

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**J. Risk Management**

Kalkaska Public Schools are exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation).

The District participates in a distinct pool of educational institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, and workers' disability compensation. The pool is considered a public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

**K. Long-Term Obligations**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of the governmental long-term obligation transactions for the District for the year ended June 30, 2025:

	GENERAL OBLIGATION BONDS	UNAMORTIZED BOND PREMIUM	UNAMORTIZED BOND DISCOUNT	NET PENSION LIABILITY	COMPENSATED ABSENCES*	TOTAL
Balance July 1, 2024	\$ 17,140,000	\$ 2,668,386	\$ (19,569)	\$ 28,027,214	\$ 457,463	\$ 48,273,494
Additions	0	0	0	3,687,547	47,556	3,735,103
Deletions	(2,155,000)	(242,581)	6,614	(10,121,417)	0	(12,512,384)
Balance June 30, 2025	14,985,000	2,425,805	(12,955)	21,593,344	505,019	39,496,213
Less current portion	(2,165,000)	0	0	Unknown	(452,825)	(2,617,825)
Total due after one year	\$ 12,820,000	\$ 2,425,805	\$ (12,955)	\$ 21,593,344	\$ 52,194	\$ 36,878,388

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

The annual requirements to amortize the net pension are uncertain because it is unknown when the repayments will be made.

The District's debt obligations at June 30, 2025, are comprised of the following issues:

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General Obligation Bonds

2010 Qualified School Construction Bonds ("QSCB"), due in annual installments of \$1,300,000 to \$1,325,000 through May 2027 with interest rates of 6.40%	\$ 2,625,000
2010 Qualified Zone Academy ("QZAB"), due in principal installments of \$225,000 through May 2027, with interest rates of 6.40%	450,000
2024 School Building and Site Bonds, Series II, due in annual installments of \$210,000 to \$250,000 through May 2031, with interest of 4.53%.	1,400,000
2021 School Building and Site Bonds, Series I, due in annual installments of \$405,000 to \$1,655,000 through May 2035, with interest of 4.00% to 5.00%	<u>10,510,000</u>
Total General Obligation Bonds Payable	14,985,000
Unamortized Bond Premium	2,425,805
Unamortized Bond Discount	(12,955)
Net Pension Liability	<u>21,593,344</u>
Total Long-Term Obligations	<u>\$ 38,991,194</u>

The annual requirements to amortize all long-term liability outstanding as of June 30, 2025, including interest payments of \$3,654,818 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS PAYABLE		TOTAL
	PRINCIPAL	INTEREST	
2026	\$ 2,165,000	\$ 776,420	\$ 2,941,420
2027	2,265,000	651,507	2,916,507
2028	1,885,000	523,168	2,408,168
2029	1,245,000	429,998	1,674,998
2030	1,305,000	368,900	1,673,900
2031-2035	6,120,000	904,825	7,024,825
	<u>\$ 14,985,000</u>	<u>\$ 3,654,818</u>	18,639,818
Net Pension Liability			21,593,344
Unamortized Bond Premium			2,425,805
Unamortized Bond Discount			(12,955)
			<u>\$ 42,646,012</u>

Interest expense for the year ended June 30, 2025, was approximately \$897,734.

The annual requirements to amortize net pension and liabilities is uncertain because it is unknown when they will be used.