FIVE YEARS
(UNAUDITED)

	2021	2022	2023	2024	2025
Metered Wastewater Volume	35,168,774	36,960,560	36,001,211	36,691,635	35,794,095
Wastewater Consumption as Billed	27,173,095	28,443,026	29,231,465	27,173,544	29,034,241
Difference (2)	7,995,679	8,517,534	6,769,746	9,518,091	6,759,854
Difference as a % of Metered Wastewater Volume	22.7%	23.0%	18.8%	25.9%	18.9%

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)

	2021	2022	2023	2024	2025
Average Daily Sewage Disposal Volume	25.5	26.8	26.1	26.5	25.9
Peak Daily Sewage Disposal Volume	38.6	35.2	45.2	48.4	39.2
Peak as a Percent of Average	151.73%	131.63%	173.37%	182.56%	151.37%

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, 2025
(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)
City of Portage	Municipality	4,845,200	14.8%	$ 4,799,788		$ 4,799,788	10.5%
Pfizer Corporation	Pharmaceuticals	3,962,993	12.1%	4,261,734	733,843	4,995,577	10.9%
Graphic Packaging Corporation	Paper Products	3,640,363	11.2%		4,134,511	4,134,511	9.0%
Gull Lake Sewer & Water Athrty	Municipality	1,340,717	4.1%	985,200		985,200	2.1%
Kalamazoo Brewing Company	Brewery	257,911	0.8%	157,685		157,685	0.3%
Allnex Usa, Inc	Chemicals	327,624	1.0%	661,913	584,661	1,246,574	2.7%
Kalsec, Inc.	Food Grade Flavoring	201,286	0.6%	1,161,870		1,161,870	2.5%
Western Michigan University	University	114,600	0.4%	505,772		505,772	1.1%
Village Of Vicksburg	Municipality	365,172	1.1%	302,400		302,400	0.7%
Village Of Mattawan	Municipality	364,691	1.1%	400,800		400,800	0.9%
		15,420,557	47.2%	$ 13,237,162	$ 5,453,015	$ 18,690,177	40.7%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) Based on wastewater treatment volume of 32,633,190 cubic meters.

(2) Based on Wastewater System billed revenue of $45,895,187.

TABLE 48

CITY OF KALAMAZOO
WASTEWATER SYSTEM
WASTEWATER TREATMENT REVENUE AS BILLED
BY METER LOCATION AND CLASSIFICATION
LAST FIVE YEARS
(UNAUDITED)

Meter Location and Classification	2021		2022		2023		2024		2025	
Retail Customers										
City										
Residential	$ 2,362,851	9.3%	$ 3,033,289	9.5%	$ 3,697,242	9.8%	$ 3,994,120	9.8%	$ 4,368,044	9.5%
MultiFamily (1)	1,093,193	4.3%	1,413,816	4.4%	1,462,763	3.9%	1,814,992	4.5%	2,033,914	4.4%
Commercial	1,582,280	6.2%	2,222,841	6.9%	2,963,846	7.8%	3,825,813	9.4%	4,554,825	9.9%
Industrial	601,789	2.4%	797,276	2.5%	633,234	1.7%	482,051	1.2%	598,446	1.3%
Total City	5,640,113	22.2%	7,467,222	23.3%	8,757,085	23.2%	10,116,976	24.9%	11,555,229	25.1%
Out City										
Residential	3,063,793	12.0%	3,435,001	10.7%	4,112,795	10.9%	4,446,265	10.9%	4,946,847	10.8%
MultiFamily (1)	1,630,257	6.4%	1,758,628	5.5%	1,760,787	4.6%	2,183,527	5.4%	2,328,546	5.1%
Commercial	1,441,407	5.7%	1,648,660	5.2%	1,880,590	5.0%	1,973,580	4.9%	2,278,002	5.0%
Industrial	206,450	0.8%	259,287	0.8%	291,407	0.8%	317,476	0.8%	276,596	0.6%
Total Out City	6,341,907	24.9%	7,101,576	22.2%	8,045,579	21.3%	8,920,848	22.0%	9,829,991	21.5%
Wholesale Customers										
Monitored Industries (1)	7,583,922	29.8%	9,220,487	28.8%	6,862,691	18.1%	6,865,959	16.9%	8,288,613	18.1%
Flat Rate Industries (1)	-	0.0%	1,147,800	3.6%	5,890,800	15.6%	6,072,200	14.9%	6,801,900	14.8%
Municipal Customers	5,111,116	20.1%	6,256,328	19.5%	7,252,295	19.2%	7,492,675	18.4%	8,165,400	17.8%
Dewatering Accounts	92,249	0.4%	80,251	0.3%	174,320	0.5%	192,701	0.5%	169,100	0.4%
Subtotal	12,787,287	50.3%	16,704,866	52.2%	20,180,106	53.4%	20,623,535	50.7%	23,425,013	51.1%
Flat Rate Customers	657,448	2.6%	733,799	2.3%	884,458	2.3%	1,013,186	2.5%	1,084,954	2.4%
Total System										
Residential	5,426,644	21.3%	6,468,290	20.2%	7,810,037	20.6%	8,440,385	20.8%	9,314,891	20.3%
MultiFamily (1)	2,723,450	10.7%	3,172,444	9.9%	3,223,550	8.5%	3,998,519	9.8%	4,362,460	9.5%
Commercial	3,023,687	11.9%	3,871,501	12.1%	4,844,436	12.8%	5,799,393	14.3%	6,832,827	14.9%
Industrial	808,239	3.2%	1,056,563	3.3%	924,641	2.4%	799,527	2.0%	875,042	1.9%
Industrial Monitored (1)	7,583,922	29.8%	9,220,487	28.8%	6,862,691	18.1%	6,865,959	16.9%	8,288,613	18.1%
Industrial Flat Rate (1)(2)	-	0.0%	1,147,800	3.6%	5,890,800	15.6%	6,072,200	14.8%	6,801,900	14.7%
Municipalities (3)	5,111,116	20.1%	6,256,328	19.5%	7,252,295	19.2%	7,492,675	18.4%	8,165,400	17.8%
Dewatering	92,249	0.4%	80,251	0.3%	174,320	0.5%	192,701	0.5%	169,100	0.4%
Flat Rate Customers	657,448	2.6%	733,799	2.3%	884,458	2.3%	1,013,186	2.5%	1,084,954	2.4%
Total System	$ 25,426,755	100.0%	$ 32,007,463	100.0%	$ 37,867,228	100.0%	$ 40,674,545	100.0%	$ 45,895,187	100.0%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

(1) MultiFamily, Flat Rate Industries, and Monitored Industries were not originally reported on the 2021-2024 data. These categories were added to offer additional transparency to the customer classes based on billing systems. Historical data was adjusted for consistency.

(2) Starting in 2022, monitored industries were offered an opt-in for a consistent flat rate each month based on historical averages.

(3) Starting in 2022, all municipal contracts were moved to a consistent flat rate each month based on historical use averages.

TABLE 49

CITY OF KALAMAZOO
WASTEWATER SYSTEM
HISTORY OF WASTEWATER SYSTEM RATE INCREASES
(UNAUDITED)

Date Increase Effective	Percent Increase
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%
January 1, 2024	12.00%
January 1, 2025	12.00%

Source: City of Kalamazoo, Public Services Department, Wastewater Division

* In 1999 there was a revenue neutral rate change. That is, rates for some classifications increased while rates for other classifications decreased. Overall, there was no increase in revenue.

APPENDIX C

FORM OF APPROVING OPINION

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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FORM OF APPROVING OPINION

City of Kalamazoo
County of Kalamazoo
State of Michigan

We have acted as bond counsel to the City of Kalamazoo, County of Kalamazoo, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of $_______________, designated 2026 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of ______________, 2026, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.

2. The Issuer has pledged its limited tax full faith and credit for the payment of the Bonds and, in order to make such payment, the Issuer is obligated to provide, as a first budget obligation, sufficient general fund moneys in its annual budget and, if necessary, to levy sufficient ad valorem taxes upon all taxable property within its boundaries, subject to applicable constitutional, statutory and charter tax rate limitations.

3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal

Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and State of Michigan income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

Except as stated in paragraph 3 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the City of Kalamazoo, County of Kalamazoo, State of Michigan (the "City"), in connection with the issuance of its 2026 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds"). The City covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions*. The following terms used herein shall have the following meanings:

"Audited Financial Statements" means the annual audited financial statement pertaining to the City prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

"Bondholders" shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

"SEC" means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The City hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 6th month after the end of the fiscal year of the City, the following annual financial information and operating data, commencing with the fiscal year ended December 31, 2026, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the City relating to the Bonds (the "Official Statement") appearing in the Tables in the Official Statement as described below:

a. Total Taxable Value – Update as of Current Year;
b. Total Taxable Value by Use and Class – Update as of Current Year;
c. Percent of Total Taxable Value by Use and Class – Update as of Current Year;
d. Total State Equalized Valuation – Update as of Current Year;
e. Total SEV by Use and Class – Update as of Current Year;
f. Percent of Total SEV by Use and Class – Update as of Current Year;
g. Maximum Operating Tax Rates – Update as of Current Year;
h. Property Tax Rates – Update as of Current Year;
i. Principal Residence Property Tax Rates by Governmental Unit – Update as of Current Year;
j. Non-Principal Residence Property Tax Rates by Governmental Unit – Update as of Current Year;
k. Property Tax Collections – Update as of Current Year;
l. Ten Largest Taxpayers – Update as of Current Year;
m. State Shared Revenues – Update as of Current Year;
n. Legal Debt Margin – Update as of Current Year;
o. Debt Statement – Update as of Current Year;
p. Other Post Employment Benefits – Update as of Current Year; and
q. Defined Benefit Pension Plan – Update as of Current Year.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the City and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the City or by specific reference to documents available to the public through EMMA or filed with the SEC.

If the fiscal year of the City is changed, the City shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose*. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the City to provide the annual financial information with respect to the City described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events*. The City agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) modifications to rights of holders of the Bonds, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; or

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws*. The City agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information*. All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation*. The obligation of the City to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the City no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders*. The City agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the City’s obligations hereunder and any failure by the City to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking*. Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the City, provided that the City agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the City in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the

City to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the City has caused this Undertaking to be executed by its authorized officer.

CITY OF KALAMAZOO
County of Kalamazoo, State of Michigan

By ______________________________________

Stephen J. Vicenzi

Its: Director of Management Services and Chief Financial Officer

Dated: _______________, 2026

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APPENDIX E

OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM

OFFICIAL NOTICE OF SALE

$8,330,000*
CITY OF KALAMAZOO
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)
Subject to adjustment as set forth in this Notice of Sale

BID OPENING: Bids for the purchase of the above bonds will be received in the manner described in this Official Notice of Sale on September 10, 2026 until 11:00 a.m., prevailing Eastern Time, at which time and place the bids will be publicly opened and read. The award or rejection of bids will occur on the same date.

ELECTRONIC BIDS: Bidders may submit bids for the purchase of the above bonds as follows:

Electronic bids may be submitted to the Municipal Advisory Council of Michigan at munibids@macmi.com; provided that electronic bids must arrive before the time of sale.

Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or CLIENT SERVICES, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. IF ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BIDCOMP/PARITY, AS THE APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS OFFICIAL NOTICE OF SALE SHALL CONTROL.

Bidders may choose any means or location to present bids but a bidder may not present a bid in more than one location or by more than one means. Each bidder bears all risks associated with the submission, transmission and delivery of its bid.

BOND DETAILS: The bonds will be registered bonds of the denomination of $5,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, originally dated as of the date of delivery, numbered in order of registration, and will bear interest from their date payable on April 1, 2027, and semiannually thereafter.

The bonds will mature on the 1st day of October in each of the years, as follows:

Year	Amount	Year	Amount
2027	$385,000	2035	$570,000
2028	405,000	2036	600,000
2029	425,000	2037	630,000
2030	445,000	2038	660,000
2031	470,000	2039	695,000
2032	490,000	2040	730,000

2033	515,000	2041	765,000
2034	545,000		

***ADJUSTMENT OF TOTAL PAR AMOUNT OF BONDS AND PRINCIPAL MATURITIES**: The City reserves the right to adjust the aggregate principal amount of the bonds after receipt of the bids and prior to final award, if necessary, so that the purchase price of the bonds will provide an amount determined by the City to be sufficient to construct the project and to pay costs of issuance of the bonds. The adjustments, if necessary, will be in increments of $5,000. The purchase price will be adjusted proportionately to the adjustment in issue size, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

***ADJUSTMENT TO PURCHASE PRICE**: Should any adjustment to the aggregate principal amount of the bonds be made by the City, the purchase price of the bonds will be adjusted by the City proportionally to the adjustment in principal amount of the bonds. The adjusted purchase price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and initial reoffering prices.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not less than 5% per annum and not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. No proposal for the purchase of less than all of the bonds or at a price that is less than 100% of their par value will be considered.

PRIOR REDEMPTION OF BONDS: Bonds maturing in the years 2027 to 2036, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of $5,000 maturing in the year 2037 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after October 1, 2036, at par and accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding bond is called for redemption, the transfer agent, upon presentation of the bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the transfer agent to redeem the bond or portion thereof.

TERM BOND OPTION: The initial purchaser of the bonds may designate any one or more maturities from October 1, 2027 through the final maturity as term bonds and the consecutive maturities on or after the year 2027 which shall be aggregated in the term bonds. The amounts of the maturities which are aggregated in a designated term bond shall be subject to mandatory redemption on October 1 of the years and in the amounts set forth in the above maturity schedule at a redemption price of par, plus accrued interest to the date of mandatory redemption. Term bonds or portions thereof mandatorily redeemed shall be selected by lot. Any such designation must be made at the time bids are submitted and must be listed on the bid.

BOOK-ENTRY ONLY: The bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. In the event of registration with DTC, the purchaser will not receive certificates representing their interest in bonds purchased. It will be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the bonds. In the alternative, the successful bidder may request bond certificates to be delivered to the purchaser as one fully registered bond per maturity.

TRANSFER AGENT AND REGISTRATION: Principal shall be payable at the corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to an interest payment date. Interest shall be paid by check mailed to the registered owner of record as shown on the registration books of the City as of the 15th day of the month preceding an interest payment date. The bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The bonds are authorized for the purpose of paying the cost of acquiring and constructing certain capital improvements for the City. The bonds will be a first budget obligation of the City, payable from the general funds of the City including the collection of ad valorem taxes on all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of $83,300 payable to the order of the Treasurer of the City will be required of the successful bidder. The successful bidder is required to submit its good faith deposit to the City as instructed by the City not later than Noon, prevailing Eastern Time, on the next business day following the sale. The good faith deposit will be applied to the purchase price of the bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS – TRUE INTEREST COST: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on April 1, 2027 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment date to October 1, 2026 (the anticipated delivery date), in an amount equal to the bid price, excluding accrued interest, if any. For the purpose of computing the true interest cost, the bonds shall be deemed to become due in the principal amounts and at the times set forth above, whether the bonds are serial bonds or mandatory sinking fund redemptions for such term bonds. Each bidder shall state in its bid the true interest cost to the City, computed in the manner specified above.

TAX MATTERS: In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, under existing law, assuming compliance with certain covenants and the issue price rules set forth below, interest on the bonds is excludable from gross income for federal income tax purposes as described in the opinion, and the bonds and interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

ISSUE PRICE: The winning bidder shall assist the City in establishing the issue price of the bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached either as Appendix F-1 or Appendix F-2 of the preliminary Official Statement, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the "Competitive Sale Requirements") because:

a. the City is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

b. all bidders shall have an equal opportunity to bid;

c. the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

d. the City anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that all of the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City will not require bidders to comply with the "hold-the-offering price rule" (as described below), and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the bonds as the issue price of that maturity, though the winning bidder, in consultation with the City, may elect to apply the "hold-the-offering price rule" (as described below). Bids will not be subject to cancellation in the event the Competitive Sale Requirements are not satisfied. Unless a bidder intends to apply the "hold-the-offering price rule" (as described below), bidders should prepare their bids on the assumption that all of the maturities of the bonds will be subject to the 10% Test (as described below). The winning bidder must notify the City of its intention to apply either the "hold-the-offering price rule" or the 10% Test at or prior to the time the bonds are awarded.

If the winning bidder does not request that the "hold-the-offering price rule" apply to determine the issue price of the bonds, then the following two paragraphs shall apply:

a. The City shall treat the first price at which 10% of a maturity of the bonds (the "10% Test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the bonds satisfies the 10% Test as of the date and time of the award of the bonds; and

b. Until the 10% Test has been satisfied as to each maturity of the bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the bonds of that maturity, provided that, the winning bidder's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

If the winning bidder does request that the "hold-the-offering price rule" apply to determine the issue price of the bonds, then the following three paragraphs shall apply:

a. The winning bidder, in consultation with the City, may determine to treat (i) pursuant to the 10% Test, the first price at which 10% of a maturity of the bonds is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the bonds as the issue price of that maturity (the "hold-the-offering price rule"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the bonds satisfies the 10% Test as of the date and time of the award of the bonds. The winning bidder shall promptly advise the City, at or before the time of award of the bonds, which maturities of the bonds shall be subject to the 10% Test or shall be subject to the hold-the-offering price rule or both.

b. By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of the award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) if the hold-the-offering-price rule applies, agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

i. the close of the fifth (5^{th}) business day after the sale date; or

ii. the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public;

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5^{th}) business day after the sale date.

c. The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds.

By submitting a bid, each bidder confirms that:

a. any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A)(i) to report the prices at which it sells to the public the unsold bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% Test has been satisfied as to the bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

b. any agreement among underwriters or selling group agreement relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (i) report the prices at which it sells to the public the unsold bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% Test has been satisfied as to the bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (ii) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

Sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of establishing issue price. Further, for purposes of this Notice of Sale:

a. "public" means any person other than an underwriter or a related party;

b. "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the bonds to the public);

c. a purchaser of any of the bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

d. "sale date" means the date that the bonds are awarded by the City to the winning bidder.

NOT QUALIFIED TAX EXEMPT OBLIGATIONS: The City has not designated the bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Internal Revenue Code of 1986, as amended.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the above bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the bonds, the bidder agrees to the representation of the City by Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel.

DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York, or such other place to be agreed upon. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, prevailing Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if the 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds. Application for CUSIP numbers will be made by MFCI, LLC, municipal advisor to the City. The CUSIP Service Bureau's charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

OFFICIAL STATEMENT: An electronic copy of the preliminary Official Statement that the City deems to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, has been prepared and may be obtained from MFCI, LLC, municipal advisor to the City, at the email address and telephone listed under MUNICIPAL ADVISOR below. MFCI, LLC will provide the winning bidder with an electronic copy of the final Official Statement within 7 business days from the date of sale to permit the purchaser to comply with Securities and Exchange Commission Rule 15c2-12. Within 24 hours of the time of sale, the purchaser may request printed copies of the Official Statement from MFCI, LLC. The purchaser agrees to pay the cost of additional copies.

BOND INSURANCE AT PURCHASER'S OPTION: If the bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the bonds. Any and all increased costs of issuance of the bonds resulting from such purchase of insurance shall be paid by the purchaser, except that if the City has requested and received a rating on the bonds from a rating agency, the City shall pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.

CONTINUING DISCLOSURE: As described more fully in the preliminary Official Statement, the City has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, (i) on or prior to the last day of the sixth month after the end of each fiscal year commencing with the fiscal year ended December 31, 2026, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the preliminary Official Statement relating to the bonds, (ii) timely notice of the occurrence of certain material events with respect to the bonds and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in (i) above.

MUNICIPAL ADVISOR: Further information relating to the bonds may be obtained from MFCI, LLC, 435 Union Street, Milford, MI 48381. Telephone (313) 782-3011. Fax (313) 782-3011. Email wc@mfci.com.

BIDDER CERTIFICATION: NOT "IRAN-LINKED BUSINESS" By submitting a bid, the bidder shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act 517 Michigan Public Acts of 2012, being MCL 129.311 et. seq.

THE RIGHT IS RESERVED TO REJECT ANY AND ALL BIDS.

Scott A. Borling
City Clerk
City of Kalamazoo

51554959.1/046053.00262

BID FORM
$8,330,000†
CITY OF KALAMAZOO
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

For your legally issued Bonds, as described in the Official Notice of Sale, we will pay you par plus a premium of $________________________ for Bonds maturing and bearing interest as follows:

Year	Amount†	Interest Rate	Year		Amount†	Interest Rate
2027	$385,000	______%	2035		$570,000	______%
2028	405,000	______%	2036		600,000	______%
2029	425,000	______%	2037	*	630,000	______%
2030	445,000	______%	2038	*	660,000	______%
2031	470,000	______%	2039	*	695,000	______%
2032	490,000	______%	2040	*	730,000	______%
2033	515,000	______%	2041	*	765,000	______%
2034	545,000	______%				

*Subject to prior redemption.
This Bid is for all or none of the Bonds.
In making this offer, we accept all of the terms and conditions of the Official Notice of Sale published in The Bond Buyer.

Bid of :

Respectfully submitted,

____ Firm

By: ____ Authorized Representative

____ Contact Name

____ Contact Email

____ Contact Phone Number

****

The following is a computation of the interest cost on the above Bid. This computation is not to be considered as a part of the Bid and is subject to verification.

Gross Interest Cost	$________________________
(-) Premium	$________________________
Interest Cost	$________________________
True Interest Rate	________________________%

† Preliminary, subject to change

APPENDIX F-1

FORM OF ISSUE PRICE CERTIFICATE – COMPETITIVE SALE

APPENDIX F-1
FORM OF ISSUE PRICE CERTIFICATE

This Form will be used if the Competitive Sale Requirements are met.

$[____]
CITY OF KALAMAZOO
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.[1]

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Issuer* means City of Kalamazoo, County of Kalamazoo, State of Michigan.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly, as defined in Treas. Reg. §1.150-1(b).

---

[1] Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage and Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Miller, Canfield, Paddock and Stone, P.L.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: ________________________________

Name: ________________________________

Dated: [ISSUE DATE]

SCHEDULE A

EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

APPENDIX F-2

FORM OF ISSUE PRICE CERTIFICATE – GENERAL RULE/HOLD THE PRICE

APPENDIX F-2
FORM OF ISSUE PRICE CERTIFICATE

This Form will be used if either the 10% Test or the Hold-the-Offering-Price Rule applies.

$[____]
CITY OF KALAMAZOO
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”)] [the “Representative”)] [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale, [SHORT NAME OF UNDERWRITER] [the members of the Underwriting Group] [has] [have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it] [they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF UNDERWRITER] [the Underwriters] [has]

[have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at a price that is no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means City of Kalamazoo, County of Kalamazoo, State of Michigan.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly, as defined in Treas. Reg. §1.150-1(b).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM] [the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage and Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Miller, Canfield, Paddock an Stone, P.L.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER] [REPRESENTATIVE]

By: ________________________________

Name: ________________________________

Dated: [ISSUE DATE]

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

51527612.1/046053.00262

$8,330,000†
CITY OF KALAMAZOO
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

Municipal Advisor:

MFCI MUNICIPAL FINANCIAL CONSULTANTS

† Preliminary, subject to change.