

October 21, 2025

PERSONAL & CONFIDENTIAL

Aaron Kuhn
City of Battle Creek
10 North Division Street
Battle Creek, MI 49014

RE: City of Battle Creek Retiree Health Care Plan

Dear Aaron:

Transmitted via email, this is a copy of your OPEB accounting report for the fiscal year ending June 30, 2025. This information is intended to assist you in complying with Governmental Accounting Standards Board Statement No. 74 (GASB 74) Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, and Statement No. 75 (GASB 75) Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

The actuarial values shown in this report are based on June 30, 2024 results rolled forward to June 30, 2025.

If you have any questions about this report, please call me at (616) 742-9244.

Sincerely,



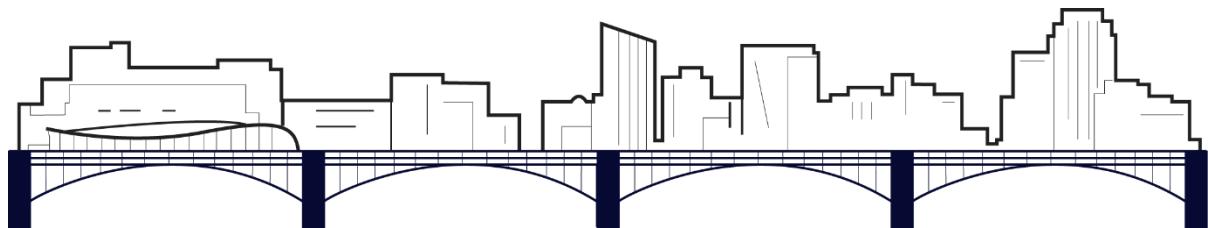
Christian R. Veenstra, FCA, ASA, MAAA
President / Enrolled Actuary

Enclosure

City of Battle Creek Retiree Health Care Plan

Accounting Report

for the Period Ending June 30, 2025
under GASB Statement 74 & 75



Report presented by:



October 2025

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INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared to provide the information necessary to comply with Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75. This information may, at the discretion of the management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 74 and 75 and may be inappropriate for other purposes.

The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate, and their use would produce different results.

This report contains additional information and details related to plan provisions and recommended contribution calculations.

This report was prepared based on participant data and asset values as reported to us by the plan sponsor. Watkins Ross relied upon the data as submitted and has no reason to believe that any information which would have a material effect on the results of this valuation was not considered in the preparation of the report.

The actuary certifying this report represents herself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Prepared and Certified by:



Leah A. Dudley, FCA, ASA, MAAA
Health Actuary

Reviewed by:



Esther Peterson, ASA, EA, MAAA
Consulting Actuary

COMMENTS

Purpose of Governmental Accounting Standards Board (GASB) Reporting

The objective of GASB is to provide guidelines and requirements for accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources and methods and assumptions that are required to be used to project benefit payments and discount those payments to their actuarial present value.

State of Michigan Public Act 202

Public Act 202 (PA 202) was drafted to address the underfunded status of pension and retiree healthcare plans of local governments in Michigan. Accordingly, PA 202 included transparency and funding requirements. In addition, in order that the plans' funded status be reported on a consistent basis, Uniform Assumptions were published. While all of the Uniform Assumptions have a sound and reasonable basis, some might not be appropriate for each plan and therefore may be different than what is used for funding. Additionally, some of the assumptions may differ from what is required for reporting under GASB.

PA 202 further requires that plans covering 100 or more Plan Members – active and inactive:

- 1. At least every 5 years, the local unit of government (city, village, township, county, county road commission or other districts, authorities created by the state or 1 or more these entities) shall have an actuarial experience study conducted by the plan actuary for each retirement system of the local unit of government and**
- 2. At least every 8 years, the local unit of government shall do at least 1 of the following:**
 - a. Have a peer actuarial audit conducted by an actuary that is not the plan actuary**
 - b. Replace the plan actuary**

Actuarial Experience Study – An actuarial experience study was provided in June of 2024.

Changes in Actuarial Assumptions, Plan Changes and Expected Actuarial Experience

There was a gain to the plan of \$23,221, due to the retiree benefit payments being lower than projected. The combination of actuarial assumption changes, described in the "Assumptions and Methods for Calculation of Actuarially Determined Contribution" section of this report, generated a decrease in liability of \$2,163,236.

Peer Review and rotation of Certifying Actuary

Current year Certifying Actuary: Leah A. Dudley, FCA, ASA, MAAA

Peer reviewed/change in Actuary: June 30, 2025

PLAN DESCRIPTION

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the City of Battle Creek Retiree Health Care Plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City of Battle Creek. 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.

Plan Description

City of Battle Creek Retiree Health Care Plan is a single employer plan established and administered by **City of Battle Creek** and can be amended at its discretion.

Benefits Provided

A summary of the benefits provided is available in the Plan Provisions section of the report.

Summary of Plan Participants

As of June 30, 2024, Retirement Plan membership consisted of the following:

Active members	313
Inactive members	0
Retirees and beneficiaries	302
Total members	615

Contributions

The City of Battle Creek Retiree Health Care Plan was established and is being funded under the authority of the City and under agreements with unions representing various classes of employees. The plan's funding policy is that the police members contribute 1% of pay, retirees contribute 2% of pension into personal 401(h) accounts and the City contributes 3% of pay during active employment. Fire members contribute 3.75% of pay and the City contributes 1.25% while fire members retired between July 1, 2004 and January 1, 2021, no longer make contributions into the 149 trust. Fire members who retire after January 1, 2021, contribute 2.5% of pension in the RHFV trust if they participate. In addition, the plan sponsor will make projected trust contributions as reported while assets are drawn down to pay benefits. There are no long-term contracts for contributions to the plan.

ASSUMPTIONS AND METHODS

The City of Battle Creek's OPEB liability was measured as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Salary increases	4.00% (for purpose of allocating liability)
Investment rate of return	6.93% (including inflation)
20-year Aa Municipal bond rate	4.81%
Mortality	Public General and Public Safety 2016 Employee and Healthy Retiree, Headcount weighted
Improvement Scale	IRS 2024 Adjusted Scale MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.16%
Real Assets	20.0%	6.50%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 6.93%.

Discount Rate

The discount rate used to measure the total OPEB liability was **6.93%**. The projection of cash flows used to determine the discount rate assumed projected trust contributions as reported by the City and that the City will continue to pay a portion of the retiree benefits from general operating funds consistent with current practice. Based on these assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date", not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. As of June 30, 2024 the discount rate used to value OPEB liabilities was 6.02%.

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Plan Net OPEB Liability (a) - (b)
Balance at June 30, 2024	\$27,532,260	\$10,187,534	\$17,344,726
Changes during the Year			
Service Cost	510,353		510,353
Interest	1,636,243		1,636,243
Experience (Gains)/Losses	(23,221)		(23,221)
Change in plan terms	0		0
Change in actuarial assumptions	(2,163,236)		(2,163,236)
Contributions to OPEB trust		409,909	(409,909)
Contributions/benefit from general operating funds		1,242,450	(1,242,450)
Employee Contributions		449,771	(449,771)
Net Investment Income		1,010,412	(1,010,412)
Benefit Payments;			
Including Refunds of Employee Contributions	(1,724,979)	(1,724,979)	0
Administrative Expenses		(22,680)	22,680
Other Changes		0	0
Total Changes	(1,764,840)	1,364,883	(3,129,723)
Balance at June 30, 2025	\$25,767,420	\$11,552,417	\$14,215,003

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the City, calculated using trend and discount rates 1% higher and lower than base assumptions:

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$28,494,047	\$25,767,420	\$23,478,852
Plan Fiduciary Net Position	11,552,417	11,552,417	11,552,417
Net OPEB Liability	\$16,941,630	\$14,215,003	\$11,926,435
Trend			
Total OPEB Liability	\$25,212,348	\$25,767,420	\$26,273,792
Plan Fiduciary Net Position	11,552,417	11,552,417	11,552,417
Net OPEB Liability	\$13,659,931	\$14,215,003	\$14,721,375

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 06/30/2025
Service Cost	\$510,353
Interest on Total OPEB Liability	1,636,243
Experience (Gains)/Losses	(3,010,010)
Changes in Plan Terms	0
Changes in Assumptions	(1,489,893)
Employee Contributions	(449,771)
Projected Earnings on OPEB Plan Investments	(725,533)
Investment Earnings (Gains)/Losses	(120,060)
Administrative Expenses	22,680
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	\$ (3,625,991)

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of June 30, 2025 is \$11,552,417.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	0	5,792,351
Changes of Assumptions	356,427	6,516,168
Investment Earnings (Gains)/Losses	0	158,286
Total	\$356,427	\$12,466,805

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

Year Ended June 30,	Amount Recognized
2026	\$(5,799,119)
2027	(4,873,062)
2028	(949,968)
2029	(488,229)
2030	0
Thereafter	0

RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability June 30, 2024	\$17,344,726
Total OPEB expense	(3,625,991)
Contributions	(1,652,359)
Change in deferred outflows of resources	(1,616,247)
Change in deferred inflows of resources	3,764,874
Net OPEB Liability June 30, 2025	\$14,215,003

Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$7,656,277
Inactive participants	0
Retirees and beneficiaries	18,111,143
Total OPEB Liability	\$25,767,420

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Description of Actuarially Determined Contributions

Although not required as part of GASB reporting, we have included an Actuarially Determined Contribution in order to provide information for funding. This recommended contribution is designed to eventually fund your plan enough that you can pay retiree benefits directly from the trust instead of general operating funds. The amortization period is based on average future working years for active employees.

Actuarially Determined Contribution (ADC) ¹	Fiscal Year Ending June 30,	
	<u>2026</u>	<u>2025</u>
Discount rate	6.93%	6.02%
Amortization period	9 years	10 years
Amortization method	Level % of pay	Level % of pay
Service cost	397,590	510,353
Amortization of Net OPEB Liability	1,760,567	1,888,425
Interest to end of year	149,560	144,406
Total ADC	\$2,307,717	\$2,543,184

PA 202 was issued by the State of Michigan and requires the calculation of other “contribution” amounts. These are

1. The Actuarially Determined Contribution (ADC) using Assumptions for financial reporting and
2. The minimum required amount to be deposited into an OPEB trust

The first of these contributions as shown above, \$2,543,184, is an amount required to be reported to the State of Michigan and may be used to determine whether a Corrective Action Plan (CAP) must be adopted if one hasn't yet been implemented. *It is not a required contribution.*

The second of these numbers is the actual minimum amount the State of Michigan requires you to deposit into a trust and it is based on the service cost (actuarially calculated) for those covered by your plan and hired after June 30, 2018. This amount is \$150,652 for 2025 and is projected to be \$124,308 for 2026. Because past contributions have been sufficient to cover the past service liability and service cost for those hired after June 30, 2018, this contribution requirement has been met.

¹ ADC for 2025 and 2026 is based on actuarial assumptions consistent with reporting as of June 30, 2024 and June 30, 2025, respectively.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	2025
Assets (Fiduciary net position)	11,552,417
Liabilities (Total OPEB Liability)	25,767,420
Funded ratio for the Plan Year	44.83%
Actuarially Determined Contribution	\$2,543,184
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

Membership	2025
Number of active members	313
Number of inactive members	0
Number of retirees and beneficiaries	302
Premiums paid on behalf of the retirants	\$1,724,979

Investment Performance	
This information is available from the Investment Manager	

Actuarial Assumptions	2025
Actuarially assumed rate of investment return	6.93%
Discount rate	6.93%
Amortization method used for funding unfunded liability	Level % of Pay
Amortization period used for funding unfunded liability	10 years
Is each division closed to new employees	No
Healthcare inflation assumption next year	7.50%
Healthcare inflation assumption - long term	4.50%

Uniform Assumptions	2025
Actuarial value of assets using uniform assumptions	11,552,417
Actuarial accrued liability using uniform assumptions	25,596,754
Funded ratio using uniform assumptions	45.13%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$2,766,444

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	06/30/2025	06/30/2024	06/30/2023	06/30/2022	06/30/2021
Total OPEB Liability					
Service Cost	\$510,353	\$464,214	\$508,405	\$1,763,720	\$1,624,371
Interest	1,636,243	1,606,606	1,553,798	1,703,634	1,903,031
Changes of Benefit Terms	0	0	0	(17,240,898)	0
Difference between Expected and Actual Experience	(23,221)	(2,012,347)	(314,481)	(14,402,629)	(190,185)
Change of Assumptions	(2,163,236)	582,013	(1,022,209)	(14,205,569)	2,464,152
Benefit Payments (Including Refunds of Employee Contributions)	(1,724,979)	(1,660,153)	(1,307,876)	(1,582,598)	(1,572,949)
Net Change in Total OPEB Liability	(1,764,840)	(1,019,667)	(582,363)	(43,964,340)	4,228,420
Total OPEB Liability – Beginning	27,532,260	28,551,927	29,134,290	73,098,630	68,870,210
Total OPEB Liability – Ending (a)	\$25,767,420	\$27,532,260	\$28,551,927	\$29,134,290	\$73,098,630
Plan Fiduciary Net Position					
Employer Contributions	\$1,652,359	\$1,592,016	\$1,249,439	\$1,605,523	\$1,334,149
Employee Contributions	449,771	435,673	431,617	437,388	370,676
Net Investment Income	1,010,412	935,716	608,612	(710,476)	1,772,773
Benefit Payments (Including Refunds of Employee Contributions)	(1,724,979)	(1,660,153)	(1,307,876)	(1,582,598)	(1,572,949)
Administrative Expenses	(22,680)	(19,906)	(15,313)	(15,160)	(13,816)
Other	0	0	0	0	0
Net Change in Fiduciary Net Position	1,364,883	1,283,346	966,479	(265,323)	1,890,833
Plan Fiduciary Net Position – Beginning	10,187,534	8,904,188	7,937,709	8,203,031	6,312,198
Plan Fiduciary Net Position – Ending (b)	11,552,417	10,187,534	8,904,188	7,937,709	8,203,031
Net OPEB Liability – Ending (a)-(b)	\$14,215,003	\$17,344,726	\$19,647,739	\$21,196,581	\$64,895,598
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	44.8%	37.0%	31.2%	27.3%	11.2%
Covered Employee Payroll	\$28,381,778	\$26,690,539	\$27,665,341	\$25,809,821	\$25,614,713
Net OPEB Liability as Percentage of Payroll	50.1%	65.0%	71.0%	82.1%	253.4%
Actuarially Determined Contribution					
Employer Contribution/benefit payments	(1,652,359)	(1,592,016)	(1,249,439)	(1,605,523)	(1,334,149)
Contribution Deficiency/(Excess)	\$890,825	\$1,130,195	\$1,450,901	\$6,494,637	\$5,961,233
ADC as a Percentage of Covered Payroll	9.0%	10.2%	9.8%	31.4%	28.5%
Employer Contribution as a Percentage of Covered Payroll	5.8%	6.0%	4.5%	6.2%	5.2%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	06/30/2020	06/30/2019
Total OPEB Liability		
Service Cost	\$1,217,385	\$1,503,153
Interest	2,024,859	2,087,663
Changes of Benefit Terms	0	0
Difference between Expected and Actual Experience	(271,616)	0
Change of Assumptions	5,092,881	4,524,282
Benefit Payments (Including Refunds of Employee Contributions)	(1,875,778)	(1,904,580)
Net Change in Total OPEB Liability	6,187,731	6,210,518
Total OPEB Liability – Beginning	62,682,479	56,471,961
Total OPEB Liability – Ending (a)	\$68,870,210	\$62,682,479
Plan Fiduciary Net Position		
Employer Contributions	\$1,410,390	\$1,446,699
Employee Contributions	390,550	318,750
Net Investment Income	147,822	177,435
Benefit Payments (Including Refunds of Employee Contributions)	(1,875,778)	(1,920,528)
Administrative Expenses	(11,266)	(12,876)
Other	0	0
Net Change in Fiduciary Net Position	61,718	9,480
Plan Fiduciary Net Position – Beginning	6,250,480	6,241,000
Plan Fiduciary Net Position – Ending (b)	6,312,198	6,250,480
Net OPEB Liability – Ending (a)-(b)	\$62,558,012	\$56,431,999
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	9.2%	10.0%
Covered Employee Payroll	\$25,494,729	\$29,984,686
Net OPEB Liability as Percentage of Payroll	245.4%	188.2%
Actuarially Determined Contribution	\$5,676,569	\$2,819,532
Employer Contribution/benefit payments	(1,410,390)	(1,446,699)
Contribution Deficiency/(Excess)	\$4,266,179	\$1,372,833
ADC as a Percentage of Covered Payroll	22.3%	9.4%
Employer Contribution as a Percentage of Covered Payroll	5.5%	4.8%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions and Methods for Calculation of Actuarially Determined Contribution

Valuation date June 30, 2024

Measurement date June 30, 2025

Reporting date June 30, 2025

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

Actuarial Assumptions

Discount Rate – 6.02% for 2025 contribution; 6.93% for 2025 Liability and 2026 contribution

Rationale – Blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20-year Aa Municipal Bond Rate – 4.81%

Rationale – S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2025

Salary Scale – 4.00% (for purpose of allocating liability)

Rationale – Per employer expectations

Return on Plan Assets – 6.93% (including inflation)

Rationale – Provided by investment manager

Mortality Rates – Public General and Public Safety 2016 Employee and Healthy Retiree, Headcount weighted, IRS 2024 Adjusted Scale MP-2021

Rationale – Most current mortality rates available for municipalities

Utilization – 90% of eligible employees will elect same retiree plan as active plan at retirement; Actual coverage used for non-active

Rationale – A conservative estimate given the reported number of opt-out members

Termination Rates – Sample rates below:

Years of Service	General Employees	Years of Service	General Employees
0	13.72%	5	4.83%
1	11.41	10	3.22
2	9.31	15	2.38
3	7.35	20	1.82
4	6.02	25+	1.54

Age	Police	Fire
25	4.00%	3.50%
30	3.68	2.90
35	3.16	1.50
40	1.88	0.60
45-50	1.40	0.50
55+	0.40	0.50

Rationale – Based on past employer experience

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Retirement – See rates below:

Age	City	General
	Managers	Other
50-54	20%	
55-56	20	20%
57-60	21	21
61	22	22
62+	100	100

Age	Police	IAFF	OSP	Service ¹	Police	Fire
50			20%	25-34	70%	70%
51			15	35	100	100
52-56			10			
57			15			
58			25			
59			30			
60-65	35%	20%	100			
65	35	100	100			
66	25	100	100			
67	20	100	100			
68-72	15	100	100			
73	25	100	100			
74	30	100	100			
75+	100	100	100			

Rationale – Based on plan experience

Disability Rates – See rates below:

Age	Police & Fire		
	General	Male	Female
20-30	0.02%	0.06%	0.08%
35	0.05	0.06	0.08
40	0.08	0.15	0.27
45	0.20	0.20	0.30
50	0.29	0.37	0.43
55	0.38	0.67	0.57
60	0.39	1.06	0.76
65	0.39	1.24	0.92

Rationale – Common to public employer plan valuations

Marital Assumption – 70% of active employees will have a covered spouse at retirement with females 3 years younger than males; Actual spouse data used for retirees

Rationale – Consistent with experience

¹ If not yet age 55; 100% if age 55 with 25 years of service

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Claims Costs – See rates (monthly) below:

Plan	Single	Double
Simply Blue-PPO	\$714.37	\$1,714.26
Community Blue PPO2	996.32	2,391.16
Community Blue PPO 401(h)	472.66	1,808.03
Medicare Advantage Plan	304.90	

Rationale – Provided by BCBS

Implicit Subsidy – Rates are set based on expected retiree costs

Medical Trend

Pre-65: 7.25%, then 7.50% graded down to 4.5% by 0.25% per year

Post-: 5.5%, then 5.75% graded down to 4.5% by 0.25% per year

Rationale – Based on State of Michigan trend survey

Data Collection

Date and form of data – All personnel and asset data were prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Assumption changes since prior valuation

- Discount rate changed from 6.02% to 6.93%
- Mortality tables changed from Public General and Public Safety 2010 Employee and Healthy Retiree
- Medical trend updated such that second-year trend increases by 0.25% rather than decreasing by the anticipated 0.25%

Assumptions used for PA 202 Reporting

Mortality Rates – Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted, IRS 2024 Adjusted Scale MP-2021

All other assumptions are the same as used for GASB

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Difference between Actual and Expected Experience

Year	Difference between expected and actual Experience	Recognition period (years)	Amount Recognized in Year Ended June 30,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2025	2026	2027	2028	2029	2030	2031+		
2018	(1,747,090)	6.78								-	-
2019	-	6.78								-	-
2020	(271,616)	5.89	(41,166)							-	-
2021	(190,185)	4.36	(15,705)							-	-
2022	(14,402,629)	5.76	(2,500,456)	(2,500,456)	(1,900,349)					-	(4,400,805)
2023	(314,481)	5.43	(57,915)	(57,915)	(57,915)	(24,906)				-	(140,736)
2024	(2,012,347)	5.16	(389,990)	(389,990)	(389,990)	(389,990)	(62,397)			-	(1,232,367)
2025	(23,221)	4.86	(4,778)	(4,778)	(4,778)	(4,778)	(4,109)	-	-	-	(18,443)
Net recognized in OPEB expense			\$ (3,010,010)	\$ (2,953,139)	\$ (2,353,032)	\$ (419,674)	\$ (66,506)	\$ -	\$ -	\$ -	\$ (5,792,351)

Schedule of Changes in Assumptions

Year	Changes in Assumptions	Recognition period (years)	Amount Recognized in Year Ended June 30,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2025	2026	2027	2028	2029	2030	2031+		
2018	(21,345,849)	6.78								-	-
2019	4,524,282	6.78	521,556							-	-
2020	5,092,881	5.89	771,901							-	-
2021	2,464,152	4.36	203,464							-	-
2022	(14,205,569)	5.76	(2,466,245)	(2,466,245)	(1,874,344)					-	(4,340,589)
2023	(1,022,209)	5.43	(188,252)	(188,252)	(188,252)	(80,949)				-	(457,453)
2024	582,013	5.16	112,793	112,793	112,793	112,793	18,048			356,427	-
2025	(2,163,236)	4.86	(445,110)	(445,110)	(445,110)	(445,110)	(382,796)	-	-	-	(1,718,126)
Net recognized in OPEB expense			\$ (1,489,893)	\$ (2,986,814)	\$ (2,394,913)	\$ (413,266)	\$ (364,748)	\$ -	\$ -	\$ 356,427	\$ (6,516,168)

Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments

Year	Difference between expected and actual earnings on OPEB assets	Recognition period (years)	Amount Recognized in Year Ended June 30,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2025	2026	2027	2028	2029	2030	2031+		
2021	(1,304,488)	5.00	(260,896)							-	-
2022	1,329,758	5.00	265,952	265,950						265,950	-
2023	(40,446)	5.00	(8,089)	(8,089)	(8,090)					-	(16,179)
2024	(300,256)	5.00	(60,051)	(60,051)	(60,051)	(60,052)				-	(180,154)
2025	(284,879)	5.00	(56,976)	(56,976)	(56,976)	(56,976)	(56,975)			-	(227,903)
Net recognized in OPEB expense			\$ (120,060)	\$ 140,834	\$ (125,117)	\$ (117,028)	\$ (56,975)			\$ 265,950	\$ (424,236)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended June 30,					
	2026	2027	2028	2029	2030	2031+
Total Deferred Outflow/(Inflow) of Resources	\$ (5,799,119)	\$ (4,873,062)	\$ (949,968)	\$ (488,229)	\$ -	\$ -

TRUSTEE AND FORM 6163 INFORMATION

Projected benefit payments and contributions

Form 6163 (Previously Form 5720 – the Form) – Corrective Action Plan Monitoring: Application for Certification of Compliance, Section 4 asks for supporting documentation that shows projected benefit payments and contributions as a percentage of projected governmental fund revenues over the next five years. A link to a spreadsheet is provided with the Form, and within the spreadsheet, there is a link to instructions on how to complete the spreadsheet.

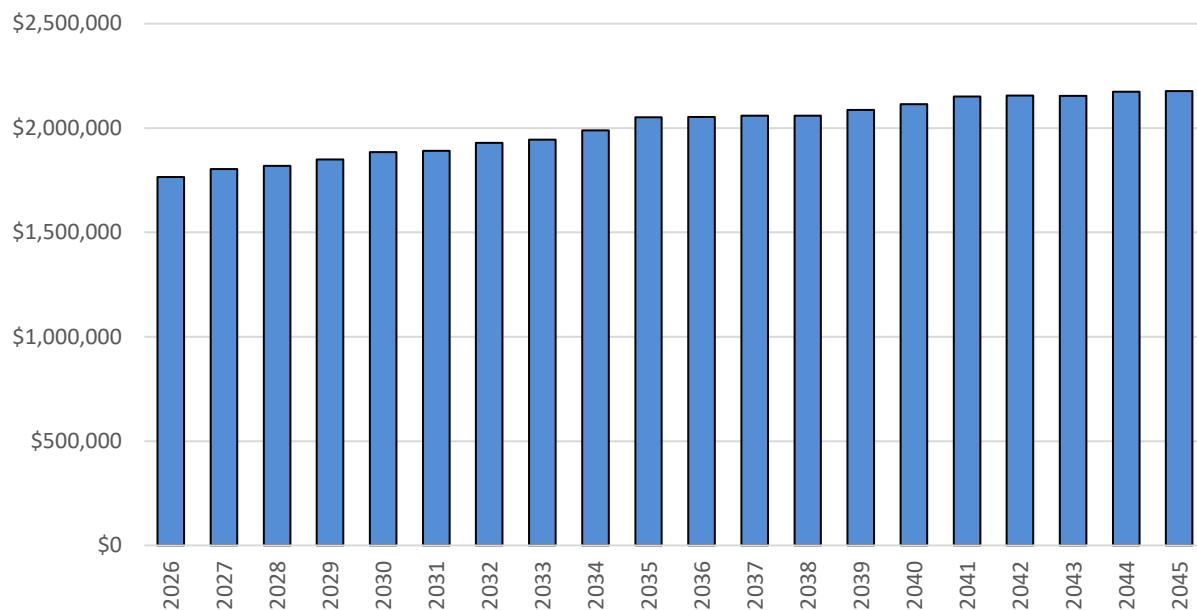
To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next five. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the same period as either reported to us or developed with assistance from Watkins Ross:

Fiscal Year	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)
2025	\$1,724,979	\$409,909
2026	1,765,310	426,305
2027	1,803,736	443,358
2028	1,819,275	465,525
2029	1,850,515	488,802
2030	1,884,952	513,242

In addition to the benefit payments shown above, a graphic illustration of 20 years of projected benefit payments for the current group of covered lives is shown below. Plans open to new participants could see higher than expected payments if new members are hired and are eligible to retire during the projection period.

The chart below reflects expected cash flows to pay benefits for current plan participants.

20-Year Expected Payouts



SUMMARY OF PLAN PROVISIONS

Plan name City of Battle Creek Retiree Health Care Plan

Eligibility Requirements

Fire OSP	Age 50 with 25 years of service or Age 60 with any amount of service
Police, Fire IAFF and non-rep Fire	Any age with 25 years of service or Age 60 with any amount of service
MERS City Managers	Age 50 with 25 years of service or Age 55 with 15 years of service or Age 60 with 10 years of service or
All other MERS members	Age 55 with 25 years of service or Age 60 with 10 years of service or
Disability Retirement Eligibility	
Duty disability retiree	Any age with any years of service; benefit commences immediately
Non-duty disability retiree	Any age with 5 years of service; benefit commences immediately

Hire date requirements applicable to General members

Collectively Bargained Group	Hired on or before
AFSCME	December 1, 2010
ATU	January 1, 2010
BCSA	June 21, 2011
SEIU	June 30, 2011

Employer Benefits

Police retired prior to January 1, 2007 and Fire members retired prior to July 1, 2004 (401(h))

- City pays for retiree health care premium up to a maximum total annual amount \$500,000 for the group

Police members retired on or after January 1, 2007

- Members receive a maximum \$200 per month (single or married) prorated for service
- Surviving spouse receives \$80 per month prorated for service
- Beginning in April 1, 2022, members are eligible for an additional dollar subsidy of up to \$10,000 per year

SUMMARY OF PLAN PROVISIONS

Employer Benefits (continued)

Fire members retiring after January 1, 2021

- Maximum annual benefit of \$10,000
- Retiree contributes 2.5% of the pension into the Trust if they participate
- Members receive a maximum \$200 per month prorated for service
- Surviving spouse receives \$80 per month prorated for service
- To be eligible for retiree healthcare benefits, members must have 15 years of service:
 - 15-17 years of service, member receives 80% of the benefit
 - 18-20 years of service, member receives 85% of the benefit
 - 21-24 years of service, member receives 90% of the benefit
 - 25 years of service, member receives 100% of the benefit

Fire members retired between July 1, 2004 and retired after January 1, 2021

- Members no longer receive full payment of healthcare for Act 312, City contributions are below, The City is not committed to benefits beyond 2021:

Coverage Type	Amount (Monthly)
Pre-65 Single Coverage	\$300
Pre-65 Two-Person Coverage	500
Pre-65 Family Coverage	700
Post-65 Single Coverage	200
Post-65 Two-Person Coverage	350
Combination of 1 Pre-65 & 1 Post-65	500

General members

- Members receive a maximum \$200 per month based on service:

Years of service	Employee	Dependent	Total
15+	\$ 120	\$ 80	\$ 200
14	114	76	190
13	108	72	180
12	102	68	170
11	96	64	160
10	90	60	150

Changes since prior valuation – None

GLOSSARY

A number of special terms and concepts are used in connection with OPEB plans and the OPEB accounting report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Actuarially Determined Contribution (ADC) – A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial Cost Method – This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Amortization – The difference between actual and expected investment returns, the difference between actual and expected experience, and the impact of any plan or assumption changes will be amortized and paid over future years.

Depletion Date (Cross-over Point) – The projected date (if any) where plan assets, including future contributions, are no longer sufficient to pay Projected Benefit Payments to current members.

Long-term expected rate of return – The rate of return based on the nature and mix of current and expected plan investments and over the time period from when an employee is hired to when all benefits to the employee have been paid.

Market Value of Assets – The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Measurement Date – The date the Total OPEB Liability, Fiduciary Net Position, and Net OPEB Liability are determined.

Net OPEB Liability (NOL) – The Total OPEB Liability less the Plan Fiduciary Net Position.

Normal Cost – For GASB 74/75 purposes, normal cost is the equivalent of service cost (see definition of service cost).

Other Post-Employment Benefits (OPEB) – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.

OPEB Expense (OE) – The change in the Net OPEB Liability (NOL) recognized in the current measurement period. Changes to the NOL not fully recognized in a given year's OPEB expense will be maintained as deferred inflows and deferred outflows. These will be recognized incrementally in the OPEB expense over time.

GLOSSARY

Plan assets – Stocks, bonds and other investments that have been segregated and restricted (usually in a trust) to provide for post-retirement benefits. Assets not segregated in a trust, or otherwise effectively restricted so that they cannot be used by the employer for other purposes, are not plan assets, even though it may be intended that those assets be used to provide post-retirement benefits.

Plan Fiduciary Net Position – The market value of plan assets as of the measurement date.

Present Value – The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

Projected Benefit Payments – All benefits projected to be payable to current active and inactive participants as a result of their past service and their expected future service.

Real Rate of Return – The rate of return on an investment after the adjustment to eliminate inflation.

Reporting Date – The date that represents the fiscal year end for the plan or employer.

Service Cost – The value of portion of Total OPEB Liability earned during the current year computed in accordance with GAAP accounting rules.

Single Equivalent Discount Rate – The single rate that gives the same total present value as discounting the Projected Benefit Payments with the long-term expected rate of return until the Depletion Date and discounting any remaining Projected Benefit Payments with the yield on a 20-year AA/Aa tax-exempt municipal bond index.

Total OPEB Liability (TOL) – The actuarial present value of the accrued benefit determined under the Entry Age actuarial cost method calculated using the blended Single Equivalent Discount Rate.

Valuation Date – The date as of which an actuarial valuation is performed.