



**City Of  
Battle Creek  
Michigan**

# **Annual Comprehensive Financial Report**



# **2022**

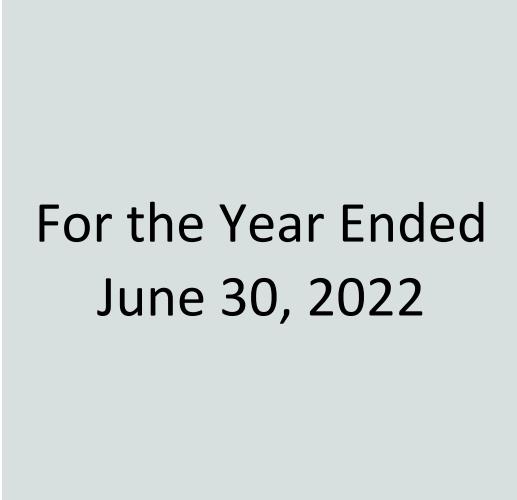
**Fiscal Year Ending  
JUNE 30, 2022**

**Prepared by the  
Finance Department**

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City of Battle Creek, Michigan



For the Year Ended  
June 30, 2022



Annual  
Comprehensive  
Financial Report

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# CITY OF BATTLE CREEK, MICHIGAN

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## **INTRODUCTORY SECTION**

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# CITY OF BATTLE CREEK

## OFFICE OF THE CITY MANAGER

December 22, 2022

**To the Honorable Mayor, Members of the City Commission  
and Citizens of the City of Battle Creek, Michigan:**

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Battle Creek, Michigan (the "City") for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented 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 GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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 respects.

The City's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require 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 Battle Creek, incorporated as a City in 1859 and as a Home Rule City in 1913, is located in southwest Michigan, approximately 115 miles west of Detroit and 160 miles northeast of Chicago. It is the largest city in Calhoun County, encompassing an area of 44 square miles, with a current population of 52,335. The City is well known as the breakfast food capital of the world.

The government has operated under the commission-manager form of government since 1961. Policymaking and legislative authorities are vested in the City Commission, which is comprised of nine members including the mayor. The governing commission is responsible, among other things, for passing ordinances and resolutions, making public policy decisions, adopting the budget, appointing boards, commissions, and committees, approving contracts, authorizing real estate transactions, awarding bids, selling property, and hiring the government's manager and attorney. Four Commissioners are elected at-large for two-year terms and five Commissioners are elected from the five wards representing various geographic areas within the City, also serving two-year terms. The mayor is elected by popular vote for a two-year term and the vice mayor is selected by the City Commissioners from among themselves.

The City Manager is the chief administrative officer of the City and is appointed by and serves at the pleasure of the City Commission. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the government, and appointing the government's department heads.

The City of Battle Creek provides a full range of services by more than 500 employees located at various locations throughout the City including: police and fire protection; the construction and maintenance of highways, streets and other infrastructure; a general aviation airport; wastewater treatment and disposal; water treatment and distribution; community services, economic development; recreational activities and public transportation services.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Battle Creek operates.

***Local economy.*** The City's economy is diverse with a sizable, mature tax base valued at almost \$2.8 billion for the year ended June 30, 2022. The residential amenities provide area residents with convenient and affordable housing to take advantage of the City's industrial, commercial, cultural, educational and recreational opportunities. The City is home to Kellogg Company's world headquarters and their Research & Development facility, the W.K. Kellogg Foundation, and the Hart-Dole-Inouye Federal Center. Battle Creek has many other major corporate community members including Post Cereals, Denso, Il Stanley, Duncan Aviation, and Bronson Hospital. Downtown Battle Creek features unique residential, commercial, and retail spaces; activities include the annual Cereal Festival, Spring and Fall into the Arts art walks, a Farmers Market, and free outdoor concerts. Battle Creek's general aviation airport and industrial park are diversifying the economy and attracting worldwide business for military, aviation, logistics, aerospace and alternative energy.

**Long-term financial planning.** The City of Battle Creek believes long-term financial planning has been and will continue to be an important component to ensure the City's fiscal health. Economic development and downtown development continue to be high priorities for the City. Battle Creek Unlimited, a non-profit organization partnering with the City to perform economic development, continues to promote and develop the City's Fort Custer Industrial Park (FCIP).

Along with efforts to ensure a future growth in tax revenue, the City has developed a Capital Improvements Program (CIP) to identify its long-term capital needs and ability to fund the program. Identified in the CIP for the six years 2023-2028 are almost \$355 million in capital needs including airport development and maintenance projects as well as fire station replacements. During the fiscal year ended June 30, 2022, the \$2.3 million headworks project at the wastewater treatment plant was completed and almost \$400K continued the lead service replacement project. This year is the seventh year in which Priority Based Budgeting (PBB) scoring was used to evaluate capital improvement projects in relation to the City's PBB Community Results. The prioritization of projects included in the CIP continues to guide what new projects will be evaluated for inclusion in the budget in the near term.

From an operational perspective, the City's general fund revenue profile is diverse. This is the third year in a row general fund results have added substantial contributions to fund balance. Income tax revenue accounted for 35.6% of total general fund revenues for the year ending June 30, 2022 and has increased 16.1% (\$2.5 million) over the prior year. The original income tax budget was increased 28.2% with a year-end adjustment after evaluation of expected year end results. Property tax revenue makes up another 30.1% of general fund revenues for the year ending June 30, 2022, and the City has 1.375-mill (12.1%) margin available under the Headlee rollback limit for operation. This could generate approximately \$1.5 million in additional property tax revenue.

The federal government's American Rescue Plan Act of 2021, in part, established emergency funding for state, local territorial, and Tribal governments. The goal of this funding is to support our response to the COVID-19 pandemic and the economic impacts. The City of Battle Creek will receive a total of \$30,545,339, half of which was received in May 2021 and the other half in May 2022. These funds must be committed by December 31, 2024 and expended by December 31, 2026. The City Commission and administration have appropriated these funds by facilitating community conversations to insure these funds are used to respond to acute pandemic-response needs, fill revenue shortfalls, and support the populations hardest-hit by the COVID-19 crisis. This support represents a once-in-a-generation opportunity to reflect on community needs and strategically invest these resources in our future.

The priority based budgeting methodology has been fully implemented using FY21 updated community results and definitions and basic program attributes. Updates to program identification and costing, prioritization by departments and scoring teams, and analysis of mandated programs and partnership opportunities, to identify potential savings, is on-going. This strategic tool has assisted in the identification of actionable opportunities. Insights into programmatic improvements continues using the PBB methodology and tool. The legal level of budgetary control is the department level.

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it will continue to place additional demands on the City. While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

### **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 for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the twenty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report satisfied 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 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it 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 services of the entire staff of the City of Battle Creek. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Commission for their support for maintaining the highest standards of professionalism in the management of the City of Battle Creek's finances.

**Rebecca L. Fleury  
City Manager**

**Linda A. Morrison  
Revenue Services Director**

[Signatures omitted for security purposes.]

**CITY OF BATTLE CREEK, MICHIGAN**

**GFOA Certificate of Achievement**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Battle Creek  
Michigan**

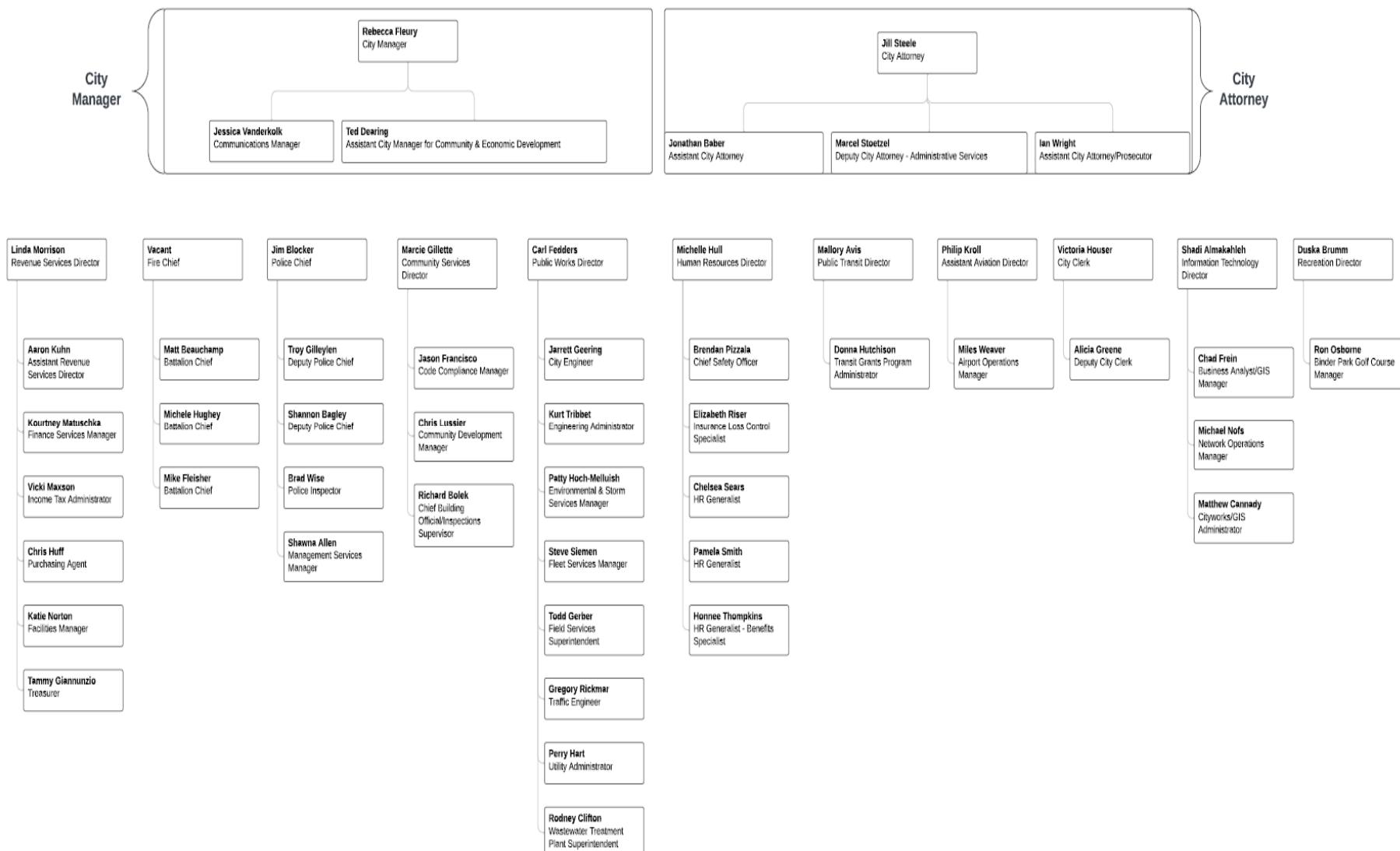
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*  
Executive Director/CEO

# CITY OF BATTLE CREEK, MICHIGAN

## Organizational Chart



# CITY OF BATTLE CREEK, MICHIGAN

## List of Principal City Officials

### CITY COMMISSION:

Mark Behnke  
*Mayor*

Carla Reynolds  
*Vice Mayor*

Kristin Blood  
Jenasia Morris  
Boonikka Herring  
Kathy Szenda Wilson  
Jim Lance  
Lynn Ward Gray  
Sherry Sofia

### Administration

Rebecca L. Fleury  
*City Manager*

Jill Humphreys Steele  
*City Attorney*

Linda A. Morrison  
*Revenue Services Director*

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

December 22, 2022

Honorable Mayor and  
Members of the City Commission  
City of Battle Creek, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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 Battle Creek, Michigan** (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



📍 2330 E. Paris Ave SE, Grand Rapids, MI 49546     ☎ 616.975.4100

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'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.

***Independent Auditors' 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 auditors' 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 GAAS 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 GAAS 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'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's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 22, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

*Rehmann Loham LLC*

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

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

As management of the ***City of Battle Creek, 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 June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as noted in the table of contents.

#### Financial Highlights

· Total net position	\$ 175,549,595
· Change in total net position	4,616,977
· Fund balances, governmental funds	29,074,047
· Change in fund balances, governmental funds	3,683,690
· Unassigned fund balance, general fund	13,552,074
· Change in fund balance, general fund	1,531,642
· General obligation and revenue bonds outstanding	37,865,000
· Change in general obligation and revenue bonds outstanding	(4,155,000)

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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 a 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 residual reported as *net position*. Over time, increases or 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 shows 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 the 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 leave).

Both of the 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, highways and streets, recreation and community development. The business-type activities of the City include water and wastewater, public transit, solid waste collection, airport, parking, economic development, and intermodal facility.

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. These component units include the Battle Creek Downtown Development Authority, the Lakeview Downtown Development Authority, the Battle Creek Tax Increment Financing Authority, the Brownfield Redevelopment Authority, the Local Development Finance Authority, and the Cereal City Development Corporation. 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.

**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.

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

**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 *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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous 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 general fund, major street and trunkline maintenance special revenue fund, the special grants special revenue fund, and the ARPA special revenue fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

**Proprietary funds.** The City maintains two different types of proprietary 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, water, public transit, solid waste collection and other operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment center, self-insurance, information services and reproduction services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within 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 water and wastewater system, Battle Creek Transit System, and Battle Creek Executive Airport/FAA which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in 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.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This includes schedules for the City's pension and other postemployment benefits to its employees.

The combined statements referred to earlier in connection with nonmajor, internal service and fiduciary funds are presented immediately following the required supplementary information.

### 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 Battle Creek, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$175,549,595 at the close of the most recent fiscal year.

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, vehicles, equipment, systems and infrastructure), less any related debt used to acquire those assets that are 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 the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 80,319,922	\$ 67,950,246	\$ 60,842,826	\$ 57,717,292	\$ 141,162,748	\$ 125,667,538
Capital assets	212,084,399	216,669,681	98,945,695	102,643,800	311,030,094	319,313,481
<b>Total assets</b>	<b>292,404,321</b>	<b>284,619,927</b>	<b>159,788,521</b>	<b>160,361,092</b>	<b>452,192,842</b>	<b>444,981,019</b>
<b>Deferred outflows of resources</b>	<b>37,058,445</b>	<b>18,196,354</b>	<b>6,057,409</b>	<b>6,343,382</b>	<b>43,115,854</b>	<b>24,539,736</b>
<b>Liabilities</b>						
Other liabilities	47,462,108	24,022,552	2,768,046	3,465,686	50,230,154	27,488,238
Long-term debt	40,546,964	43,545,056	13,568,003	15,129,160	54,114,967	58,674,216
Other liabilities due in more than one year:						
Net pension liability	112,020,762	66,229,355	27,913,199	28,630,708	139,933,961	94,860,063
Net other postemployment benefit liability	14,180,513	43,415,156	7,016,069	21,480,443	21,196,582	64,895,599
<b>Total liabilities</b>	<b>214,210,347</b>	<b>177,212,119</b>	<b>51,265,317</b>	<b>68,705,997</b>	<b>265,475,664</b>	<b>245,918,116</b>
<b>Deferred inflows of resources</b>	<b>28,050,851</b>	<b>34,325,103</b>	<b>26,232,586</b>	<b>18,344,918</b>	<b>54,283,437</b>	<b>52,670,021</b>
<b>Net position</b>						
Net investment in capital assets	184,578,767	185,862,504	86,184,982	88,369,618	270,763,749	274,232,122
Restricted	8,454,546	20,375,257	-	-	8,454,546	20,375,257
Unrestricted (deficit)	(105,831,745)	(114,958,702)	2,163,045	(8,716,059)	(103,668,700)	(123,674,761)
<b>Total net position</b>	<b>\$ 87,201,568</b>	<b>\$ 91,279,059</b>	<b>\$ 88,348,027</b>	<b>\$ 79,653,559</b>	<b>\$ 175,549,595</b>	<b>\$ 170,932,618</b>

An additional portion of the City's net position (4.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position (deficit)* may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City reported positive balances in the net investment of capital assets and restricted net position, however, the unrestricted deficit was a result of the City's net pension liability and net other postemployment benefit liability.

The City's net position increased by \$4,616,977 from the prior year net position. This is a decrease from the prior year's \$4,959,802 increase. Compared to the prior year, the current year change can be attributed to a reduction of \$3.9 million in expense and a reduction of \$4.2 million in revenue. Revenue decreased due to the recognition of deferred inflows of resources related to loans receivable which was offset by increases to revenue including \$2.1 million in water/wastewater charges for services and \$2.4 million in income tax revenue. These increased revenues are the result of rate increases (charges for services) and better than expected income tax revenue (particularly in the individual revenue category). Expense reductions in Community Development of \$2 million are indicative of the shifting of pandemic funding to other areas, and the \$4.3 million reduction in water and wastewater comes from the personnel services line item as a result of the substantial reduction in OPEB liability. This reduction in OPEB liability (\$43.7 million as a result of benefit changes) was offset by a substantial increase in pension liability (\$45.1 million primarily the result of the change in assumed rate of return for the Police and Fire Pension). All combining to result in a net position increase of \$4.6 million. More detailed descriptions of changes are in the following sections.

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

	Changes in Net Position					
	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 8,930,768	\$ 8,159,657	\$ 37,964,660	\$ 35,495,990	\$ 46,895,428	\$ 43,655,647
Grants and contributions -						
Operating	14,148,336	22,383,284	7,723,222	8,676,463	21,871,558	31,059,747
General revenues:						
Property taxes	18,098,314	18,116,070	320,000	262,590	18,418,314	18,378,660
Income taxes	17,837,502	15,367,014	-	-	17,837,502	15,367,014
Grants and contributions not restricted to specific programs	7,184,032	6,647,453	-	-	7,184,032	6,647,453
Unrestricted investment loss	(1,264,047)	(482,855)	(531,540)	(5,524)	(1,795,587)	(488,379)
<b>Total revenues</b>	<b>64,934,905</b>	<b>70,190,623</b>	<b>45,476,342</b>	<b>44,429,519</b>	<b>110,411,247</b>	<b>114,620,142</b>
<b>Expenses</b>						
General government	10,649,011	10,896,106	-	-	10,649,011	10,896,106
Public safety	31,585,548	26,917,782	-	-	31,585,548	26,917,782
Public works	2,634,719	3,044,775	-	-	2,634,719	3,044,775
Highways and streets	16,442,194	15,516,910	-	-	16,442,194	15,516,910
Recreation	3,869,221	3,972,724	-	-	3,869,221	3,972,724
Community development	2,332,533	4,421,780	-	-	2,332,533	4,421,780
Interest on long-term debt	1,317,802	1,394,090	-	-	1,317,802	1,394,090
Water and wastewater	-	-	23,892,416	28,255,466	23,892,416	28,255,466
Public transit	-	-	3,635,378	5,214,313	3,635,378	5,214,313
Solid waste collection	-	-	4,068,181	4,026,661	4,068,181	4,026,661
Airport	-	-	2,868,764	3,198,782	2,868,764	3,198,782
Parking	-	-	1,304,102	1,102,095	1,304,102	1,102,095
Economic development	-	-	839,017	1,235,819	839,017	1,235,819
Intermodal facility	-	-	355,384	463,037	355,384	463,037
<b>Total expenses</b>	<b>68,831,028</b>	<b>66,164,167</b>	<b>36,963,242</b>	<b>43,496,173</b>	<b>105,794,270</b>	<b>109,660,340</b>
Change in net position, before transfers	(3,896,123)	4,026,456	8,513,100	933,346	4,616,977	4,959,802
<b>Transfers</b>	<b>(181,368)</b>	<b>(66,995)</b>	<b>181,368</b>	<b>66,995</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(4,077,491)</b>	<b>3,959,461</b>	<b>8,694,468</b>	<b>1,000,341</b>	<b>4,616,977</b>	<b>4,959,802</b>
Net position, beginning of year	91,279,059	87,319,598	79,653,559	78,653,218	170,932,618	165,972,816
<b>Net position, end of year</b>	<b>\$ 87,201,568</b>	<b>\$ 91,279,059</b>	<b>\$ 88,348,027</b>	<b>\$ 79,653,559</b>	<b>\$ 175,549,595</b>	<b>\$ 170,932,618</b>

**Governmental activities.** Governmental activities decreased the City's net position by \$4,077,491 (as compared to a prior year increase of \$3,959,461). Key elements of this decrease and the change from the prior year include:

The total revenue decrease of \$5,255,718 is primarily due to the recognition of deferred inflows of resources related to loans receivable. On the expense side, the increase of \$2,666,861 is primarily the result of increases to the net pension liability and related deferral adjustments for the police and fire pension plan.

**Business-type activities.** Business-type activities increased the City's net position by \$8,694,468 as compared to an increase of \$1,000,341 in the prior year. Key elements of this change from the prior year include:

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

Charges for services revenues increased \$2,468,670, primarily in the water and wastewater fund. Year two of a five year rate study was in effect which included rate increases with a long term view of capital improvement coverage. Readiness to serve and industrial flow charges were up 16% and 7.5%, respectively, over the prior year on the sewer side. The primary increase in net position compared to the prior year is the substantial reduction in the net OPEB liability and related deferrals in the enterprise funds offset by cost of living increases in payroll and inflationary impacts on materials and supplies.

#### Financial Analysis of the City's Governmental 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 for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,074,047 an increase of \$3,683,690. The nonspendable portion of fund balance increased from \$1,084,720 to \$1,245,916. Nonspendable fund balance is not available for new spending because it has been set aside for the following purposes:

- to generate income for the support and maintenance of the youth center and Kellogg Arena (\$879,909); and
- for inventories and prepaid expenditures (\$366,007).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance (which is only reported in the general fund) was \$13,552,074, while total fund balance was \$15,796,281. In accordance with the City's adopted fund balance policy, the minimum unassigned fund balance in the general fund of no less than 8% of current year budgeted operating revenue has been met. The percent as of June 30, 2022 is 27.7%.

The fund balance of the City's general fund increased by \$1,531,642 during the current fiscal year compared to an increase of \$4,617,517 in the prior year. This fluctuation is primarily the result of wage pressures, particularly in the public safety area but impacts were felt in all areas, in order to retain and recruit staff. Recreation programs rebounded as evidenced by the 35% increase in expenditures over the prior year. The original adopted budget in the general fund was a \$3,635,579 use of fund balance, but with surprisingly strong income tax revenues \$1,531,642 was added to fund balance.

The major street and trunkline maintenance special revenue fund has a restricted fund balance of \$4,334,771 at year end. The fund is used to account for the repair and maintenance of streets and sidewalks. The fund experienced an increase of \$88,793 in fund balance in the current year compared with a budgeted use of fund balance of \$2,215,257. Budgeted revenues and expenditures were conservative, and a not-so-harsh winter contributed to the positive variance from budget as did a \$422,131 increase in gas and weight tax revenue passed through the State of Michigan.

The special grants special revenue fund was created to account for various grants received by the City and has a total fund balance of \$1,209,784 at year end. The committed fund balance of \$1,205,213 is comprised of promissory note proceeds in excess of expenditures for the Milton Tower economic development project (primarily in prior years). This multi-year project has been funded through the W.K. Kellogg Foundation and the excess promissory note proceeds are being held for future expenditures.

The ARPA special revenue fund was created to account for the American Rescue Plan Act grants received by the City and has a committed fund balance of \$109,402 at year end. Total receipts for this long-term federal grant were \$30.5 million which must be committed by December 31, 2024 and expended by December 31, 2026. At year end, \$24,693,963 remains to be expended and included in unearned revenue.

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

Unrestricted net position of the water and wastewater system fund at the end of the year amounted to a deficit of \$1,381,618. This deficit is the result of the net pension liability and net other postemployment benefit liability. The fund had an increase in total net position for the year of \$8,171,941. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

The Battle Creek Transit System reported a net position deficit of \$6,634,230. The fund reported an increase in net position of \$1,329,577. The deficit net position is primarily a result of the change in the net pension liability, net other postemployment benefit liability and related deferred outflows/inflows.

The Battle Creek Executive Airport / FAA fund reported a net position of \$10,790,296. The fund reported a decrease in net position of \$713,400. The net position decrease is a result of depreciation on capital assets, of which there were \$205,097 in asset additions during the fiscal year.

#### General Fund Budgetary Highlights

The general fund ended the year with a positive net change in fund balance of \$1,531,642. This is an extraordinary turn around compared to the general fund original adopted budget with expenditures in excess of revenues and a use of fund balance of \$3,635,579. The City had budget adjustments totaling \$3,691,769 which resulted in a final budgeted increase of fund balance in the amount of \$56,190. The original adopted budget maintained a very conservative approach to income tax revenues due to the unknown continued impact of the pandemic on remote work situations; actual results for income tax revenue exceeded the original budget by \$4,017,502. State intergovernmental revenues exceeded expectations with actual results exceeding the adjusted budget by \$651,912 as a result of better than expected revenue from income tax, sales tax, and marijuana-related registrations at the State level that were passed through. A transfer from the ARPA fund for lost revenue in the amount of \$526,000 was included in the original budget, but was not made due to the positive actual results for the fiscal year. Continued diligence by departments for expenditure control, compounded by difficulty retaining and recruiting staff, is reflected in the addition of \$1,531,642 to fund balance for the fiscal year.

#### Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounted to \$311,030,094 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings, vehicles, equipment, infrastructure and systems. Net capital assets for governmental activities decreased by 2.1%, and for business-type activities increased by 3.6%.

City of Battle Creek's Capital Assets (Net of Depreciation)							
	Governmental activities		Business-type activities		Total		
	2022	2021	2022	2021	2022	2021	
Land and land improvements	\$ 9,012,672	\$ 10,441,512	\$ 5,116,662	\$ 5,242,678	\$ 14,129,334	\$ 15,684,190	
Construction in progress	1,218,621	342,939	502,984	1,437,761	1,721,605	1,780,700	
Buildings	36,325,603	37,275,554	35,185,009	34,436,444	71,510,612	71,711,998	
Vehicles	8,164,391	6,740,004	928,849	1,229,178	9,093,240	7,969,182	
Equipment	2,900,730	3,304,507	977,777	923,606	3,878,507	4,228,113	
Infrastructure	154,462,382	158,565,165	-	-	154,462,382	158,565,165	
Systems	-	-	56,234,414	59,374,133	56,234,414	59,374,133	
<b>Total</b>	<b>\$ 212,084,399</b>	<b>\$ 216,669,681</b>	<b>\$ 98,945,695</b>	<b>\$ 102,643,800</b>	<b>\$ 311,030,094</b>	<b>\$ 319,313,481</b>	

Major capital asset events during the current fiscal year included:

- Vehicle additions in the current year included a street sweeper, multiple snow plow replacements, and a fire truck. ARPA funds were used to purchase the Dolliver Building, and property was purchased for future construction of a salt barn.
- Building Improvements of \$2,325,600 for the headworks HVAC project at the wastewater treatment plant were completed during the year. Also, in the water fund, the \$514,100 Brigden Tank rehabilitation project was completed and placed into service as was the Verona metal storage building in the amount of \$456,662 during the year ended June 30, 2022.

Additional information on the City's capital assets can be found in Note 8 to the financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$37,865,000. Of this amount, \$25,680,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

	General Obligation and Revenue Bonds					
	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 25,680,000	\$ 28,390,000	\$ -	\$ -	\$ 25,680,000	\$ 28,390,000
Revenue bonds	-	-	12,185,000	13,630,000	12,185,000	13,630,000
<b>Total</b>	<b>\$ 25,680,000</b>	<b>\$ 28,390,000</b>	<b>\$ 12,185,000</b>	<b>\$ 13,630,000</b>	<b>\$ 37,865,000</b>	<b>\$ 42,020,000</b>

The City's total bonded debt decreased by \$4,155,000 (9.9 percent) during the current fiscal year as a result of scheduled debt payments.

The following chart depicts the City's credit rating for the various outstanding debt and the different rating agencies:

	Moody's	S&P	Fitch
General obligation limited tax bonds	A1	AA-	AA-
Water and wastewater revenue bonds	N/A	AA-	N/A

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The City's current outstanding general obligation debt is substantially below the current debt limit of \$137,537,552.

Additional information on the City's long-term debt can be found in Note 11 to the financial statements.

#### Economic Factors

The impact of the global pandemic continues for the City, its residents and its and local employers. The negative effect on income tax has not been as severe as anticipated, however the continuation of remote work by many local employers will have repercussions to the City's budget.

#### Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2022/23 fiscal year:

- Continuing the conservative approach to budgeting, the fiscal year 2023 adopted budget included anticipated COVID-19 related negative impacts to income taxes and state shared revenues in the general fund with a use of fund balance in the amount of \$3,591,675. A mid-year adjustment is anticipated as American Rescue Plan Act lost revenue funds are allocated and the pandemic's impact on income tax revenues becomes more clear. The impact of the elimination of 26 positions in fiscal years 2020 and 2021 continues, and administration continues to search for cost-cutting measures using the priority based budgeting model.
- Efforts continue to fund pension and other postemployment benefit liabilities with strategies recommended by the Legacy Cost Committee. The current investment climate has had a negative effect on both pension plans.
- The property tax millage rate was reduced from the prior year for the second year in a row, with a .262 decrease in the police & fire pension component and no corresponding increase in the general fund operating component.
- An investment policy statement revision has been drafted, and administration is looking to make positive improvements to increase investment returns on city funds.

#### 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. The financial statements are available on the City's website: [www.battlecreekmi.gov](http://www.battlecreekmi.gov). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Revenue Services Director, P.O. Box 1717, Battle Creek, Michigan 49016-1717.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

## CITY OF BATTLE CREEK, MICHIGAN

### Statement of Net Position

June 30, 2022

	Primary Government				
	Governmental Activities		Business-type Activities	Total	
<b>Assets</b>					
Pooled cash and investments	\$ 64,328,703	\$ 24,576,826	\$ 88,905,529	\$ 12,222,874	
Receivables	16,694,747	22,942,287	39,637,034	1,002,382	
Receivables, long-term portion	2,805,484	6,636,150	9,441,634	4,965,735	
Internal balances	(4,674,773)	4,674,773	-	-	
Inventories and prepaid items	1,165,761	2,012,790	3,178,551	40,764	
Capital assets not being depreciated	3,557,832	4,063,438	7,621,270	14,734,241	
Capital assets being depreciated, net	208,526,567	94,882,257	303,408,824	7,691,076	
<b>Total assets</b>	<u>292,404,321</u>	<u>159,788,521</u>	<u>452,192,842</u>	<u>40,657,072</u>	
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	662,669	-	662,669	997,326	
Deferred pension amounts	32,290,507	4,026,252	36,316,759	-	
Deferred other postemployment benefit amounts	4,105,269	2,031,157	6,136,426	-	
<b>Total deferred outflows of resources</b>	<u>37,058,445</u>	<u>6,057,409</u>	<u>43,115,854</u>	<u>997,326</u>	
<b>Liabilities</b>					
Accounts payable and accrued liabilities	10,279,962	2,244,020	12,523,982	4,866,845	
Unearned revenue	37,182,146	524,026	37,706,172	17,052	
Long-term debt:					
Due within one year	5,988,239	1,507,681	7,495,920	2,149,484	
Due in more than one year	34,558,725	12,060,322	46,619,047	31,443,830	
Other liabilities due in more than one year:					
Net pension liability	112,020,762	27,913,199	139,933,961	-	
Net other postemployment benefit liability	14,180,513	7,016,069	21,196,582	-	
<b>Total liabilities</b>	<u>214,210,347</u>	<u>51,265,317</u>	<u>265,475,664</u>	<u>38,477,211</u>	
<b>Deferred inflows of resources</b>					
Deferred lease amounts	924,392	13,181,122	14,105,514	351,405	
Deferred pension amounts	7,093,216	3,139,650	10,232,866	-	
Deferred other postemployment benefit amounts	20,033,243	9,911,814	29,945,057	-	
<b>Total deferred inflows of resources</b>	<u>28,050,851</u>	<u>26,232,586</u>	<u>54,283,437</u>	<u>351,405</u>	
<b>Net position</b>					
Net investment in capital assets	184,578,767	86,184,982	270,763,749	22,425,317	
Restricted for:					
Debt service	-	-	-	39	
Endowment - nonexpendable	879,909	-	879,909	-	
Endowment - expendable	87,381	-	87,381	-	
Other purposes	7,487,256	-	7,487,256	1,232,241	
Unrestricted (deficit)	(105,831,745)	2,163,045	(103,668,700)	(20,831,815)	
<b>Total net position</b>	<u>\$ 87,201,568</u>	<u>\$ 88,348,027</u>	<u>\$ 175,549,595</u>	<u>\$ 2,825,782</u>	

The accompanying notes are an integral part of these financial statements.

# CITY OF BATTLE CREEK, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 10,649,011	\$ 4,969,411	\$ 2,396,723	\$ -	\$ (3,282,877)
Public safety	31,585,548	1,465,126	846,880	-	(29,273,542)
Public works	2,634,719	71,703	107,391	-	(2,455,625)
Highways and streets	16,442,194	10,670	10,145,035	-	(6,286,489)
Recreation	3,869,221	2,403,737	5,138	-	(1,460,346)
Community development	2,332,533	10,121	647,169	-	(1,675,243)
Interest on long-term debt	1,317,802	-	-	-	(1,317,802)
Total governmental activities	<u>68,831,028</u>	<u>8,930,768</u>	<u>14,148,336</u>	<u>-</u>	<u>(45,751,924)</u>
Business-type activities:					
Water and wastewater	23,892,416	32,928,185	399,292	-	9,435,061
Public transit	3,635,378	277,628	4,551,891	-	1,194,141
Solid waste collection	4,068,181	3,899,425	-	-	(168,756)
Airport	2,868,764	208,766	1,974,648	-	(685,350)
Parking	1,304,102	628,973	-	-	(675,129)
Economic development	839,017	-	685,008	-	(154,009)
Intermodal facility	355,384	21,683	112,383	-	(221,318)
Total business-type activities	<u>36,963,242</u>	<u>37,964,660</u>	<u>7,723,222</u>	<u>-</u>	<u>8,724,640</u>
<b>Total primary government</b>	<b><u>\$ 105,794,270</u></b>	<b><u>\$ 46,895,428</u></b>	<b><u>\$ 21,871,558</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (37,027,284)</u></b>
<b>Component units</b>					
Community development	<u>\$ 11,132,037</u>	<u>\$ 1,103,559</u>	<u>\$ 3,398,901</u>	<u>\$ 1,166,373</u>	<u>\$ (5,463,204)</u>

continued...

## CITY OF BATTLE CREEK, MICHIGAN

### Statement of Activities

For the Year Ended June 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Changes in net position</b>				
Net (expense) revenues	\$ (45,751,924)	\$ 8,724,640	\$ (37,027,284)	\$ (5,463,204)
General revenues:				
Property taxes	18,098,314	320,000	18,418,314	5,702,670
Income taxes	17,837,502	-	17,837,502	-
Grants and contributions not restricted to specific programs	7,184,032	-	7,184,032	-
Unrestricted investment earnings (loss)	(1,264,047)	(531,540)	(1,795,587)	185,615
Gain on sale of capital assets	-	-	-	808,965
Transfers	(181,368)	181,368	-	-
Total general revenues and transfers	41,674,433	(30,172)	41,644,261	6,697,250
<b>Change in net position</b>	(4,077,491)	8,694,468	4,616,977	1,234,046
Net position, beginning of year	91,279,059	79,653,559	170,932,618	1,591,736
<b>Net position, end of year</b>	<b>\$ 87,201,568</b>	<b>\$ 88,348,027</b>	<b>\$ 175,549,595</b>	<b>\$ 2,825,782</b>

concluded.

The accompanying notes are an integral part of these financial statements.

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## **FUND FINANCIAL STATEMENTS**

## CITY OF BATTLE CREEK, MICHIGAN

### Balance Sheet

Governmental Funds  
June 30, 2022

	General	Major Street and Trunkline Maintenance	Special Grants	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Pooled cash and investments	\$ 16,595,081	\$ 3,207,659	\$ 1,559,333	\$ 24,811,493	\$ 7,759,475	\$ 53,933,041
Receivables:						
Interest	1,363	-	-	-	25,529	26,892
Accounts	1,524,168	4,639	-	-	438,228	1,967,035
Special assessments	85,375	-	-	-	48,455	133,830
Due from other governments	1,404,490	1,170,832	689,364	-	435,030	3,699,716
Taxes	354,920	-	-	-	-	354,920
Leases	359,189	220,720	-	-	344,483	924,392
Loans	-	-	8,162,537	-	651,106	8,813,643
Loans, long-term portion	-	-	-	-	2,805,484	2,805,484
Inventories	125,185	-	-	-	-	125,185
Prepaid items	135,792	-	4,571	97,650	2,809	240,822
Interfund receivable	1,598,729	-	-	-	-	1,598,729
<b>Total assets</b>	<b>\$ 22,184,292</b>	<b>\$ 4,603,850</b>	<b>\$ 10,415,805</b>	<b>\$ 24,909,143</b>	<b>\$ 12,510,599</b>	<b>\$ 74,623,689</b>
<b>Liabilities</b>						
Accounts payable	\$ 1,441,689	\$ 44,207	\$ 531,723	\$ 105,778	\$ 678,617	\$ 2,802,014
Accrued payroll	4,374,263	2,325	-	-	2,325	4,378,913
Retentions, deposits and other liabilities	-	-	-	-	166,736	166,736
Interfund payable	-	-	-	-	172,939	172,939
Unearned revenue	193,260	1,827	8,674,298	24,693,963	3,473,235	37,036,583
<b>Total liabilities</b>	<b>6,009,212</b>	<b>48,359</b>	<b>9,206,021</b>	<b>24,799,741</b>	<b>4,493,852</b>	<b>44,557,185</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue:						
Special assessments	19,610	-	-	-	48,455	68,065
Deferred lease amounts	359,189	220,720	-	-	344,483	924,392
<b>Total deferred inflows of resources</b>	<b>378,799</b>	<b>220,720</b>	<b>-</b>	<b>-</b>	<b>392,938</b>	<b>992,457</b>
<b>Fund balances</b>						
Nonspendable	260,977	-	4,571	97,650	882,718	1,245,916
Restricted	482,079	4,334,771	-	-	2,757,787	7,574,637
Committed	1,377,803	-	1,205,213	11,752	1,657,408	4,252,176
Assigned	123,348	-	-	-	2,325,896	2,449,244
Unassigned	13,552,074	-	-	-	-	13,552,074
<b>Total fund balances</b>	<b>15,796,281</b>	<b>4,334,771</b>	<b>1,209,784</b>	<b>109,402</b>	<b>7,623,809</b>	<b>29,074,047</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 22,184,292</b>	<b>\$ 4,603,850</b>	<b>\$ 10,415,805</b>	<b>\$ 24,909,143</b>	<b>\$ 12,510,599</b>	<b>\$ 74,623,689</b>

The accompanying notes are an integral part of these financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2022

<b>Fund balances - total governmental funds</b>	\$ 29,074,047
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	3,557,832
Capital assets being depreciated, net	208,526,567
Less: capital assets being accounted for in internal service funds	(8,333,639)
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Net position of governmental internal service funds	16,255,451
Portion of internal service funds cumulative net operating income attributed to business-type funds	(4,674,773)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, not included in fund balance.	
Unavailable special assessments	68,065
Gains and losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net position.	
Deferred charge on refunding	662,669
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and notes from direct borrowings and direct placements payable	(37,104,929)
Accrued interest on bonds and notes from direct borrowings and direct placements payable	(781,293)
Net pension liability	(112,020,762)
Deferred outflows related to the net pension liability	32,290,507
Deferred inflows related to the net pension liability	(7,093,216)
Net other postemployment benefit liability	(14,180,513)
Deferred outflows related to the net other postemployment benefit liability	4,105,269
Deferred inflows related to the net other postemployment benefit liability	(20,033,243)
Compensated absences	<u>(3,116,471)</u>
<b>Net position of governmental activities</b>	<u>\$ 87,201,568</u>

The accompanying notes are an integral part of these financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2022

	General	Major Street and Trunkline Maintenance	Special Grants	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 34,109,220	\$ -	\$ -	\$ -	\$ 1,826,596	\$ 35,935,816
Licenses and permits	1,248,324					1,248,324
Intergovernmental:						
Federal	61,521	-	2,196,235	5,851,376	1,478,797	9,587,929
State	8,429,102	8,126,196	647,430	-	2,218,016	19,420,744
Local	2,440,805	-	-	-	855,575	3,296,380
Charges for services	3,674,706	-	-	-	1,028,287	4,702,993
Fines and forfeitures	70,956	-	-	-	-	70,956
Investment earnings (loss)	(390,999)	(64,940)	-	9,402	(123,524)	(570,061)
Contributions	7,980	-	272,274	-	-	280,254
Rents and leases	34,569	23,241	-	-	43,656	101,466
Other	474,648	16,909	492	-	422,184	914,233
<b>Total revenues</b>	<b>50,160,832</b>	<b>8,101,406</b>	<b>3,116,431</b>	<b>5,860,778</b>	<b>7,749,587</b>	<b>74,989,034</b>
<b>Expenditures</b>						
Current expenditures:						
General government	4,653,720	-	742,516	5,443,725	495,126	11,335,087
Public safety	33,832,162	-	838,655	-	331,314	35,002,131
Public works	2,663,402	-	-	-	-	2,663,402
Highway and streets	-	5,503,613	-	-	6,195,403	11,699,016
Recreation	2,818,081	-	5,138	407,651	-	3,230,870
Community development	410,812	-	1,557,164	-	1,488,918	3,456,894
Inspections	-	-	-	-	923,756	923,756
Non-departmental	983,967	-	-	-	-	983,967
Debt service:						
Principal	347,460	-	-	-	2,876,096	3,223,556
Interest	35,635	-	-	-	1,131,137	1,166,772
<b>Total expenditures</b>	<b>45,745,239</b>	<b>5,503,613</b>	<b>3,143,473</b>	<b>5,851,376</b>	<b>13,441,750</b>	<b>73,685,451</b>
Revenue over (under) expenditures	4,415,593	2,597,793	(27,042)	9,402	(5,692,163)	1,303,583
<b>Other financing sources (uses)</b>						
Proceeds from promissory note	-	-	425,000	-	-	425,000
Transfers in	-	-	45,048	100,000	8,129,736	8,274,784
Transfers out	(2,883,951)	(2,509,000)	(102,555)	-	(824,171)	(6,319,677)
<b>Total other financing sources (uses)</b>	<b>(2,883,951)</b>	<b>(2,509,000)</b>	<b>367,493</b>	<b>100,000</b>	<b>7,305,565</b>	<b>2,380,107</b>
<b>Net change in fund balances</b>	<b>1,531,642</b>	<b>88,793</b>	<b>340,451</b>	<b>109,402</b>	<b>1,613,402</b>	<b>3,683,690</b>
Fund balances, beginning of year	14,264,639	4,245,978	869,333	-	6,010,407	25,390,357
<b>Fund balances, end of year</b>	<b>\$ 15,796,281</b>	<b>\$ 4,334,771</b>	<b>\$ 1,209,784</b>	<b>\$ 109,402</b>	<b>\$ 7,623,809</b>	<b>\$ 29,074,047</b>

The accompanying notes are an integral part of these financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2022

<b>Net change in fund balances - total governmental funds</b>	\$ 3,683,690
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition/construction of capital assets	8,300,041
Less: acquisition/construction of capital assets being accounted for in internal service funds	(3,571,611)
Capital assets transferred to enterprise fund	(93,240)
Depreciation expense	(12,760,619)
Less: depreciation expense being accounted for in internal service funds	2,153,449
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather deferred to subsequent fiscal years.	
Change in long-term special assessments receivable	(97,004)
Change in unavailable revenues related to loans and grants receivable	(11,654,253)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on long-term debt	3,223,556
Proceeds from issuance of promissory note	(425,000)
Amount received from other entities for their share of debt principal	(555,000)
Amortization of bond premium	130,573
Amortization of bond discount	(8,657)
Amortization of deferred charge on refunding	(72,698)
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenues (expense) attributable to those funds is reported with governmental activities.	
Net operating income from governmental activities in internal service funds	2,327,043
Less: net operating income from business-type activities in internal service funds	(826,517)
Interest earnings from governmental internal service funds	(138,986)
Loss on disposal of capital assets from governmental internal service funds	(31,464)
Transfers received in governmental internal service funds	598,682
Transfers made from governmental internal services funds	(2,641,917)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in accrued interest payable on long-term debt	(200,248)
Change in the net pension liability and related deferred amounts	(6,598,433)
Change in net other postemployment benefit liability and related deferred amounts	15,161,648
Change in the accrual for compensated absences	<u>19,474</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (4,077,491)</u></u>

The accompanying notes are an integral part of these financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
City income	\$ 13,820,000	\$ 17,720,000	\$ 17,837,502	\$ 117,502
Real estate	14,256,384	13,656,384	13,559,513	(96,871)
Personal property	1,717,538	1,887,538	1,929,555	42,017
Administration fees	700,127	700,127	711,084	10,957
Other	68,462	68,462	71,566	3,104
 Total taxes	 30,562,511	 34,032,511	 34,109,220	 76,709
 Licenses and permits	 822,976	 1,156,976	 1,248,324	 91,348
 Intergovernmental:				
Federal	40,000	55,800	61,521	5,721
State	7,167,190	7,777,190	8,429,102	651,912
Local	2,219,312	2,295,265	2,440,805	145,540
 Total intergovernmental	 9,426,502	 10,128,255	 10,931,428	 803,173
 Charges for services:				
Recreation	2,266,292	2,006,217	2,366,249	360,032
Police services	1,346,319	1,335,319	1,308,457	(26,862)
 Total charges for services	 3,612,611	 3,341,536	 3,674,706	 333,170
 Fines and forfeitures	 90,000	 90,000	 70,956	 (19,044)
 Investment earnings (loss)	 20,000	 (300,000)	 (390,999)	 (90,999)
 Contributions	 2,000	 2,000	 7,980	 5,980
 Rent and leases	 54,751	 34,826	 34,569	 (257)
 Other	 294,575	 430,950	 474,648	 43,698
 <b>Total revenues</b>	 <b>44,885,926</b>	 <b>48,917,054</b>	 <b>50,160,832</b>	 <b>1,243,778</b>

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## CITY OF BATTLE CREEK, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures</b>				
Current:				
General government:				
Administration:				
Mayor and city commission	\$ 141,744	\$ 141,744	\$ 142,033	\$ 289
City clerk and elections	680,579	578,579	526,814	(51,765)
City manager	1,059,844	1,102,844	897,616	(205,228)
Neighborhood code compliance	310,869	312,829	320,813	7,984
Labor relations	291,747	291,747	295,358	3,611
Human resources	459,891	459,891	351,620	(108,271)
Legal department	1,047,505	1,047,505	1,023,905	(23,600)
Civil service	120,764	72,764	60,460	(12,304)
Administrative reimbursements	(2,391,114)	(2,391,114)	(2,391,114)	-
Total administration	<u>1,721,829</u>	<u>1,616,789</u>	<u>1,227,505</u>	<u>(389,284)</u>
Revenue services:				
Finance	982,975	1,041,130	985,716	(55,414)
Purchasing	364,367	364,367	361,252	(3,115)
Treasurer's office	358,031	358,031	356,507	(1,524)
Assessing	525,480	549,480	564,690	15,210
City hall maintenance	499,125	611,200	654,651	43,451
Income tax division	524,692	504,692	503,399	(1,293)
Total revenue services	<u>3,254,670</u>	<u>3,428,900</u>	<u>3,426,215</u>	<u>(2,685)</u>
Total general government	<u>4,976,499</u>	<u>5,045,689</u>	<u>4,653,720</u>	<u>(391,969)</u>
Public safety:				
Police department	19,707,526	19,774,915	19,895,565	120,650
Fire department	12,562,731	13,053,952	12,784,430	(269,522)
Dispatch	939,239	1,159,239	1,152,167	(7,072)
Total public safety	<u>33,209,496</u>	<u>33,988,106</u>	<u>33,832,162</u>	<u>(155,944)</u>

continued...

## CITY OF BATTLE CREEK, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued)</b>				
Public works -				
Street and storm sewers	\$ 2,803,702	\$ 2,771,865	\$ 2,663,402	\$ (108,463)
Recreation	2,818,833	2,568,833	2,818,081	249,248
Community development	619,384	578,200	410,812	(167,388)
Non-departmental:				
Special projects	98,099	283,234	191,498	(91,736)
AccessVision	332,315	332,315	322,702	(9,613)
Retiree health contributions	469,767	469,767	469,767	-
Total non-departmental	900,181	1,085,316	983,967	(101,349)
Debt service:				
Principal	347,460	347,460	347,460	-
Interest	35,635	35,635	35,635	-
Total debt service	383,095	383,095	383,095	-
<b>Total expenditures</b>	<b>45,711,190</b>	<b>46,421,104</b>	<b>45,745,239</b>	<b>(675,865)</b>
Revenue over (under) expenditures	(825,264)	2,495,950	4,415,593	1,919,643
<b>Other financing sources (uses)</b>				
Transfers in	-	526,000	-	(526,000)
Transfers out	(2,810,315)	(2,965,760)	(2,883,951)	(81,809)
<b>Total other financing sources (uses)</b>	<b>(2,810,315)</b>	<b>(2,439,760)</b>	<b>(2,883,951)</b>	<b>444,191</b>
<b>Net change in fund balance</b>	<b>(3,635,579)</b>	<b>56,190</b>	<b>1,531,642</b>	<b>1,475,452</b>
Fund balance, beginning of year	14,264,639	14,264,639	14,264,639	-
<b>Fund balance, end of year</b>	<b>\$ 10,629,060</b>	<b>\$ 14,320,829</b>	<b>\$ 15,796,281</b>	<b>\$ 1,475,452</b>

concluded.

The accompanying notes are an integral part of these financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Major Street and Trunkline Maintenance Fund  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - state	\$ 7,395,000	\$ 7,395,000	\$ 8,126,196	\$ 731,196
Investment loss	-	-	(64,940)	(64,940)
Rents and leases	21,000	21,000	23,241	2,241
Other	1,000	1,000	16,909	15,909
<b>Total revenues</b>	<b>7,417,000</b>	<b>7,417,000</b>	<b>8,101,406</b>	<b>684,406</b>
<b>Expenditures</b>				
Current -				
Highways and streets	7,117,421	7,123,257	5,503,613	(1,619,644)
Revenues over expenditures	299,579	293,743	2,597,793	2,304,050
<b>Other financing uses</b>				
Transfers out	(2,509,000)	(2,509,000)	(2,509,000)	-
<b>Net change in fund balance</b>	<b>(2,209,421)</b>	<b>(2,215,257)</b>	<b>88,793</b>	<b>2,304,050</b>
Fund balance, beginning of year	4,245,978	4,245,978	4,245,978	-
<b>Fund balance, end of year</b>	<b>\$ 2,036,557</b>	<b>\$ 2,030,721</b>	<b>\$ 4,334,771</b>	<b>\$ 2,304,050</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF BATTLE CREEK, MICHIGAN

## Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Special Grants Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental:				
Federal	\$ 45,000	\$ 8,632,640	\$ 2,196,235	\$ (6,436,405)
State	-	1,478,961	647,430	(831,531)
Contributions	13,612	506,553	272,274	(234,279)
Other	-	12,929	492	(12,437)
<b>Total revenues</b>	<b>58,612</b>	<b>10,631,083</b>	<b>3,116,431</b>	<b>(7,514,652)</b>
<b>Expenditures</b>				
Current:				
General government	-	1,935,080	742,516	(1,192,564)
Public safety	167,409	4,186,150	838,655	(3,347,495)
Recreation	-	28,181	5,138	(23,043)
Community development	311,210	6,345,006	1,557,164	(4,787,842)
<b>Total expenditures</b>	<b>478,619</b>	<b>12,494,417</b>	<b>3,143,473</b>	<b>(9,350,944)</b>
Revenues under expenditures	(420,007)	(1,863,334)	(27,042)	1,836,292
<b>Other financing sources (uses)</b>				
Proceeds from promissory note	-	425,000	425,000	-
Transfers in	-	1,342,477	45,048	(1,297,429)
Transfers out	-	-	(102,555)	102,555
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,767,477</b>	<b>367,493</b>	<b>(1,194,874)</b>
<b>Net change in fund balance</b>	<b>(420,007)</b>	<b>(95,857)</b>	<b>340,451</b>	<b>436,308</b>
Fund balance, beginning of year	869,333	869,333	869,333	-
<b>Fund balance, end of year</b>	<b>\$ 449,326</b>	<b>\$ 773,476</b>	<b>\$ 1,209,784</b>	<b>\$ 436,308</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF BATTLE CREEK, MICHIGAN

## Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - ARPA Fund  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - federal	\$ -	\$ 22,127,957	\$ 5,851,376	\$ (16,276,581)
Investment earnings	-	-	9,402	9,402
<b>Total revenues</b>	<u>-</u>	<u>22,127,957</u>	<u>5,860,778</u>	<u>(16,267,179)</u>
<b>Expenditures</b>				
Current:				
General government	-	22,307,019	5,443,725	(16,863,294)
Public safety	-	812,200	-	(812,200)
Recreation	-	1,057,000	407,651	(649,349)
<b>Total expenditures</b>	<u>-</u>	<u>24,176,219</u>	<u>5,851,376</u>	<u>(18,324,843)</u>
Revenues over (under) expenditures	-	(2,048,262)	9,402	2,057,664
<b>Other financing sources</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>(2,048,262)</u>	<u>109,402</u>	<u>2,157,664</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ (2,048,262)</u>	<u>\$ 109,402</u>	<u>\$ 2,157,664</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BATTLE CREEK, MICHIGAN**

**Statement of Net Position**

Proprietary Funds  
June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Battle Creek Executive Airport / FAA	Nonmajor Enterprise Funds	Total	
<b>Assets</b>						
Current assets:						
Pooled cash and investments	\$ 23,423,337	\$ -	\$ 506,127	\$ 2,073,152	\$ 26,002,616	\$ 8,969,872
Receivables:						
Interest	-	-	16,213	100,593	116,806	94,011
Accounts	4,903,296	3,284	94,052	1,015,572	6,016,204	680,308
Special assessments	317,196	-	-	-	317,196	-
Due from other governments	3,223	2,225,336	-	-	2,228,559	-
Leases	2,123,497	-	11,057,625	-	13,181,122	-
Loans, current portion	-	-	-	1,082,400	1,082,400	-
Inventories	1,854,230	135,901	-	-	1,990,131	523,248
Prepaid items	22,549	-	110	-	22,659	276,506
Total current assets	<u>32,647,328</u>	<u>2,364,521</u>	<u>11,674,127</u>	<u>4,271,717</u>	<u>50,957,693</u>	<u>10,543,945</u>
Noncurrent assets:						
Loans receivable, long-term portion	-	-	-	6,636,150	6,636,150	-
Capital assets not being depreciated	728,259	66,499	1,763,555	1,505,125	4,063,438	48,823
Capital assets being depreciated, net	80,221,959	1,455,102	11,516,474	1,688,722	94,882,257	8,284,816
Total noncurrent assets	<u>80,950,218</u>	<u>1,521,601</u>	<u>13,280,029</u>	<u>9,829,997</u>	<u>105,581,845</u>	<u>8,333,639</u>
<b>Total assets</b>	<u>113,597,546</u>	<u>3,886,122</u>	<u>24,954,156</u>	<u>14,101,714</u>	<u>156,539,538</u>	<u>18,877,584</u>
<b>Deferred outflows of resources</b>						
Deferred pension amounts	2,791,927	891,458	303,683	39,184	4,026,252	-
Deferred other postemployment benefit amounts	1,485,015	429,550	116,592	-	2,031,157	-
<b>Total deferred outflows of resources</b>	<u>4,276,942</u>	<u>1,321,008</u>	<u>420,275</u>	<u>39,184</u>	<u>6,057,409</u>	<u>-</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued liabilities	975,657	45,684	81,151	673,116	1,775,608	1,149,242
Retentions, deposits and other liabilities	327,477	-	-	96,287	423,764	-
Accrued interest payable	44,648	-	-	-	44,648	-
Interfund payable	-	1,110,283	-	315,507	1,425,790	-
Unearned revenue	308,800	150,000	64,726	500	524,026	145,563
Compensated absences, current portion	554,881	72,025	60,080	39,572	726,558	216,229
Claims payable, current portion	-	-	-	-	-	715,692
Installment obligations payable, current portion	-	-	-	-	-	29,504
Bonds payable, current portion	-	-	-	-	781,123	-
Total current liabilities	<u>781,123</u>	<u>-</u>	<u>205,957</u>	<u>1,124,982</u>	<u>5,701,517</u>	<u>2,256,230</u>
Noncurrent liabilities:						
Compensated absences	61,654	8,004	6,677	4,397	80,732	-
Claims payable	-	-	-	-	-	286,072
Installment obligations payable	-	-	-	-	-	79,831
Bonds payable	11,979,590	-	-	-	11,979,590	-
Net pension liability	19,355,868	6,180,295	2,105,375	271,661	27,913,199	-
Net other postemployment benefit liability	5,129,573	1,483,761	402,735	-	7,016,069	-
Total noncurrent liabilities	<u>36,526,685</u>	<u>7,672,060</u>	<u>2,514,787</u>	<u>276,058</u>	<u>46,989,590</u>	<u>365,903</u>
<b>Total liabilities</b>	<u>39,519,271</u>	<u>9,050,052</u>	<u>2,720,744</u>	<u>1,401,040</u>	<u>52,691,107</u>	<u>2,622,133</u>
<b>Deferred inflows of resources</b>						
Deferred lease amounts	2,123,497	-	11,057,625	-	13,181,122	-
Deferred pension amounts	2,177,129	695,154	236,810	30,557	3,139,650	-
Deferred other postemployment benefit amounts	7,246,704	2,096,154	568,956	-	9,911,814	-
<b>Total deferred inflows of resources</b>	<u>11,547,330</u>	<u>2,791,308</u>	<u>11,863,391</u>	<u>30,557</u>	<u>26,232,586</u>	<u>-</u>
<b>Net position</b>						
Net investment in capital assets	68,189,505	1,521,601	13,280,029	3,193,847	86,184,982	8,224,304
Unrestricted (deficit)	(1,381,618)	(8,155,831)	(2,489,733)	9,515,454	(2,511,728)	8,031,147
<b>Total net position (deficit)</b>	<u>\$ 66,807,887</u>	<u>\$ (6,634,230)</u>	<u>\$ 10,790,296</u>	<u>\$ 12,709,301</u>	<u>\$ 83,673,254</u>	<u>\$ 16,255,451</u>

The accompanying notes are an integral part of these financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Reconciliation

Net Position of Enterprise Funds  
to Net Position of Business-type Activities  
June 30, 2022

<b>Net position - total enterprise funds</b>	\$ 83,673,254
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Amounts reported for *business-type activities* in the statement of net position  
are different because:

Internal service funds are used by management to charge the costs of certain services  
to individual governmental and enterprise funds. The net revenues (expense) of  
the internal service funds are allocated to governmental and business-type activities.

Portion of internal service funds cumulative net operating income  
attributed to enterprise funds.

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<b>Net position of business-type activities</b>	<u>\$ 88,348,027</u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF BATTLE CREEK, MICHIGAN**

**Statement of Revenues, Expenses and Changes in Fund Net Position**

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Water and Wastewater System	Battle Creek Transit System	Battle Creek Executive Airport / FAA	Nonmajor Enterprise Funds	Total	Internal Service Funds	
<b>Operating revenues</b>							
Charges for services	\$ 32,928,185	\$ 277,628	\$ 208,766	\$ 4,550,081	\$ 37,964,660	\$ 21,554,722	
Rents and leases	232,761	-	1,298,186	109,543	1,640,490	1,781,600	
Other	152,889	12,447	24,524	171,516	361,376	581,824	
<b>Total operating revenues</b>	<b>33,313,835</b>	<b>290,075</b>	<b>1,531,476</b>	<b>4,831,140</b>	<b>39,966,526</b>	<b>23,918,146</b>	
<b>Operating expenses</b>							
Personnel services	5,604,650	2,110,391	694,558	955,584	9,365,183	3,601,473	
Materials and supplies	2,681,757	657,788	145,316	45,317	3,530,178	2,222,576	
Contractual and other	9,118,230	550,653	1,023,128	5,062,356	15,754,367	13,613,605	
Depreciation	6,890,586	310,875	1,028,935	516,275	8,746,671	2,153,449	
<b>Total operating expenses</b>	<b>24,295,223</b>	<b>3,629,707</b>	<b>2,891,937</b>	<b>6,579,532</b>	<b>37,396,399</b>	<b>21,591,103</b>	
Operating income (loss)	9,018,612	(3,339,632)	(1,360,461)	(1,748,392)	2,570,127	2,327,043	
<b>Nonoperating revenues (expenses)</b>							
Property taxes	-	-	-	320,000	320,000	-	
Intergovernmental subsidies:							
Federal	13,642	2,402,128	57,162	-	2,472,932	-	
State	-	2,137,316	-	391,332	2,528,648	-	
Local	-	-	594,776	125,000	719,776	-	
Investment loss	(426,316)	-	(4,877)	(100,347)	(531,540)	(138,986)	
Interest expense	(289,829)	-	-	-	(289,829)	-	
Loss on disposal of capital assets	(3,301)	(100,230)	-	-	(103,531)	(31,464)	
<b>Total nonoperating revenues (expenses)</b>	<b>(705,804)</b>	<b>4,439,214</b>	<b>647,061</b>	<b>735,985</b>	<b>5,116,456</b>	<b>(170,450)</b>	
Income (loss) before capital contributions and transfers	8,312,808	1,099,582	(713,400)	(1,012,407)	7,686,583	2,156,593	
<b>Capital contributions</b>					93,240	93,240	
Transfers in	31,133	229,995	-	9,000	270,128	598,682	
Transfers out	(172,000)	-	-	(10,000)	(182,000)	(2,641,917)	
<b>Change in net position</b>	<b>8,171,941</b>	<b>1,329,577</b>	<b>(713,400)</b>	<b>(920,167)</b>	<b>7,867,951</b>	<b>113,358</b>	
Net position (deficit), beginning of year	58,635,946	(7,963,807)	11,503,696	13,629,468	75,805,303	16,142,093	
<b>Net position (deficit), end of year</b>	<b>\$ 66,807,887</b>	<b>\$ (6,634,230)</b>	<b>\$ 10,790,296</b>	<b>\$ 12,709,301</b>	<b>\$ 83,673,254</b>	<b>\$ 16,255,451</b>	

The accompanying notes are an integral part of these financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Reconciliation

Change in Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Year Ended June 30, 2022

<b>Change in net position - total enterprise funds</b>	\$ 7,867,951
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Amounts reported for *business-type activities* in the statement of activities  
are different because:

Internal service funds are used by management to charge the costs of certain services  
to individual governmental and enterprise funds. The current year net operating income  
of the internal service funds are allocated to governmental and business-type activities.

826,517

<b>Change in net position of business-type activities</b>	<u>\$ 8,694,468</u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF BATTLE CREEK, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Battle Creek Executive Airport / FAA	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from customers and users	\$ 32,923,842	\$ 437,579	\$ 1,495,797	\$ 4,666,967	\$ 39,524,185	\$ -
Receipts from interfund services	-	-	-	-	-	23,918,146
Payments to suppliers and contractors	(11,741,359)	(1,123,964)	(1,141,917)	(5,184,186)	(19,191,426)	(15,917,296)
Payments to employees	(10,480,832)	(4,617,241)	(1,089,182)	(709,829)	(16,897,084)	(3,630,848)
Payments for interfund services	(695,937)	(94,559)	(23,173)	(12,848)	(826,517)	-
<b>Net cash provided by (used in) operating activities</b>	<b>10,005,714</b>	<b>(5,398,185)</b>	<b>(758,475)</b>	<b>(1,239,896)</b>	<b>2,609,158</b>	<b>4,370,002</b>
<b>Cash flows from noncapital financing activities</b>						
Transfers in	31,133	229,995	-	9,000	270,128	598,682
Transfers out	(172,000)	-	-	(10,000)	(182,000)	(2,641,917)
Property taxes	-	-	-	320,000	320,000	-
Intergovernmental subsidies	13,642	5,168,190	651,938	516,332	6,350,102	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(127,225)</b>	<b>5,398,185</b>	<b>651,938</b>	<b>835,332</b>	<b>6,758,230</b>	<b>(2,043,235)</b>
<b>Cash flows from capital and related financing activities</b>						
Principal and interest paid on debt	(1,814,939)	-	-	-	(1,814,939)	-
Principal paid on installment obligations payable	-	-	-	-	-	(28,771)
Purchase of capital assets	(4,853,762)	-	(205,095)	-	(5,058,857)	(3,571,611)
<b>Net cash used in capital and related financing activities</b>	<b>(6,668,701)</b>	<b>-</b>	<b>(205,095)</b>	<b>-</b>	<b>(6,873,796)</b>	<b>(3,600,382)</b>
<b>Cash flows from investing activities</b>						
Investment loss	(426,316)	-	(4,961)	(198,909)	(630,186)	(140,974)
<b>Net change in pooled cash and investments</b>	<b>2,783,472</b>	<b>-</b>	<b>(316,593)</b>	<b>(603,473)</b>	<b>1,863,406</b>	<b>(1,414,589)</b>
Pooled cash and investments, beginning of year	20,639,865	-	822,720	2,676,625	24,139,210	10,384,461
<b>Pooled cash and investments, end of year</b>	<b>\$ 23,423,337</b>	<b>\$ -</b>	<b>\$ 506,127</b>	<b>\$ 2,073,152</b>	<b>\$ 26,002,616</b>	<b>\$ 8,969,872</b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Water and Wastewater System	Battle Creek Transit System	Battle Creek Executive Airport / FAA	Nonmajor Enterprise Funds	Total	Internal Service Funds	
<b>Cash flows from operating activities</b>							
Operating income (loss)	\$ 9,018,612	\$ (3,339,632)	\$ (1,360,461)	\$ (1,748,392)	\$ 2,570,127	\$ 2,327,043	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	6,890,586	310,875	1,028,935	516,275	8,746,671	2,153,449	
Changes in assets and liabilities:							
Accounts receivable	(139,086)	(2,496)	(38,221)	(164,173)	(343,976)	(85,885)	
Special assessments receivable	(164,859)	-	-	-	(164,859)	-	
Due from other governments	(3,223)	-	388	-	(2,835)	-	
Leases receivable	(2,123,497)	-	(2,123,497)	-	(4,246,994)	-	
Loans receivable	-	-	-	118,840	118,840	-	
Inventories	(71,451)	(6,142)	-	-	(77,593)	(38,494)	
Prepaid items	(16,479)	5,319	-	-	(11,160)	(21,437)	
Accounts payable and accrued liabilities	(468,644)	7,621	3,354	(215,363)	(673,032)	472,154	
Compensated absences	(3,309)	(16,754)	(30,548)	2,923	(47,688)	(29,375)	
Retentions, deposits and other liabilities	(80,735)	-	-	(1,561)	(82,296)	-	
Claims payable	-	-	-	-	-	(407,259)	
Interfund payable	-	(1,115,841)	-	242,968	(872,873)	-	
Unearned revenue	(82,825)	150,000	2,154	-	69,329	(194)	
Deferred lease amounts	2,123,497	-	2,123,497	-	4,246,994	-	
Net pension liability	(497,543)	(158,864)	(54,119)	(6,983)	(717,509)	-	
Deferred outflows related to the net pension liability	(180,406)	(57,604)	(19,624)	(2,530)	(260,164)	-	
Deferred inflows related to the net pension liability	1,289,559	411,754	140,267	18,100	1,859,680	-	
Net other postemployment benefit liability	(10,575,162)	(3,058,931)	(830,281)	-	(14,464,374)	-	
Deferred outflows related to the net other postemployment benefit liability	399,291	115,497	31,349	-	546,137	-	
Deferred inflows related to the net other postemployment benefit liability	4,691,388	1,357,013	368,332	-	6,416,733	-	
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 10,005,714</b>	<b>\$ (5,398,185)</b>	<b>\$ (758,475)</b>	<b>\$ (1,239,896)</b>	<b>\$ 2,609,158</b>	<b>\$ 4,370,002</b>	
<b>Noncash capital and related financing activities</b>							
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 93,240	\$ 93,240	\$ -	

concluded.

The accompanying notes are an integral part of these financial statements.

# CITY OF BATTLE CREEK, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Assets</b>		
Pooled cash and investments	\$ -	\$ 274,436
Cash and cash equivalents	4,967,260	-
Investments:		
Fixed income:		
Corporate bonds	21,060,682	-
Foreign bonds	3,808,378	-
U.S. government securities	26,582,732	-
Mutual funds	101,376,385	-
MERS total market portfolio	7,937,708	-
Interest receivable	282,613	-
Pension contributions receivable	153,496	-
Delinquent taxes receivable	-	584,872
	<hr/>	<hr/>
<b>Total assets</b>	<hr/> <b>166,169,254</b>	<hr/> <b>859,308</b>
<b>Liabilities</b>		
Due to other governments	304,595	-
Undistributed receipts	-	679,120
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>304,595</b>	<b>679,120</b>
<b>Net position</b>		
Restricted for:		
Pension	157,562,854	-
Other postemployment healthcare benefits	8,301,805	-
Individuals, organizations, and other governments	-	180,188
	<hr/>	<hr/>
<b>Total net position</b>	<b>\$ 165,864,659</b>	<b>\$ 180,188</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF BATTLE CREEK, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Additions</b>		
Investment income (loss):		
Net change in fair value of investments	\$ (29,223,082)	\$ -
Interest and dividends	5,512,538	-
Less investment expenses	<u>(240,330)</u>	<u>-</u>
 Total net investment loss	 <u>(23,950,874)</u>	 <u>-</u>
Contributions:		
Employer	7,973,600	-
Employee	<u>2,162,642</u>	<u>-</u>
 Total contributions	 <u>10,136,242</u>	 <u>-</u>
Fire insurance collections	-	133,004
Taxes collected for other governments	<u>-</u>	<u>69,948,579</u>
 <b>Total additions (excess of net investment loss over contributions)</b>	 <u>(13,814,632)</u>	 <u>70,081,583</u>
 <b>Deductions</b>		
Benefit payments and refunds	14,296,464	-
Administrative expenses	247,122	-
Fire insurance distributions	-	89,966
Payments of taxes to other governments	<u>-</u>	<u>69,948,579</u>
 <b>Total deductions</b>	 <u>14,543,586</u>	 <u>70,038,545</u>
 <b>Change to net position</b>	 <u>(28,358,218)</u>	 <u>43,038</u>
Net position, beginning of year	 <u>194,222,877</u>	 <u>137,150</u>
 <b>Net position, end of year</b>	 <u>\$ 165,864,659</u>	 <u>\$ 180,188</u>

The accompanying notes are an integral part of these financial statements.

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## **COMPONENT UNITS FINANCIAL STATEMENTS**

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Net Position

Component Units

June 30, 2022

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
<b>Assets</b>				
Pooled cash and investments	\$ 1,789,041	\$ 875,886	\$ 5,715,890	\$ 2,071,519
Receivables, net	360,254	2,746	79,517	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Leases receivable	123,016	175,870	52,519	-
Loans receivable, net:				
Due within one year	155,000	-	-	-
Due in more than one year	515,873	-	4,449,862	-
Capital assets not being depreciated	-	-	14,734,241	-
Capital assets being depreciated, net	-	-	7,661,883	-
<b>Total assets</b>	<u>2,943,184</u>	<u>1,054,502</u>	<u>32,693,912</u>	<u>2,071,519</u>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	<u>969,275</u>	<u>-</u>	<u>28,051</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	15,810	741,483	2,785,688	299,477
Accrued interest payable	163,466	-	3,960	-
Unearned revenue	3,442	-	-	-
Long-term debt:				
Due within one year	1,739,484	-	410,000	-
Due in more than one year	<u>24,188,968</u>	<u>-</u>	<u>2,805,000</u>	<u>2,749,862</u>
<b>Total liabilities</b>	<u>26,111,170</u>	<u>741,483</u>	<u>6,004,648</u>	<u>3,049,339</u>
<b>Deferred inflows of resources</b>				
Deferred lease amounts	<u>123,016</u>	<u>175,870</u>	<u>52,519</u>	<u>-</u>
<b>Net position</b>				
Investment in capital assets	-	-	22,396,124	-
Restricted for debt service	-	-	39	-
Restricted for loan commitments				
and lending activity	1,232,241	-	-	-
Unrestricted (deficit)	<u>(23,553,968)</u>	<u>137,149</u>	<u>4,268,633</u>	<u>(977,820)</u>
<b>Total net position (deficit)</b>	<u>\$ (22,321,727)</u>	<u>\$ 137,149</u>	<u>\$ 26,664,796</u>	<u>\$ (977,820)</u>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Net Position

Component Units

June 30, 2022

	Local Development Finance Authority	Cereal City Development Corporation	Total
<b>Assets</b>			
Pooled cash and investments	\$ 1,186,556	\$ 583,982	\$ 12,222,874
Receivables, net	-	53,460	495,977
Inventories	-	31,116	31,116
Prepaid items	-	9,648	9,648
Leases receivable	-	-	351,405
Loans receivable, net:			
Due within one year	-	-	155,000
Due in more than one year	-	-	4,965,735
Capital assets not being depreciated	-	-	14,734,241
Capital assets being depreciated, net	-	29,193	7,691,076
<b>Total assets</b>	<u>1,186,556</u>	<u>707,399</u>	<u>40,657,072</u>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	-	-	997,326
<b>Liabilities</b>			
Accounts payable and accrued liabilities	717,738	139,223	4,699,419
Accrued interest payable	-	-	167,426
Unearned revenue	-	13,610	17,052
Long-term debt:			
Due within one year	-	-	2,149,484
Due in more than one year	<u>1,700,000</u>	<u>-</u>	<u>31,443,830</u>
<b>Total liabilities</b>	<u>2,417,738</u>	<u>152,833</u>	<u>38,477,211</u>
<b>Deferred inflows of resources</b>			
Deferred lease amounts	-	-	351,405
<b>Net position</b>			
Investment in capital assets	-	29,193	22,425,317
Restricted for debt service	-	-	39
Restricted for loan commitments and lending activity	-	-	1,232,241
Unrestricted (deficit)	<u>(1,231,182)</u>	<u>525,373</u>	<u>(20,831,815)</u>
<b>Total net position (deficit)</b>	<u>\$ (1,231,182)</u>	<u>\$ 554,566</u>	<u>\$ 2,825,782</u>

concluded.

The accompanying notes are an integral part of these financial statements.

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Activities

Component Units

For the Year Ended June 30, 2022

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
<b>Expenses</b>				
Community development	\$ 2,879,940	\$ 2,029,143	\$ 2,990,694	\$ 318,777
<b>Program revenues</b>				
Charges for services	63,387	25,000	20,502	-
Operating grants and contributions	2,934,269	-	-	80,458
Capital grants and contributions	-	-	1,166,373	-
<b>Total program revenues</b>	<b>2,997,656</b>	<b>25,000</b>	<b>1,186,875</b>	<b>80,458</b>
Net program revenues (expenses)	117,716	(2,004,143)	(1,803,819)	(238,319)
<b>General revenues</b>				
Property taxes	1,586,466	2,016,772	1,197,681	573,042
Unrestricted investment earnings	4,342	4,086	165,975	8,347
Gain on sale of capital assets	-	-	808,965	-
<b>Total general revenues</b>	<b>1,590,808</b>	<b>2,020,858</b>	<b>2,172,621</b>	<b>581,389</b>
<b>Change in net position</b>	<b>1,708,524</b>	<b>16,715</b>	<b>368,802</b>	<b>343,070</b>
Net position (deficit), beginning of year	(24,030,251)	120,434	26,295,994	(1,320,890)
<b>Net position (deficit), end of year</b>	<b>\$ (22,321,727)</b>	<b>\$ 137,149</b>	<b>\$ 26,664,796</b>	<b>\$ (977,820)</b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Activities

Component Units

For the Year Ended June 30, 2022

	Local Development Finance Authority	Cereal City Development Corporation	Total
<b>Expenses</b>			
Community development	\$ 1,579,718	\$ 1,333,765	\$ 11,132,037
<b>Program revenues</b>			
Charges for services	-	994,670	1,103,559
Operating grants and contributions	-	384,174	3,398,901
Capital grants and contributions	-	-	1,166,373
<b>Total program revenues</b>	-	1,378,844	5,668,833
Net program revenues (expenses)	(1,579,718)	45,079	(5,463,204)
<b>General revenues</b>			
Property taxes	328,709	-	5,702,670
Unrestricted investment earnings	2,865	-	185,615
Gain on sale of capital assets	-	-	808,965
<b>Total general revenues</b>	331,574	-	6,697,250
<b>Change in net position</b>	(1,248,144)	45,079	1,234,046
Net position (deficit), beginning of year	16,962	509,487	1,591,736
<b>Net position (deficit), end of year</b>	\$ (1,231,182)	\$ 554,566	\$ 2,825,782

concluded.

The accompanying notes are an integral part of these financial statements.

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## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The accompanying financial statements present the activities of the City of Battle Creek, Michigan (the "City") and its seven component units, legally separate organizations for which the City is financially accountable. The activities of the Building Authority are so intertwined with the City that it is, in substance, the same as the City and, therefore, is blended and reported as if it were part of the City. The other six component units are not so intertwined and, therefore, are discretely presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The component units each have a June 30 year end.

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements Available
Building Authority (BA); finances and constructs the City's public buildings	City Commission appoints, may remove BA board and would be financially responsible for any debt of the BA	Not prepared
Battle Creek Downtown Development Authority (DDA); corrects and prevents deterioration in the downtown district, encourages historical preservation and promotes economic development	City Commission appoints, may remove DDA board and would be financially responsible for any debt of the DDA	Finance Department in City Hall
Lakeview Downtown Development Authority (LDDA); promotes development of the Lakeview district	City Commission appoints, may remove LDDA board and would be financially responsible for any debt of the LDDA	Finance Department in City Hall
Battle Creek Tax Increment Financing Authority (TIFA); administers the Fort Custer Industrial Park development district	City Commission appoints, may remove TIFA board and would be financially responsible for any debt of the TIFA	Finance Department in City Hall
Brownfield Redevelopment Authority (BRA); administers brownfield redevelopment projects	City Commission appoints, may remove BRA board and would be financially responsible for any debt of the BRA	Finance Department in City Hall
Local Development Finance Authority (LDFA); encourages technological development through the City's "SmartZone"	City Commission appoints, may remove LDFA board and would be financially responsible for any debt of the LDFA	Finance Department in City Hall
Cereal City Development Corporation (CCDC); promotes community and economic development through the organization and management of events in the City	City Commission appoints, may remove CCDC board and would be financially responsible for any debt of the CCDC	CCDC Administration Office

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### *Fiduciary Component Units*

The *City of Battle Creek, Michigan Police and Fire Retirement System* (the "System") is a single-employer defined benefit contributory pension plan which provides retirement, disability and death benefits to, and contributes toward postemployment healthcare benefits for, plan members and their beneficiaries in accordance with the City's pension ordinance. The System is included as a fiduciary component unit of the City because (1) the System is a legally separate entity; (2) the City Commission appoints a voting majority of the Board of Trustees; and (3) the City makes contributions to the System on behalf of its participants. Plan amendments are under the authority of the City. Changes in required contributions are subject to collective bargaining agreements and approval by the City Commission.

The *Single-Employer Other Postemployment Benefit Plan* (the "Plan") is a single-employer defined benefit postemployment healthcare plan provides health care benefits to certain full-time employees upon retirement, in accordance with labor agreements and/or the City Administrative Code, or in the case of police and fire personnel according to City Commission resolution. The Plan is included as a fiduciary component unit of the City because: (1) the Plan is a legally separate entity; (2) the City Commission appoints a voting majority of the trustees; and (3) the City makes contributions to the Plan on behalf of its participants. The Plan provisions are established and may be amended by the City Commission, subject to the City's various collective bargaining agreements.

#### *Basis of Presentation*

*Government-wide Financial Statements.* The statements of net position and activities display information about the primary government (the "City") and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the City's *governmental* and *business-type activities*. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

The City reports the following major governmental funds:

*General fund.* This is the government's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

*Major street and trunkline maintenance special revenue fund.* These funds are used to account for all road street expenditures that are designated as "major".

*Special grants special revenue fund.* These funds are used to account for grant revenues and expenditures received for various projects throughout the City.

*ARPA special revenue fund.* These funds are used to account for American Rescue Plan Act (ARPA) grant revenues and expenditures received for various projects throughout the City.

The City has the following major enterprise funds:

*Water and wastewater system fund.* This fund accounts for the activities of the City's water distribution, water treatment, sewage disposal and sewage treatment systems.

*Battle Creek transit system fund.* This fund accounts for the activities of the City's transit system.

*Battle Creek executive airport / FAA fund.* This fund accounts for the activities of the City's airport.

Additionally, the City reports the following fund types:

*Special revenue funds.* These funds are used to account and report proceeds of *specific revenue sources* that are *restricted* or *committed* to expenditure for *specific purposes* other than debt service or capital projects.

*Debt service funds.* These funds account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

*Capital projects funds.* These funds account for all financial resources restricted to expenditure for the acquisition or construction of capital assets.

*Permanent funds.* These funds account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's purposes.

*Enterprise funds.* These 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.

*Internal service funds.* These funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes machinery, equipment and building space management services; liability, auto, health, dental, life and workers' compensation self-insurance; information technology services; and printing, mailing and reproduction services.

*Custodial funds.* These funds account for assets held for other governments in a custodial capacity, including property tax collections and fire insurance escrows held for third-parties.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

*Government-wide, proprietary and fiduciary fund financial statements.* The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for custodial funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for proprietary funds include the cost of sales/services, administration and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental fund financial statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year end, except for income tax revenue for which a 15-day collection period is used. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures generally are recorded when a related fund liability is incurred, except for debt service expenditures, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues, subject to satisfying any grant program matching provisions.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

#### ***Deposits and Investments***

The City maintains a cash and investment pool for all City monies. Each fund's portion of the cash and investment pool is displayed on the statement of net position or balance sheet as "pooled cash and investments." The cash resources of the pension and other employee benefits trust funds are invested separately. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on pension trust fund investments due to changes in fair value are recognized each year.

#### ***Receivables and Payables***

All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Certain loans receivable in governmental funds consist of rehabilitation and redevelopment loans that are generally not expected or scheduled to be collected in the subsequent year.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund receivables/payables* (i.e., the current portion of interfund loans) or *advances to/from other funds* (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

#### ***Leases Receivable***

The City is a lessor for several noncancelable leases related to land, buildings, a billboard, cell towers, and a baseball stadium. The City recognizes a lease receivable and a deferred inflow of resources in the statement of net position and governmental funds 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 prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

Key estimates and judgments 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 its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### *Inventories and Prepaid Items*

All inventories are valued at cost using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

#### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	5-50
Buildings	50
Vehicles	7-10
Equipment	3-10
Public domain infrastructure	50
Water and wastewater system infrastructure	25-50

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. The City reports a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources related to the net pension and other postemployment benefit liabilities. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

### *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits, subject to certain limitations. Certain bargaining unit employees (i.e., firefighters) are also permitted to accumulate earned but unused sick leave. All vacation and compensatory time pay and fifty percent of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Liability accruals for vacation and compensatory time in the government-wide and proprietary fund financial statements are allocated between current and long-term liabilities; the liability for sick leave in the governmental activities is allocated between current and long-term. The classifications between current and long-term are based on approximate recent historical usage.

### *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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 actual debt proceeds, are reported as debt service expenditures.

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources until that time. The governmental funds report unavailable revenues, which arise only under the modified accrual basis of accounting, from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefits plans. The City also reports a deferred inflow related to leases receivable.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### ***Fund Balances***

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the City Commission. The City Commission is the highest level of decision-making authority for the government that can authorize a resolution prior to the end of the fiscal year to commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. *Assigned fund balance* is reported for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission has by resolution authorized City management to assign fund balance. *Unassigned fund balance* is the residual classification used only for the general fund and any deficits reported in other governmental funds.

When the government incurs expenditures for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned and finally unassigned fund balance.

### ***Pensions and Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

## **2. BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. Annual appropriations lapse at year end, except for those approved by the City Commission for carry forward. The legal level of budgetary control is the department level.

The City Commission requires the City Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in June. The City Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the City defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded. City Commission approval is required for any budgetary changes that result in an increase to net appropriations.

Formal budgetary integration is employed as a management control 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.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on a department level basis.

During the year ended June 30, 2022, the City incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Amended Budget	Actual	Over Budget
<b>General fund</b>			
General government:			
Administration:			
Mayor and city commission	\$ 141,744	\$ 142,033	\$ 289
Neighborhood code compliance	312,829	320,813	7,984
Labor relations	291,747	295,358	3,611
Revenue services:			
Assessing	549,480	564,690	15,210
City hall maintenance	611,200	654,651	43,451
Public safety -			
Police department	19,774,915	19,895,565	120,650
Recreation	2,568,833	2,818,081	249,248
<b>Special grants fund</b>			
Transfers out	-	102,555	(102,555)
<b>Building inspection fund</b>			
Inspections	889,076	923,756	34,680

#### 4. DEPOSITS AND INVESTMENTS - POOLED CASH AND INVESTMENTS

Following is a reconciliation of deposit and investment balances, including both pooled cash and investments as well as pension and other employee benefits trust fund balances, as of June 30, 2022:

	Primary Government	Component Units	Total
<b>Statement of net position</b>			
Pooled cash and investments	\$ 88,905,529	\$ 12,222,874	\$ 101,128,403
<b>Statement of fiduciary net position</b>			
Pooled cash and investments:			
Custodial funds	274,436	-	274,436
Cash and cash equivalents - pension	4,967,260	-	4,967,260
Investments	160,765,885	-	160,765,885
<b>Total</b>	<b>\$ 254,913,110</b>	<b>\$ 12,222,874</b>	<b>\$ 267,135,984</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### Deposits and investments:

##### Bank deposits:

Checking and savings	\$ 31,763,536
Certificates of deposit (due within one year)	31,898
Portfolio cash - pension	4,967,260

##### Investments in securities, mutual funds and similar vehicles:

Pool	69,327,242
Pension	152,828,177
Other employee benefits	7,937,708
Cash on deposit with third party	267,723
Cash on hand	<u>12,440</u>

**Total** \$ 267,135,984

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk, that in the event of a bank failure, the City's deposits may not be returned to the government. As of June 30, 2022, \$31,649,699 of the City's total bank balance of \$32,515,579 (total book balance was \$31,795,434) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although 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 City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Custodial Credit Risk – Investments.* Following is a summary of the City's pooled investments as of June 30, 2022:

U.S. treasury notes, bonds, and bills	\$ 63,900,908
U.S. agencies	1,283,101
Municipal bonds	70,000
Money market accounts	<u>4,073,233</u>
<b>Total investments</b>	<u>\$ 69,327,242</u>

For investments, custodial credit risk 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 June 30, 2022, none of the City's investments, excluding the money market accounts 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.* As of June 30, 2022, \$1,283,101 of the City's investments in securities of U.S. agencies were rated AAA by Standard and Poor's and \$52,019,208 of the City's investments in U.S. treasury notes, bonds, and bills were rated Aaa by Moody's. The City also held investments in U.S. treasury notes, bonds, and bills, municipal bonds and money market accounts, which are not rated. All of the City's investments comply with its policy regarding the types of investments it may hold.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Concentration of Credit Risk.* At June 30, 2022, the investment portfolio was concentrated as follows:

	% of portfolio
<b>U.S. agencies</b>	
Federal National Mortgage Association	51.1%
Federal Home Loan Mortgage Corporation	31.2%
Governmental National Mortgage Association	17.7%

The City's investment policy does not address concentration of credit risk.

*Interest Rate Risk.* As of June 30, 2022, maturities of the City's investments in the debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	Over 10
U.S. treasury notes, bonds, and bills	\$ 63,900,908	\$ 32,503,774	\$ 31,397,134	\$ -	\$ -
U.S. agencies	1,283,101	11,328,303	14,955,433	39,404	1,243,697
Municipal bonds	70,000	-	-	70,000	-
	<u>\$ 65,254,009</u>	<u>\$ 43,832,077</u>	<u>\$ 46,352,567</u>	<u>\$ 109,404</u>	<u>\$ 1,243,697</u>

The City's investment policy does not address interest rate risk.

*Fair Value Measurements.* The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. These levels are determined by the City's investment manager and are determined at the fund level based on a review of the investment's class, structure and what kind of securities are held in the funds.

Level 2 inputs use one of the following valuation techniques depending on the investment: a) traditional net asset valuation (dividing the asset value by the number of units owned), b) matrix pricing technique (relying on the securities' relationship to other benchmark quoted securities instead of exclusively on quoted prices for specific securities), or c) quoted market prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active.

The City's recurring fair value measurements as of June 30, 2022 for its investments in the money market accounts are valued using quoted prices in active markets (Level 1 inputs). U.S. treasury notes, bonds, and bills, U.S agencies, and municipal bonds are valued by a pricing service that uses matrix pricing. Observable inputs consist of the price or yield of the underlying securities and bonds as the investments are only traded in secondary markets (Level 2 inputs).

### 5. DEPOSITS, INVESTMENTS AND SECURITIES LENDING - PENSION AND OPEB TRUST FUNDS

The deposits and investments of the Police and Fire Retirement System Trust Fund (the "System") and of the other employee benefits trust fund are maintained separately from the City's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for these deposits and investments are presented separately.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

**Deposits** - The System and the other employee benefits trust funds do not maintain any checking or other demand/time deposit accounts. Amounts reported as cash and cash equivalents in the statement of plan net position are composed entirely of short-term investments in money market accounts.

**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 Retirement Board has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the Retirement Board.

#### Investments at fair value, as determined by quoted market price

Fixed income:

Corporate bonds	\$ 21,060,682
Foreign bonds	3,808,378
U.S. government securities	<u>26,582,732</u>
	<u>51,451,792</u>
 Mutual funds	 <u>101,376,385</u>
 <b>Total investments</b>	 <u><b>\$ 152,828,177</b></u>

In addition to the above, the System and the other employee benefits trust funds had short-term investments of \$4,967,260 held in money market accounts as of June 30, 2022. Also, the Retiree Health Funding Vehicle fund, one of the other employee benefits trust funds, had \$7,937,708 held in the MERS total market portfolio at year end.

*Credit Risk.* The System's investment policy provides that its investments in fixed income securities be limited to those rated Ba2 or better by a nationally recognized statistical rating organization. The System's investments in all other securities (not fixed income) are not rated by Moody's. The System's investments in corporate bonds, foreign bonds, municipal bonds, and U.S. government securities were rated by Moody's as follows:

	Rating
Aaa	\$ 22,268,239
Aa2	104,765
Aa3	659,915
A1	2,377,403
A2	4,119,179
A3	2,001,075
Baa1 and below	7,974,971
Not rated	<u>11,946,245</u>
 Totals	 <u>\$ 51,451,792</u>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Custodial Credit Risk.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System 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 requires that investment securities be held in trust by a third-party institution in the System's name. As such, although uninsured and unregistered, the System'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. Investments in money market accounts and mutual funds are not subject to custodial credit risk.

*Concentration of Credit Risk.* At June 30, 2022, the System's investment portfolio was concentrated as follows:

	% of portfolio
Fidelity - mutual funds	29.5%
PIMCO - mutual funds	12.3%
Hartford - mutual funds	6.5%
Europac growth - mutual funds	5.9%

*Concentration of Credit Risk.* The System's investments are not exposed to concentration of credit risk relative to a single issuer (i.e. company or government agency) inasmuch as no holdings equal or exceed 5% or more of total investments.

*Interest Rate Risk.* As of June 30, 2022, maturities of the System's fixed income securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Corporate bonds	\$ 21,060,682	\$ 406,180	\$ 8,041,468	\$ 5,457,687	\$ 7,155,347
Foreign bonds	3,808,378	80,003	3,139,653	559,486	29,236
U.S. government securities	<u>26,582,732</u>	<u>198,633</u>	<u>9,729,006</u>	<u>1,612,553</u>	<u>15,042,540</u>
	<u><u>\$ 51,451,792</u></u>	<u><u>\$ 684,816</u></u>	<u><u>\$ 20,910,127</u></u>	<u><u>\$ 7,629,726</u></u>	<u><u>\$ 22,227,123</u></u>

None of the above securities are callable.

The System's investment policy does not place limits on the maximum maturity for any single fixed income security or the weighted average for the portfolio maturity or a particular segment thereof. At June 30, 2022, the actual weighted average maturity was 14.09 years.

*Foreign Currency Risk.* Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System has various investment holdings in foreign bonds of \$3,808,378; these holdings are primarily in common and preferred stocks of Canadian (dollars) and European (euros) companies along with various other global companies.

*Rate of return.* For the year ended June 30, 2022, the annual money-weighted rate of return on plan investments, net of investment expenses, was -12.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Securities Lending.* A contract approved by the System's Board permits the System to lend its securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral cash is initially pledged at 100 percent of the fair value and reported amounts for lent securities, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned. Securities on loan at year end are classified in the preceding schedule of investments according to the category for the collateral received on the securities lent.

At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

*Fair Value Measurements.* The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System had the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	\$ 122,633	\$ 20,938,049	\$ -	\$ 21,060,682
Foreign bonds	-	3,808,378	-	3,808,378
U.S. government securities	-	26,582,732	-	26,582,732
Mutual funds	<u>101,376,385</u>	-	-	<u>101,376,385</u>
	<u>\$ 101,499,018</u>	<u>\$ 51,329,159</u>	<u>\$ -</u>	<u>\$ 152,828,177</u>

The City's recurring fair value measurements as of June 30, 2022 for its investments listed as Level 2 inputs in the table above were valued by a pricing service that uses matrix pricing. Observable inputs consist of the price or yield of the underlying securities and bonds as the investments are only traded in secondary markets.

The Retiree Health Funding Vehicle fund's recurring fair value measurements as of June 30, 2022 were related to its investments in the MERS total market portfolio. These investments were valued using quoted prices in active markets for identical assets (Level 1 inputs).

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 6. RECEIVABLES

Receivables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Interest	\$ 120,903	\$ 116,806
Accounts	3,822,820	6,639,912
Allowance for uncollectible accounts	(1,175,477)	(623,708)
Special assessments, due within one year	133,830	317,196
Due from other governments	3,699,716	2,228,559
Taxes	354,920	-
Leases	924,392	13,181,122
Loans, due within a year	<u>8,813,643</u>	<u>1,082,400</u>
Subtotal	<u>16,694,747</u>	<u>22,942,287</u>
Loans, long-term portion	<u>2,805,484</u>	<u>6,636,150</u>
	<u><u>\$ 19,500,231</u></u>	<u><u>\$ 29,578,437</u></u>

At year end, the City's governmental activities reported leases receivable of \$924,392 of which \$829,519 is not expected to be collected in one year, and the City's business-type activities reported leases receivable of \$13,181,122 of which \$12,740,365 is not expected to be collected in one year.

#### 7. LEASES

The City and its component units are involved in thirty agreements as a lessor that qualify as long-term lease agreements. Below is a summary of the agreements. The agreements qualify as long-term lease agreements as the City will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended June 30, 2022 was \$1,211,955.

#### Remaining Term of Agreements

Asset Type	Remaining Term of Agreements
Land	2 -23 years
Buildings	2 -23 years
Billboard	7 years
Baseball stadium	10 years
Cell towers	7-16 years

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

Lease receivable activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Primary government</u></b>				
<b>Governmental activities</b>				
Leases receivable	<u>\$ 1,013,454</u>	<u>\$ -</u>	<u>\$ (89,062)</u>	<u>\$ 924,392</u>
<b><u>Business-type activities</u></b>				
Leases receivable	<u>\$ 13,569,867</u>	<u>\$ -</u>	<u>\$ (388,745)</u>	<u>\$ 13,181,122</u>
<b><u>Component units</u></b>				
<b>DDA</b>				
Leases receivable	<u>\$ -</u>	<u>\$ 150,963</u>	<u>\$ (27,947)</u>	<u>\$ 123,016</u>
<b>LDDA</b>				
Leases receivable	<u>\$ 194,350</u>	<u>\$ -</u>	<u>\$ (18,480)</u>	<u>\$ 175,870</u>
<b>TIFA</b>				
Leases receivable	<u>\$ -</u>	<u>\$ 77,349</u>	<u>\$ (24,830)</u>	<u>\$ 52,519</u>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 8. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 2,050,333	\$ 288,878	\$ -	\$ -	\$ 2,339,211
Construction in progress	342,939	1,017,395	-	(141,713)	1,218,621
	<u>2,393,272</u>	<u>1,306,273</u>	<u>-</u>	<u>(141,713)</u>	<u>3,557,832</u>
Capital assets being depreciated:					
Land improvements	25,812,611	-	-	-	25,812,611
Buildings	73,388,898	990,191	-	40,000	74,419,089
Vehicles	19,454,397	3,419,124	(1,132,293)	-	21,741,228
Equipment	28,420,207	485,302	(123,724)	8,473	28,790,258
Infrastructure	309,047,256	2,099,151	-	-	311,146,407
	<u>456,123,369</u>	<u>6,993,768</u>	<u>(1,256,017)</u>	<u>48,473</u>	<u>461,909,593</u>
Less accumulated depreciation for:					
Land improvements	(17,421,432)	(1,717,718)	-	-	(19,139,150)
Buildings	(36,113,344)	(1,980,142)	-	-	(38,093,486)
Vehicles	(12,714,393)	(1,963,273)	1,100,829	-	(13,576,837)
Equipment	(25,115,700)	(897,552)	123,724	-	(25,889,528)
Infrastructure	(150,482,091)	(6,201,934)	-	-	(156,684,025)
	<u>(241,846,960)</u>	<u>(12,760,619)</u>	<u>1,224,553</u>	<u>-</u>	<u>(253,383,026)</u>
Total capital assets being depreciated, net	<u>214,276,409</u>	<u>(5,766,851)</u>	<u>(31,464)</u>	<u>48,473</u>	<u>208,526,567</u>
<b>Governmental activities capital assets, net</b>	<b>\$ 216,669,681</b>	<b>\$ (4,460,578)</b>	<b>\$ (31,464)</b>	<b>\$ (93,240)</b>	<b>\$ 212,084,399</b>

Depreciation expense was charged to programs of the primary government as follows:

#### Governmental activities:

General government	\$ 359,696
Public safety	1,168,319
Public works, including depreciation of general infrastructure assets	7,625,562
Recreation	1,453,593
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,153,449</u>
<b>Total depreciation expense - governmental activities</b>	<b>\$ 12,760,619</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 3,560,454	\$ -	\$ -	\$ -	\$ 3,560,454
Construction in progress	1,437,761	440,211	-	(1,374,988)	502,984
	<u>4,998,215</u>	<u>440,211</u>	<u>-</u>	<u>(1,374,988)</u>	<u>4,063,438</u>
Capital assets being depreciated:					
Land improvements	6,954,037	12,550	-	-	6,966,587
Buildings	93,515,995	1,766,879	(13,203)	1,139,288	96,408,959
Vehicles	4,718,182	32,961	(229,504)	-	4,521,639
Equipment	14,603,178	185,205	(141,444)	93,240	14,740,179
Systems	207,867,790	2,621,051	(16,725)	235,700	210,707,816
	<u>327,659,182</u>	<u>4,618,646</u>	<u>(400,876)</u>	<u>1,468,228</u>	<u>333,345,180</u>
Less accumulated depreciation for:					
Land improvements	(5,271,813)	(138,566)	-	-	(5,410,379)
Buildings	(59,079,551)	(2,154,301)	9,902	-	(61,223,950)
Vehicles	(3,489,004)	(233,060)	129,274	-	(3,592,790)
Equipment	(13,679,572)	(224,274)	141,444	-	(13,762,402)
Systems	(148,493,657)	(5,996,470)	16,725	-	(154,473,402)
	<u>(230,013,597)</u>	<u>(8,746,671)</u>	<u>297,345</u>	<u>-</u>	<u>(238,462,923)</u>
Total capital assets being depreciated, net	<u>97,645,585</u>	<u>(4,128,025)</u>	<u>(103,531)</u>	<u>1,468,228</u>	<u>94,882,257</u>
<b>Business-type activities</b>					
capital assets, net	<u>\$ 102,643,800</u>	<u>\$ (3,687,814)</u>	<u>\$ (103,531)</u>	<u>\$ 93,240</u>	<u>\$ 98,945,695</u>
<b>Business-type activities:</b>					
Wastewater				\$	5,053,317
Water					1,837,269
Public transit					310,875
Airport					1,028,935
Parking					330,475
Intermodal facility					<u>185,800</u>
<b>Total depreciation expense - business-type activities</b>				\$	<u>8,746,671</u>

During the year ended June 30, 2022, the City transferred capital assets from the governmental activities to the intermodal facility enterprise fund. As a result, the amounts are shown in the transfers columns above.

At June 30, 2022, the City had outstanding commitments through construction contracts of approximately \$1.6 million in relation to the various building, street and equipment improvements.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

Activity for the TIFA for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Component unit - TIFA</b>					
Capital assets not being depreciated:					
Land	\$ 13,709,585	\$ -	\$ (471,008)	\$ -	\$ 13,238,577
Construction in progress	1,440,245	70,749	-	(15,330)	1,495,664
	<u>15,149,830</u>	<u>70,749</u>	<u>(471,008)</u>	<u>(15,330)</u>	<u>14,734,241</u>
Capital assets being depreciated:					
Land improvements	8,442,849	-	-	15,330	8,458,179
Equipment	388,323	-	-	-	388,323
	<u>8,831,172</u>	<u>-</u>	<u>-</u>	<u>15,330</u>	<u>8,846,502</u>
Less accumulated depreciation for:					
Land improvements	(659,729)	(170,826)	-	-	(830,555)
Equipment	(343,055)	(11,009)	-	-	(354,064)
	<u>(1,002,784)</u>	<u>(181,835)</u>	<u>-</u>	<u>-</u>	<u>(1,184,619)</u>
Total capital assets being depreciated, net	<u>7,828,388</u>	<u>(181,835)</u>	<u>-</u>	<u>15,330</u>	<u>7,661,883</u>
<b>TIFA capital assets, net</b>	<b>\$ 22,978,218</b>	<b>\$ (111,086)</b>	<b>\$ (471,008)</b>	<b>\$ -</b>	<b>\$ 22,396,124</b>

Activity for the Cereal City Development Corporation for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Component unit - CCDC</b>					
Capital assets being depreciated:					
Equipment	\$ 50,974	\$ 2,175	\$ -	\$ -	\$ 53,149
Less accumulated depreciation for:					
Equipment	(14,648)	(9,308)	-	-	(23,956)
<b>CCDC capital assets, net</b>	<b>\$ 36,326</b>	<b>\$ (7,133)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,193</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 9. PAYABLES

Accounts payable and accrued liabilities in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable and accrued liabilities	\$ 3,951,256	\$ 1,775,608
Accrued interest payable	781,293	44,648
Accrued payroll	4,378,913	-
Retentions, deposits and other liabilities	166,736	423,764
Claims payable, current portion	715,692	-
Claims payable, long-term portion	<u>286,072</u>	<u>-</u>
	<u><u>\$ 10,279,962</u></u>	<u><u>\$ 2,244,020</u></u>

#### 10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2022, the following interfund balances were outstanding:

Receivable Fund	Payable Funds			Total
	Nonmajor Governmental Funds	Battle Creek Transit System Fund	Nonmajor Enterprise Funds	
General fund	<u>\$ 172,939</u>	<u>\$ 1,110,283</u>	<u>\$ 315,507</u>	<u>\$ 1,598,729</u>

These balances result from negative cash balances in the respective funds with interfund payables, also to move charges for services from the general to nonmajor funds.

For the year ended June 30, 2022, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	Special Grants Fund	ARPA Fund	Nonmajor Governmental Funds	Water and Wastewater Fund
General fund	\$ 45,048	\$ 100,000	\$ 2,171,751	\$ -
Major street and trunkline maintenance fund	-	-	2,500,000	-
Special grants fund	-	-	41,897	31,133
Nonmajor governmental funds	-	-	824,171	-
Water and wastewater fund	-	-	-	-
Nonmajor enterprise funds	-	-	10,000	-
Internal service funds	<u>-</u>	<u>-</u>	<u>2,581,917</u>	<u>-</u>
	<u><u>\$ 45,048</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 8,129,736</u></u>	<u><u>\$ 31,133</u></u>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

Transfers Out	Transfers In				Total
	Battle Creek Transit System	Nonmajor Enterprise Funds	Internal Service Funds		
General fund	\$ 229,995	\$ -	\$ 337,157	\$ 2,883,951	
Major street and trunkline maintenance fund	-	9,000	-	2,509,000	
Special grants fund	-	-	29,525	102,555	
Nonmajor governmental funds	-	-	-	824,171	
Water and wastewater fund	-		172,000	172,000	
Nonmajor enterprise funds	-	-	-	10,000	
Internal service funds	-	-	60,000	2,641,917	
	<u>\$ 229,995</u>	<u>\$ 9,000</u>	<u>\$ 598,682</u>	<u>\$ 9,143,594</u>	

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) 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 (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The more significant of these transfers are from the general fund to the major street and trunkline maintenance fund, nonmajor governmental funds, and internal service funds for various projects, initiatives and debt service.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 11. LONG-TERM DEBT

*General obligation bonds.* The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 5 to 25 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
<b>Governmental activities</b>				
2008 building authority refunding	2023	3.000% - 4.125%	\$ 8,605,000	\$ 580,000
2009 building authority - golf course refunding	2025	3.000% - 4.200%	2,240,000	660,000
2011 building authority limited tax refunding	2026	3.000% - 4.125%	6,725,000	1,660,000
2016 capital improvement - refunding	2033	2.500% - 4.000%	12,605,000	9,525,000
2016 general obligation limited tax bonds	2042	4.000% - 5.000%	15,265,000	<u>13,255,000</u>
<b>Total governmental activities</b>				
				<u>\$ 25,680,000</u>
<b>Discretely presented component units</b>				
2021 tax increment - refunding airport	2029	1.350%	\$ 1,765,000	\$ 1,765,000
2022 tax increment - refunding airport hangar	2030	1.500%	1,560,000	<u>1,450,000</u>
<b>Total component units</b>				
				<u>\$ 3,215,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2023	\$ 2,485,000	\$ 1,040,991	\$ 410,000	\$ 43,464
2024	1,835,000	940,166	415,000	37,713
2025	1,920,000	865,691	425,000	31,896
2026	1,735,000	787,456	435,000	25,938
2027	1,345,000	723,406	440,000	19,872
2028-2032	7,650,000	2,782,732	1,090,000	24,114
2033-2037	4,420,000	1,456,406	-	-
2038-2042	4,290,000	557,500	-	-
	<u>\$ 25,680,000</u>	<u>\$ 9,154,348</u>	<u>\$ 3,215,000</u>	<u>\$ 182,997</u>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Revenue bonds.* The City issues revenue bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
<b>Business-type activities</b>				
2016A water and wastewater system	2036	4.000% - 5.000%	\$ 7,725,000	\$ 5,910,000
2016B water and wastewater system	2036	1.660% - 4.460%	8,890,000	<u>6,275,000</u>
<b>Total business-type activities</b>				<u>\$ 12,185,000</u>
<b>Discretely presented component units</b>				
2017 downtown development refunding	2034	2.836% - 3.984%	\$ 22,260,000	\$ 22,260,000
2018 downtown development refunding	2025	2.000% - 5.000%	9,260,000	<u>3,310,000</u>
<b>Total component units</b>				<u>\$ 25,570,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
2023	\$ 740,000	\$ 535,779	\$ 1,620,000	\$ 980,797
2024	750,000	510,049	1,690,000	912,131
2025	765,000	483,274	1,760,000	839,413
2026	780,000	455,168	1,970,000	762,703
2027	800,000	421,887	2,040,000	697,023
2028-2032	4,350,000	1,559,371	11,330,000	2,340,229
2033-2036	<u>4,000,000</u>	<u>482,519</u>	<u>5,160,000</u>	<u>309,088</u>
	<u>\$ 12,185,000</u>	<u>\$ 4,448,047</u>	<u>\$ 25,570,000</u>	<u>\$ 6,841,384</u>

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$16,615,000 in water and wastewater system revenue bonds issued December 2016. Proceeds from the bonds provided financing for various water main and sewer projects. The bonds are payable solely from water and wastewater customer net revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require approximately 13% of net revenues. The total principal and interest remaining to be paid on the bonds is \$16,633,047. Principal and interest paid for the current year and total customer net revenues were \$2,019,664 and \$15,922,840, respectively.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Notes from direct borrowings and direct placements - installment obligations.* The government has entered into various long-term installment payment agreements.

	Year of Maturity	Interest Rates	Original Amount	Amount
<b>Governmental activities</b>				
2007 energy savings equipment contract #1	2023	4.660%	\$ 3,708,005	\$ 170,510
2008 energy savings equipment contract #2	2023	4.560%	280,000	12,792
2021 police equipment	2025	n/a	737,299	442,380
2021 city hall copiers	2026	2.500%	149,882	<u>109,333</u>
<b>Total governmental activities</b>				<u>\$ 735,015</u>

Annual debt service requirements to maturity for the installment obligations are as follows:

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 360,266	\$ 5,259
2024	177,716	1,664
2025	178,487	893
2026	<u>18,546</u>	<u>229</u>
	<u>\$ 735,015</u>	<u>\$ 8,045</u>

*Loans payable.* During the year ended June 30, 2008, the Brownfield Redevelopment Authority entered into a loan with the Battle Creek Tax Increment Finance Authority (both component units of the City of Battle Creek) to borrow up to \$3,530,000 for use with a particular brownfield project. As of June 30, 2022, the Brownfield Redevelopment Authority had drawn a total of \$2,560,708 on the authorized amount, and there was no balance outstanding. During the year ended June 30, 2010, another loan was made between the two component units in the total amount of \$5,500,000 to be used in accordance with another particular brownfield plan. As of June 30, 2022, a total of \$2,749,862 had been drawn on the authorized amount and is currently outstanding.

Since repayment between the two component units is based on the future collection of incremental tax revenues, the loans are reported as a long-term liability by the Brownfield and a noncurrent receivable by the TIFA. The repayment obligations include interest at 5% per annum.

During the year ended June 30, 2022, the Local Development Finance Authority entered into a loan with the Battle Creek Tax Increment Finance Authority (both component units of the City of Battle Creek) to borrow \$1,700,000 for the Watkins Road Improvement Project. This amount is currently outstanding. Accordingly, this balance is reported as long-term debt in the statement of net position; no amount is presently reported as due within one year since repayment is based on the future collection of incremental tax revenues. The repayment obligation includes interest at 3% per annum.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

Loans outstanding at year end are as follows:

	Year of Maturity	Interest Rate	Original Amount	Amount
<b>Discretely presented component units</b>				
Brownfield redevelopment loans	n/a	5.000%	\$ 9,030,000	\$ 2,749,862
Local development finance loan	n/a	3.000%	1,700,000	<u>1,700,000</u>
<b>Total component units</b>				
				<u>\$ 4,449,862</u>

*Notes from direct borrowings and direct placements - promissory note.* During the year ended June 30, 2019, the City entered into a promissory note with the W.K. Kellogg Foundation to borrow up to \$9,200,000 to fund the redevelopment of the Milton building. As of June 30, 2022, the City had drawn a total of \$9,045,963 on the authorized amount, which is the outstanding balance at year end. Principal and interest payments are due beginning fiscal year 2025.

The promissory note outstanding at year end is as follows:

	Year of Maturity	Interest Rate	Original Amount	Amount
<b>Governmental Activities</b>				
2019 W.K. Kellogg Foundation note	2033	2.000%	\$ 9,200,000	<u>\$ 9,045,963</u>

Annual debt service requirements to maturity for the promissory note are as follows:

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2023	\$ -	\$ -
2024	-	-
2025	1,005,107	1,238,286
2026	1,005,107	150,766
2027	1,005,107	130,664
2028-2032	5,025,535	351,790
2033	<u>1,005,107</u>	<u>10,052</u>
	<u>\$ 9,045,963</u>	<u>\$ 1,881,558</u>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for fiscal year 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Primary government</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 28,390,000	\$ -	\$ (2,710,000)	\$ 25,680,000	\$ 2,485,000
Notes from direct borrowings and direct placements:					
Installment obligations	1,277,342	-	(542,327)	735,015	360,266
Promissory note	8,620,963	425,000	-	9,045,963	-
Compensated absences	3,381,549	1,617,501	(1,666,350)	3,332,700	3,021,057
Deferred amounts:					
For issuance premiums	1,954,212	-	(130,573)	1,823,639	130,573
For issuance discounts	(79,010)	-	8,657	(70,353)	(8,657)
<b>Total governmental activities debt</b>	<b>\$ 43,545,056</b>	<b>\$ 2,042,501</b>	<b>\$ (5,040,593)</b>	<b>\$ 40,546,964</b>	<b>\$ 5,988,239</b>
<b>Business-type activities</b>					
Revenue bonds	\$ 13,630,000	\$ -	\$ (1,445,000)	\$ 12,185,000	\$ 740,000
Compensated absences	854,978	719,238	(766,926)	807,290	726,558
Deferred amounts -					
For issuance premiums	644,182	-	(68,469)	575,713	41,123
<b>Total business-type activities debt</b>	<b>\$ 15,129,160</b>	<b>\$ 719,238</b>	<b>\$ (2,280,395)</b>	<b>\$ 13,568,003</b>	<b>\$ 1,507,681</b>
<b>Component units</b>					
<b>DDA</b>					
Revenue bonds	\$ 27,180,000	\$ -	\$ (1,610,000)	\$ 25,570,000	\$ 1,620,000
Deferred amounts -					
For issuance premiums	477,936	-	(119,484)	358,452	119,484
<b>Total DDA debt</b>	<b>\$ 27,657,936</b>	<b>\$ -</b>	<b>\$ (1,729,484)</b>	<b>\$ 25,928,452</b>	<b>\$ 1,739,484</b>
<b>TIFA</b>					
General obligation bonds	\$ 3,480,000	\$ 3,325,000	\$ (3,590,000)	\$ 3,215,000	\$ 410,000
Deferred amounts -					
For issuance discounts	(6,977)	-	6,977	-	-
<b>Total TIFA debt</b>	<b>\$ 3,473,023</b>	<b>\$ 3,325,000</b>	<b>\$ (3,583,023)</b>	<b>\$ 3,215,000</b>	<b>\$ 410,000</b>
<b>Brownfield</b>					
Loans payable	\$ 2,749,862	\$ -	\$ -	\$ 2,749,862	\$ -
<b>LDFA</b>					
Loans payable	\$ -	\$ 1,700,000	\$ -	\$ 1,700,000	\$ -

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is \$137.5 million, which significantly exceeds the City's outstanding general obligation debt subject to limitation of \$60.4 million.

For the governmental activities, compensated absences, net pension liability and net other postemployment benefit liability are generally liquidated by the general fund.

#### ***Refunded Debt***

During the current fiscal year, the Tax Increment Finance Authority (TIFA) issued 2021 limited tax bonds in the amount of \$1,765,000 to refund debt outstanding for the 2009 limited tax bonds in the amount of \$1,715,000. The TIFA also issued 2022 limited tax bonds (hangar) in the amount of \$1,560,000 to refund debt outstanding for the 2010 limited tax bonds (hangar) in the amount of \$1,560,000. The refunded bonds were subsequently called and paid off, and the liability has been removed from long-term debt. The 2021 refunding bonds resulted in a cash savings of \$156,127 and an economic gain of \$145,753. The 2022 refunding bonds resulted in a cash savings of \$177,413 and an economic gain of \$162,223.

### 12. SEGMENT INFORMATION - ENTERPRISE FUNDS

The government issued revenue bonds to finance certain improvements to its water and wastewater system. Because the water and wastewater fund, an individual fund that accounts entirely for the government's water and wastewater activities, is a segment and is reported as a major fund in the fund financial statements, segment disclosures herein are not required.

### 13. ENDOWMENTS

***Youth Center Endowment Permanent Trust Fund.*** For the year ended June 30, 2022, the net loss on investments of donor-restricted endowments was \$5,340. Under the terms of the endowment, and consistent with State statutes, the City is authorized based on a total-return policy to spend the net appreciation for the benefit of the youth center. At year end, accumulated available net appreciation of \$23,310 is reported in restricted fund balance/net position; the nonspendable endowment balance is \$256,376.

***Kellogg Arena Endowment Permanent Trust Fund.*** For the year ended June 30, 2022, the net loss on investments of donor-restricted endowments was \$14,270. Under the terms of the endowment, and consistent with State statutes, the City is authorized based on a total-return policy to spend the net appreciation for the benefit of the Kellogg Arena. At year end, accumulated available net appreciation of \$64,071 is reported in restricted fund balance/net position; the nonspendable endowment balance is \$623,533.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 14. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries, as well as medical, dental and death benefits provided to employees. The City has purchased commercial insurance for employee dental and life coverages, certain property and inland marine exposures, airport liability, and liquor liability. The City's workers' compensation exposure is handled on a self-funded basis using a third-party administrator, with excess insurance for claims greater than a self-insured retention (SIR) of \$650,000 per occurrence. As of July 1, 1986, the City's general and related liability insurance was allowed to expire; any occurrences prior to that date may be covered by liability policies previously in effect. At that time the City began self-administering general liability and related exposures, utilizing excess liability insurance for losses greater than a SIR of \$1 million per occurrence. On July 1, 2016 the City became a member of the public-entity self-insurance pool, Michigan Municipal Risk Management Authority for excess coverage related to both property and liability losses. The limits of the excess liability insurance have been as follows: \$15 million per occurrence effective September 1, 1999; \$5 million per occurrence effective October 1, 2002; \$9 million per occurrence effective November 14, 2003; then \$10 million per occurrence effective July 1, 2016.

Settled claims related to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Effective October 1, 2003, the City converted from a premium-based policy for employee medical coverage to a self-funded plan, with specific stop-loss insurance that limits claim exposure to \$120,000 per contract (i.e., employee and dependents), annually.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the governmental activities using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self insured retention limits along with certain other member specific costs. Accordingly, the City records an asset for its portion of the unexpended member retention fund. At June 30, 2022, the balance of the City's member retention fund was \$267,723.

The City estimates its self-insured liability for workers' compensation, medical and comprehensive general liability claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are prepared by the City's Risk Management Department and recorded in the self-insurance internal service fund. Changes in the estimated liability for the fiscal years ended June 30 were as follows:

	2022	2021
Estimated liability, beginning of year	\$ 1,409,023	\$ 1,215,451
Estimated claims incurred, including		
changes in estimates	6,326,930	6,884,863
Claim payments	<u>(6,734,189)</u>	<u>(6,691,291)</u>
 <b>Estimated liability, end of year</b>	 <b>\$ 1,001,764</b>	 <b>\$ 1,409,023</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 15. PROPERTY TAXES

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through August 20; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Calhoun County. Assessed values, as established annually by the government and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the City for the 2021 levy, including industrial facilities and neighborhood enterprise zone properties, but net of renaissance zones, was \$1,295,283,462. The government's general operating tax rate for fiscal 2021-22 was 9.487 mills with an additional 5.778 mills for police and fire pension and 0.5 mills for debt service.

Property taxes for the DDA, LDDA, LDFA, TIFA and BRA are derived from tax increment financing agreements with the various applicable taxing authorities. Under these arrangements, the tax increment finance entities receive the property taxes levied on the increment of current taxable values over the base year values on those properties located within the established tax increment financing district.

Property taxes are recognized in the fiscal year in which they are levied.

#### 16. TAX ABATEMENTS

The City received reduced property tax revenues during 2022 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by the City.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to \$107,167 in reduced City tax revenues for 2022.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this Act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to \$234,838 in reduced City tax revenues for 2022.

#### 17. CONTINGENT LIABILITIES

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

The City has filed various tax increment capture and personal property tax exemption loss forms with the Michigan Department of Treasury for their review and have received reimbursement. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any amounts which may be adjusted by the Department of Treasury cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City is currently involved in various tax appeals pending before the Michigan Tax Tribunal. The appeals cover various commercial and industrial properties for 2022. Due to the large number of appeals currently before the Tribunal, the time frame for resolution of these matters is unknown at this time. The City has an estimated maximum exposure of approximately \$824,000 in taxable value. The City is vigorously defending all litigation.

### 18. DEFINED BENEFIT PENSION PLANS

#### Police and Fire Retirement System

The Police and Fire Retirement System (the "System") is a single-employer defined benefit pension plan that provides retirement, health, disability and death benefits to all full-time police and fire personnel of the City, subject to the limitations on health care benefits described in Note 18. The System is administered by the Retirement Board of the Police and Fire Retirement System. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the System at 10 North Division Street, Battle Creek, MI 49014 or is available on the City's website: [www.battlecreekmi.gov](http://www.battlecreekmi.gov).

The financial statements of the System are prepared using the accrual basis of accounting. System member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

System investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Retirement Board, with the assistance of a valuation service. Administrative costs are financed through investment earnings.

*Plan Membership.* At June 30, 2021, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	279
Terminated employees entitled to but not yet receiving benefits	10
Vested and non-vested active participants	<u>164</u>
<b>Total membership</b>	<b><u>453</u></b>

*Benefits Provided.* The System provides retirement, disability, and death benefits. Retirement benefits for police and fire members are generally calculated as 3.00% of the member's final three or five-year average salary (depending on the group) times the member's years of service up to a maximum of 25 years, plus an additional 1.00% of final average compensation times the number of years of service in excess of 25 years. Retirement benefits cannot exceed 80% of final average compensation. Members with 25 years of service or who are age 60 are eligible to retire and receive benefits.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Contributions.* Plan members are required to contribute between 9.75% and 12.72% of their annual covered salary to the System for pension benefits, depending on bargaining unit. The City contributes such additional amounts as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. The City's pension contribution for the year ended June 30, 2022 represented 46.26% of the annual covered payroll.

*Rate of Return.* For the year ended June 30, 2022, the annual money-weighted rate of return on plan investments, net of investment expenses, was -12.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Deferred Retirement Option Program (DROP).* In lieu of retiring and receiving a monthly benefit, an eligible participant may elect to participate in the DROP by making an irrevocable election to terminate employment with the City and retire upon ceasing participation in the DROP. The DROP election must specify the future retirement date which must be within the maximum time period permitted (typically 3 to 5 years, based on bargaining unit and hire date). Upon entry in the DROP, the participant ceases to accrue years of service in the defined benefit pension plan. The participant remains an employee of the City for all other purposes, but the retirement benefit payment is calculated and payments commence into a separate, restricted account. These monthly payments, along with interest earnings thereon, are not distributed to the participant until employment has terminated. DROP activity is summarized as follows as of June 30:

Year Ended June 30,	Beginning Balance	Credits	Interest	Distributions	Ending Balance
2022	\$ 1,080,175	\$ 931,667	\$ 30,252	\$ 201,755	\$ 1,840,339

*Net Pension Liability of the City.* The City's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 (rolled forward to June 30, 2022). The components of the net pension liability of the City were as follows:

Total pension liability	\$ 229,945,587
Plan fiduciary net position	<u>(157,926,951)</u>
<b>City's net pension liability</b>	<b><u>\$ 72,018,636</u></b>
Plan fiduciary net position as percentage of total pension liability	68.68%

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.50%
Salary increases	4.00 to 15.50%, including inflation
Investment rate of return	6.25%
Retirement age	Age and service-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation.

RP-2014 Standard Mortality Tables with generation mortality improvement using projection scale MIP-2019.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. From time to time one or more of the assumptions is modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

The long-term expected rate of return on pension 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 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 pension plan's target asset allocation as of June 30, 2022 (see the discussion of the System's investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. agencies	42.00%	-0.30%	-0.13%
Domestic corporate securities	30.00%	4.95%	1.49%
Domestic equities	11.00%	5.20%	0.57%
American depositary receipts	3.00%	-0.70%	-0.02%
International equities	<u>14.00%</u>	4.73%	0.66%
	<u>100.00%</u>		
Inflation			2.30%
Administrative expenses netted above			<u>1.38%</u>
<b>Investment rate of return</b>			<b><u>6.25%</u></b>

*Discount Rate.* A single discount rate of 6.25% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on the plan investments of 6.25%. The projection of cash flows used to determine the single discount rate assumed that plan 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 those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 6.25% percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount (6.25%)	1% Increase (7.25%)
City's net pension liability	\$ 100,494,592	\$ 72,018,636	\$ 48,254,985

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Changes in the Net Pension Liability.* The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 211,218,817	\$ 186,019,846	\$ 25,198,971
Changes for the year:			
Service cost	4,153,430	-	4,153,430
Interest on total pension liability	13,460,908	-	13,460,908
Benefit changes	(26,483)	-	(26,483)
Differences between expected and actual experience	676,786	-	676,786
Assumption changes	12,871,400	-	12,871,400
Employer contributions	-	6,368,077	(6,368,077)
Employee contributions	-	1,725,254	(1,725,254)
Net investment income (loss)	-	(23,240,398)	23,240,398
Benefit payments	(12,409,271)	(12,409,271)	-
Administrative expense	-	(231,962)	231,962
Medical insurance premiums	-	(304,595)	304,595
Net changes	18,726,770	(28,092,895)	46,819,665
<b>Balances at June 30, 2022</b>	<b>\$ 229,945,587</b>	<b>\$ 157,926,951</b>	<b>\$ 72,018,636</b>

*Changes in assumptions.* In 2022, amounts reported as changes of assumptions resulted from a decrease in the investment return assumption from 6.50% to 6.25%, increase in the merit and longevity pay assumption, increase in rates of retirement, increase in rate of withdrawal for police groups, increase in rates of disability retirements, and update in the amortization method periods of the unfunded actuarial accrued liability.

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the combining statements for the pension.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2022, the City recognized pension expense of \$11,702,524. At June 30, 2022, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 1,006,191	\$ 2,474,203	\$ (1,468,012)
Changes in assumptions	12,552,210	119,614	12,432,596
Net difference between projected and actual earnings on pension plan investments	12,962,120	-	12,962,120
<b>Total</b>	<b>\$ 26,520,521</b>	<b>\$ 2,593,817</b>	<b>\$ 23,926,704</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

Amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date, if any, will be recognized as a reduction in the net pension liability for the year ending June 30, 2023. Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	\$ 5,930,141
2024	5,775,830
2025	5,178,547
2026	<u>7,042,186</u>
<b>Total</b>	<b><u>\$ 23,926,704</u></b>

#### Municipal Employees Retirement System of Michigan

*Plan Description.* The City participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated based on final average compensation (based on a 3 or 5 year period) and multipliers ranging from 1.25% to 2.50%. Participants are considered to be fully vested in the plan after 6 to 10 years, depending on division/bargaining unit. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 15 years of service, or age 55 with 25 years of service, depending on division/bargaining unit.

*Contributions.* The City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions range from 0.00% to 139.79% of annual payroll, or monthly amounts ranging from \$5,664 to \$124,856 depending on division/bargaining unit.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the City were as follows:

Total pension liability	\$ 168,344,519
Plan fiduciary net position	<u>(100,429,194)</u>
<b>City's net pension liability</b>	<b><u>\$ 67,915,325</u></b>
Plan fiduciary net position as percentage of total pension liability	59.66%

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disables retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

*Employees Covered by Benefit Terms.* At December 31, 2021, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	440
Inactive employees entitled to but not yet receiving benefits	151
Active employees	<u>323</u>
<b>Total membership</b>	<b><u>914</u></b>

*Long-term Expected Rate of Return.* The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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. 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	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	<u>20.0%</u>	7.00%	1.40%
	<b><u>100.0%</u></b>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<b><u>7.25%</u></b>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2021 was 7.25% (down from 7.60% at December 31, 2020). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. 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.

#### *Changes in Net Pension Liability*

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$ 161,362,030	\$ 91,700,938	\$ 69,661,092
Changes for the year:			
Service cost	1,902,272	-	1,902,272
Interest	11,899,966	-	11,899,966
Changes in benefits	(145,429)	-	(145,429)
Differences between expected and actual experience	(852,912)	-	(852,912)
Changes in assumptions	5,647,905	-	5,647,905
Employer contributions	-	6,632,649	(6,632,649)
Employee contributions	-	1,053,757	(1,053,757)
Net investment income	-	12,656,350	(12,656,350)
Benefit payments, including refunds of employee contributions	(11,469,313)	(11,469,313)	-
Administrative expense	-	(145,187)	145,187
Net changes	6,982,489	8,728,256	(1,745,767)
<b>Balances at December 31, 2021</b>	<b>\$ 168,344,519</b>	<b>\$ 100,429,194</b>	<b>\$ 67,915,325</b>

*Changes in assumptions.* In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 86,030,365	\$ 67,915,325	\$ 52,592,054

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

#### ***Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions***

For the year ended June 30, 2022, the City recognized pension expense of \$8,701,297. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 51,564	\$ 775,876	\$ (724,312)
Changes in assumptions	6,635,336	-	6,635,336
Net difference between projected and actual earnings on pension plan investments	-	6,863,173	(6,863,173)
	6,686,900	7,639,049	(952,149)
Contributions subsequent to the measurement date	3,109,338	-	3,109,338
<b>Total</b>	<b>\$ 9,796,238</b>	<b>\$ 7,639,049</b>	<b>\$ 2,157,189</b>

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 pension liability for the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	\$ 3,470,225
2024	(1,267,847)
2025	(1,987,257)
2026	(1,167,270)
<b>Total</b>	<b>\$ (952,149)</b>

*Payable to the Pension Plan.* At June 30, 2022, the City had \$1,533,320 payable for contributions to the pension plan.

#### **Summary of Pension Plans**

	MERS	Police and Fire Retirement System	Total
Net pension liability (NPL)	\$ 67,915,325	\$ 72,018,636	\$ 139,933,961
Deferred outflows related to the NPL	9,796,238	26,520,521	36,316,759
Deferred inflows related to the NPL	7,639,049	2,593,817	10,232,866
Pension expense	8,701,297	11,702,524	20,403,821

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 19. POSTEMPLOYMENT BENEFITS

#### *General Information about the Plan*

The City provides health care benefits under a single-employer plan (the "Plan") to certain full-time employees upon retirement, in accordance with labor agreements and/or the City Administrative Code, or in the case of police and fire personnel according to City Commission resolution. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with contributions required in varying amounts. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Complete details on the City's retiree healthcare benefits are available in the actuarial valuation or the plan document located on the City's website.

For police and fire employees, the obligation for police and fire personnel retiree health care, prior to fiscal 2007, was entirely advance-funded through the Police and Fire Retirement System (the "System"). Beginning in fiscal 2007, following negotiations and arbitration, the System became responsible for only the first \$304,595 of health care costs of the then current retirees. Police personnel retiring on or after July 1, 2007 and fire personnel retiring on or after July 1, 2021 receive their health care benefits through either the Retiree Health Funding Vehicle (RHFV) or Fire Retiree Health Care trust fund, which are employee contributory plans (that are presented as other employee benefit trust funds herein; these two trust funds constitute the financial statements for the City's postemployment benefits plan). The System does not issue a separate financial report.

For fire personnel, retired between July 1, 2004 and July 1, 2021, the City contributes between \$200 and \$700 per month, but no more than the cost of insurance, on a pay-as-you-go basis towards the purchase of retiree health care. For other eligible City employees, the City contributes a maximum of \$200 per month on a pay-as-you-go basis towards the purchase of retiree health care.

The System's financial statements are prepared using the accrual basis of accounting. System contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have established market values are reported at estimated fair values as determined by the custodian under the direction of the Retirement Board with the assistance of a valuation service. Administrative costs are financed through investment earnings. The RHFV portion of the System's plan utilizes a retirement health funding vehicle trust established with the Municipal Employees Retiree System of Michigan to invest plan assets.

*Plan Membership.* Membership of the Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	302
Vested and non-vested active participants	<u>319</u>
<b>Total membership</b>	<b><u>621</u></b>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Contributions.* The City contributes 3% of pay during active employment for the police members. Administrative costs of the plan are paid for by the City's general fund and internal service self-insurance fund. Certain plan participants are required to contribute to the plan ranging from 1% to 3.75% of annual pay. For the year ended June 30, 2022, plan participant and City contributions towards the cost of benefits and funding the plan were \$437,388 and \$1,605,523, respectively.

The components of the net OPEB liability of the City at June 30, 2022, were as follows:

Total OPEB liability	\$ 29,134,290
Plan fiduciary net position	<u>7,937,708</u>
<b>Net OPEB liability</b>	<b><u>\$ 21,196,582</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability	27.25%

*Actuarial Assumptions.* The City's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied consistently to all periods included in the measurement:

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal (level percentage of compensation)
Actuarial assumptions:	
Inflation	2.50%
Salary increases	4.00%
Investment rate of return	7.00%
20-year Aa municipal bond rate	4.09%
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted with improvement scale MP-2021

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study dated June 30, 2014 for the Police and Fire members and June 30, 2015 for general members.

*Investment Policy.* The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Board deems appropriate. The OPEB Plan's asset allocation policy is shown on the following pages.

*Rate of Return.* For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -8.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private assets	<u>20.00%</u>	<u>7.00%</u>	<u>1.40%</u>
	<u><u>100.00%</u></u>		<u>4.50%</u>
Inflation			<u>2.50%</u>
<b>Investment rate of return</b>			<u><u>7.00%</u></u>

*Discount Rate.* A single discount rate of 5.36% was used to measure the total OPEB liability. This was an increase over the single discount rate of 2.30% used in the prior valuation. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.00% and a municipal bond rate of 4.09%. The projection of cash flows used to determine the discount rate included reported, projected contributions while assets are drawn down to pay retiree benefits. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members until 2047. 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"), 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.

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### *Changes in Net OPEB Liability*

The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 73,098,630	\$ 8,203,031	\$ 64,895,599
Changes for the year:			
Service cost	1,763,720	-	1,763,720
Interest	1,703,634	-	1,703,634
Changes in benefits	(17,240,898)	-	(17,240,898)
Differences between expected and actual experience	(14,402,629)	-	(14,402,629)
Changes in assumptions	(14,205,569)	-	(14,205,569)
Employer contributions	-	1,605,523	(1,605,523)
Employee contributions	-	437,388	(437,388)
Net investment loss	-	(710,476)	710,476
Benefit payments, including refunds of employee contributions	(1,582,598)	(1,582,598)	-
Administrative expense	-	(15,160)	15,160
Net changes	<u>(43,964,340)</u>	<u>(265,323)</u>	<u>(43,699,017)</u>
<b>Balances at June 30, 2022</b>	<b>\$ 29,134,290</b>	<b>\$ 7,937,708</b>	<b>\$ 21,196,582</b>

*Changes in assumptions.* In 2022, amounts reported as changes of assumptions resulted from an increase in the discount rate from 2.30% to 5.36%, an increase in the salary scale from 3.50% to 4.00%, and an update to the mortality improvement scale from MP-2019 to MP-2021.

*Changes in benefits.* Effective April 1, 2022, participating police retiree members are eligible for an increase in the subsidy offered, increasing it from \$8,000 up to \$10,000 per year prorated for service. Additionally, effective January 1, 2021, the members covered under Fire Act 312 will no longer receive full payment of healthcare, but instead are provided a stipend for single, two-person or family coverage. The City is not committed to benefits beyond 2021.

*Sensitivity of the Net OPEB Liability to Single Discount Rate Assumption.* The following presents the net OPEB liability of the City, calculated using the discount rate of 5.36%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.36%) or 1% higher (6.36%) than the current rate:

1% Decrease (4.36%)	Current Discount Rate (5.36%)	1% Increase (6.36%)
\$ 24,766,862	\$ 21,196,582	\$ 18,242,338

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following represents the net OPEB liability of the City calculated using the current healthcare cost trend rate assumption, as well as, what the City's net OPEB liability would be if it were calculated using a trend rate of 1% lower or 1% higher than the current rate assumption:

1% Decrease (6.25% graded down to 3.50%)	Current Healthcare Cost Trend Rate (7.25% graded down to 4.50%)	1% Increase (8.25% graded down to 5.50%)
\$ 20,509,629	\$ 21,196,582	\$ 21,856,748

#### ***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the year ended June 30, 2022, the City recognized OPEB expense of \$(21,057,629). The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 12,597,484	\$ (12,597,484)
Changes in assumptions	5,689,899	17,347,573	(11,657,674)
Net difference between projected and actual earnings on OPEB plan investments	<u>446,527</u>	<u>-</u>	<u>446,527</u>
<b>Total</b>	<b>\$ 6,136,426</b>	<b>\$ 29,945,057</b>	<b>\$ (23,808,631)</b>

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

Year Ended June 30,	Amount
2023	\$ (6,251,884)
2024	(5,559,708)
2025	(3,521,595)
2026	(4,700,751)
2027	<u>(3,774,693)</u>
<b>Total</b>	<b><u>\$ (23,808,631)</u></b>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 20. OTHER POSTEMPLOYMENT BENEFIT PLAN TRUST FUND

#### *Financial Statements*

Financial statements for the individual other postemployment benefits plan is as follows:

#### *Statement of Fiduciary Net Position*

	Other Postemployment Benefit Plan Trust
<b>Assets</b>	
Investments -	
MERS total market portfolio	<u>\$ 7,937,708</u>
<b>Net position</b>	
Restricted for postemployment healthcare benefits	<u>\$ 7,937,708</u>

#### *Statement of Changes in Fiduciary Net Position*

	Other Postemployment Benefit Plan Trust
<b>Additions</b>	
Investment loss -	
Investment earnings (loss) and dividends	<u>\$ (710,476)</u>
Contributions:	
Employer	1,605,523
Employee	437,388
Total contributions	<u>2,042,911</u>
<b>Total additions</b>	<u>1,332,435</u>
<b>Deductions</b>	
Benefit payments	1,582,598
Administrative expenses	15,160
<b>Total deductions</b>	<u>1,597,758</u>
<b>Net change to net position</b>	<u>(265,323)</u>
Net position, beginning of year	<u>8,203,031</u>
<b>Net position, end of year</b>	<u>\$ 7,937,708</u>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 21. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of net investment in capital assets, as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 3,557,832	\$ 4,063,438
Capital assets being depreciated	<u>208,526,567</u>	<u>94,882,257</u>
	<u>212,084,399</u>	<u>98,945,695</u>
Long-term debt related to capital assets:		
General obligation bonds	25,680,000	-
Revenue bonds	-	12,185,000
Notes from direct borrowings and direct placements	735,015	-
Deferred amounts:		
For issuance premiums	1,823,639	575,713
For issuance discounts	(70,353)	-
Deferred charge on refunding	<u>(662,669)</u>	<u>-</u>
Net long-term debt related to capital assets	<u>27,505,632</u>	<u>12,760,713</u>
<b>Net investment in capital assets</b>	<b><u>\$ 184,578,767</u></b>	<b><u>\$ 86,184,982</u></b>

## CITY OF BATTLE CREEK, MICHIGAN

### Notes to Financial Statements

#### 22. FUND BALANCES - GOVERNMENTAL FUNDS

	General	Major Street and Trunkline Maintenance	Special Grants	ARPA	Nonmajor Governmental	Total Governmental
<b>Nonspendable:</b>						
Inventories	\$ 125,185	\$ -	\$ -	\$ -	\$ -	\$ 125,185
Prepaid items	135,792	-	4,571	97,650	2,809	240,822
Endowments	-	-	-	-	879,909	879,909
	<u>260,977</u>	<u>-</u>	<u>4,571</u>	<u>97,650</u>	<u>882,718</u>	<u>1,245,916</u>
<b>Restricted for:</b>						
Major streets	-	4,334,771	-	-	-	4,334,771
Local streets	-	-	-	-	942,308	942,308
Michigan justice training	-	-	-	-	17,257	17,257
Narcotics forfeiture	-	-	-	-	486,687	486,687
Building inspection	-	-	-	-	1,224,154	1,224,154
Youth center	-	-	-	-	23,310	23,310
Kellogg arena	-	-	-	-	64,071	64,071
Special projects	482,079	-	-	-	-	482,079
	<u>482,079</u>	<u>4,334,771</u>	<u>-</u>	<u>-</u>	<u>2,757,787</u>	<u>7,574,637</u>
<b>Committed for:</b>						
Special grants	-	-	1,205,213	-	-	1,205,213
ARPA	-	-	-	11,752	-	11,752
Debt service	-	-	-	-	63,685	63,685
Capital projects	-	-	-	-	1,593,723	1,593,723
Special projects	1,377,803	-	-	-	-	1,377,803
	<u>1,377,803</u>	<u>-</u>	<u>1,205,213</u>	<u>11,752</u>	<u>1,657,408</u>	<u>4,252,176</u>
<b>Assigned for:</b>						
Departmental appropriations	-	-	-	-	2,325,896	2,325,896
Capital outlay and projects (encumbrances)	123,348	-	-	-	-	123,348
	<u>123,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,325,896</u>	<u>2,449,244</u>
Unassigned	13,552,074	-	-	-	-	13,552,074
<b>Total fund balances, governmental funds</b>	<b>\$ 15,796,281</b>	<b>\$ 4,334,771</b>	<b>\$ 1,209,784</b>	<b>\$ 109,402</b>	<b>\$ 7,623,809</b>	<b>\$ 29,074,047</b>

#### 23. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the City has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic including approximately \$30.5 million through the Coronavirus State and Local Fiscal Recovery Fund. Of the amount awarded, approximately \$8.7 million was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the City.

## CITY OF BATTLE CREEK, MICHIGAN

### ■ Notes to Financial Statements

#### 24. SUBSEQUENT EVENT

On November 16, 2022, the Battle Creek Tax Increment Authority (TIFA), a component unit of the City, issued limited tax general obligation bonds in the amount of \$2,500,000. The bonds are due in annual installments of \$100,000 to \$230,000 through 2037 at an interest rate of 4.98%.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF BATTLE CREEK, MICHIGAN

### Required Supplementary Information

Police and Fire Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
<b>Total pension liability</b>					
Service cost	\$ 4,153,430	\$ 3,784,164	\$ 4,041,341	\$ 4,068,824	\$ 4,070,388
Interest on total pension liability	13,460,908	12,950,656	12,839,189	12,286,062	11,769,474
Benefit changes	(26,483)	(23,512)	(108,003)	405,223	1,505,727
Difference between expected and actual experience	676,786	(2,568,605)	(3,167,079)	2,789,999	1,955,535
Assumption changes	12,871,400	5,687,254	(336,475)	-	6,224,926
Benefit payments	(12,409,271)	(11,919,837)	(10,931,209)	(10,617,625)	(10,066,683)
<b>Net change in total pension liability</b>	<b>18,726,770</b>	<b>7,910,120</b>	<b>2,337,764</b>	<b>8,932,483</b>	<b>15,459,367</b>
Total pension liability, beginning of year	<u>211,218,817</u>	<u>203,308,697</u>	<u>200,970,933</u>	<u>192,038,450</u>	<u>176,579,083</u>
<b>Total pension liability, end of year</b>	<b><u>229,945,587</u></b>	<b><u>211,218,817</u></b>	<b><u>203,308,697</u></b>	<b><u>200,970,933</u></b>	<b><u>192,038,450</u></b>
<b>Plan fiduciary net position</b>					
Employer contributions	6,368,077	6,353,070	5,869,972	5,544,586	5,180,487
Employee contributions	1,725,254	1,593,679	1,580,109	1,473,592	1,478,257
Net investment income (loss)	(23,240,398)	35,530,257	8,960,637	9,782,101	10,201,971
Benefit payments and refunds	(12,409,271)	(11,919,837)	(10,931,209)	(10,617,625)	(10,066,683)
Administrative expense	(231,962)	(164,187)	(203,023)	(177,368)	(214,905)
Medical insurance premiums	(304,595)	(331,308)	(428,009)	(484,052)	(500,000)
<b>Net change in plan fiduciary net position</b>	<b>(28,092,895)</b>	<b>31,061,674</b>	<b>4,848,477</b>	<b>5,521,234</b>	<b>6,079,127</b>
Plan fiduciary net position, beginning of year	<u>186,019,846</u>	<u>154,958,172</u>	<u>150,109,695</u>	<u>144,588,461</u>	<u>138,509,334</u>
<b>Plan fiduciary net position, end of year</b>	<b><u>157,926,951</u></b>	<b><u>186,019,846</u></b>	<b><u>154,958,172</u></b>	<b><u>150,109,695</u></b>	<b><u>144,588,461</u></b>
<b>Net pension liability</b>	<b><u>\$ 72,018,636</u></b>	<b><u>\$ 25,198,971</u></b>	<b><u>\$ 48,350,525</u></b>	<b><u>\$ 50,861,238</u></b>	<b><u>\$ 47,449,989</u></b>
Plan fiduciary net position as a percentage of total pension liability	68.68%	88.07%	76.22%	74.69%	75.29%
Covered payroll	<u>\$ 13,766,610</u>	<u>\$ 14,616,125</u>	<u>\$ 14,766,506</u>	<u>\$ 14,897,135</u>	<u>\$ 14,718,606</u>
Net pension liability as a percentage of covered payroll	523.14%	172.41%	327.43%	341.42%	322.38%

**Fiscal Year Ended June 30,**

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 3,637,644	\$ 3,649,198	\$ 3,460,667	\$ 3,152,919
11,630,004	11,317,045	10,533,430	10,227,546
1,062,436	704,651	2,043,014	-
(5,040,576)	(119,463)	-	-
-	4,988,871	4,476,291	-
(10,375,906)	(9,444,578)	(9,381,779)	(8,947,330)
913,602	11,095,724	11,131,623	4,433,135
<u>175,665,481</u>	<u>164,569,757</u>	<u>153,438,134</u>	<u>149,004,999</u>
<u>176,579,083</u>	<u>175,665,481</u>	<u>164,569,757</u>	<u>153,438,134</u>
 4,746,323	 4,664,957	 4,612,446	 4,316,203
1,215,059	1,077,632	1,076,523	984,463
11,593,876	2,617,277	4,868,622	17,087,045
(10,375,906)	(9,444,578)	(9,381,779)	(8,947,330)
(219,010)	(216,729)	(181,572)	(213,462)
(500,000)	(500,000)	(1,040,952)	(356,758)
6,460,342	(1,801,441)	(46,712)	12,870,161
 132,048,992	 133,850,433	 133,897,145	 121,026,984
<u>138,509,334</u>	<u>132,048,992</u>	<u>133,850,433</u>	<u>133,897,145</u>
 \$ 38,069,749	 \$ 43,616,489	 \$ 30,719,324	 \$ 19,540,989
 78.44%	 75.17%	 81.33%	 87.26%
 <u>\$ 14,043,138</u>	 <u>\$ 14,069,533</u>	 <u>\$ 13,495,955</u>	 <u>\$ 11,700,630</u>
 271.09%	 310.01%	 227.62%	 167.01%

## CITY OF BATTLE CREEK, MICHIGAN

### ■ Required Supplementary Information

Police and Fire Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ 4,316,203	\$ 4,316,203	\$ -	\$ 11,700,630	36.89%
2015	4,612,446	4,612,446	-	13,495,955	34.18%
2016	4,664,957	4,664,957	-	14,069,533	33.16%
2017	4,746,323	4,746,323	-	14,043,138	33.80%
2018	5,180,487	5,180,487	-	14,718,606	35.20%
2019	5,544,586	5,544,586	-	14,897,135	37.22%
2020	5,869,972	5,869,972	-	14,766,506	39.75%
2021	6,353,070	6,353,070	-	14,616,125	43.47%
2022	6,368,077	6,368,077	-	13,766,610	46.26%

## CITY OF BATTLE CREEK, MICHIGAN

### ■ Required Supplementary Information

Police and Fire Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return <sup>(1)</sup>
2014	14.01%
2015	3.44%
2016	15.82%
2017	9.02%
2018	6.89%
2019	6.81%
2020	6.17%
2021	23.22%
2022	-12.76%

<sup>(1)</sup> Annual money-weighted rate of return, net of investment expenses.

## CITY OF BATTLE CREEK, MICHIGAN

### Required Supplementary Information

Municipal Employees Retirement System of Michigan  
Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
<b>Total pension liability</b>					
Service cost	\$ 1,902,272	\$ 2,020,330	\$ 2,050,623	\$ 2,056,135	\$ 1,998,171
Interest on total pension liability	11,899,966	11,338,841	11,458,164	11,210,574	10,978,431
Benefit changes	(145,429)	(95,157)	(47,708)	(25,969)	(17,297)
Difference between expected and actual experience	(852,912)	154,694	(829,069)	533,140	194,046
Assumption changes	5,647,905	5,342,989	4,356,282	-	-
Benefit payments and refunds	(11,469,313)	(11,169,576)	(10,840,207)	(10,512,334)	(10,048,722)
<b>Net change in total pension liability</b>	<b>6,982,489</b>	<b>7,592,121</b>	<b>6,148,085</b>	<b>3,261,546</b>	<b>3,104,629</b>
Total pension liability, beginning of year	<u>161,362,030</u>	<u>153,769,909</u>	<u>147,621,824</u>	<u>144,360,278</u>	<u>141,255,649</u>
<b>Total pension liability, end of year</b>	<b><u>168,344,519</u></b>	<b><u>161,362,030</u></b>	<b><u>153,769,909</u></b>	<b><u>147,621,824</u></b>	<b><u>144,360,278</u></b>
<b>Plan fiduciary net position</b>					
Employer contributions	6,632,649	5,881,291	5,530,584	5,598,951	5,382,451
Employee contributions	1,053,757	828,777	999,077	701,481	546,534
Net investment income (loss)	12,656,350	10,450,840	10,596,861	(3,297,646)	10,481,265
Benefit payments and refunds	(11,469,313)	(11,169,576)	(10,840,207)	(10,512,334)	(10,048,722)
Administrative expense	(145,187)	(169,019)	(182,419)	(166,380)	(166,302)
<b>Net change in plan fiduciary net position</b>	<b>8,728,256</b>	<b>5,822,313</b>	<b>6,103,896</b>	<b>(7,675,928)</b>	<b>6,195,226</b>
Plan fiduciary net position, beginning of year	<u>91,700,938</u>	<u>85,878,625</u>	<u>79,774,729</u>	<u>87,450,657</u>	<u>81,255,431</u>
<b>Plan fiduciary net position, end of year</b>	<b><u>100,429,194</u></b>	<b><u>91,700,938</u></b>	<b><u>85,878,625</u></b>	<b><u>79,774,729</u></b>	<b><u>87,450,657</u></b>
<b>Net pension liability</b>	<b><u>\$ 67,915,325</u></b>	<b><u>\$ 69,661,092</u></b>	<b><u>\$ 67,891,284</u></b>	<b><u>\$ 67,847,095</u></b>	<b><u>\$ 56,909,621</u></b>
Plan fiduciary net position as a percentage of total pension liability	59.66%	56.83%	55.85%	54.04%	60.58%
Covered payroll	<u>\$ 19,426,766</u>	<u>\$ 19,314,680</u>	<u>\$ 19,515,143</u>	<u>\$ 19,275,745</u>	<u>\$ 18,317,097</u>
Net pension liability as a percentage of covered payroll	349.60%	360.66%	347.89%	351.98%	310.69%

Fiscal Year Ended June 30,		
2017	2016	2015
\$ 1,934,782	\$ 1,843,040	\$ 1,869,998
10,808,541	10,393,511	10,141,309
(2,988)	(11,965)	-
(833,627)	(626,575)	-
-	6,823,847	-
(9,580,787)	(9,105,154)	(8,776,472)
2,325,921	9,316,704	3,234,835
<u>138,929,728</u>	<u>129,613,024</u>	<u>126,378,189</u>
<u>141,255,649</u>	<u>138,929,728</u>	<u>129,613,024</u>
4,375,156	4,104,291	3,776,983
521,222	495,986	618,872
8,589,468	(1,203,250)	5,143,720
(9,580,787)	(9,105,154)	(8,776,472)
(169,762)	(178,504)	(188,145)
3,735,297	(5,886,631)	574,958
<u>77,520,134</u>	<u>83,406,765</u>	<u>82,831,807</u>
<u>81,255,431</u>	<u>77,520,134</u>	<u>83,406,765</u>
<u>\$ 60,000,218</u>	<u>\$ 61,409,594</u>	<u>\$ 46,206,259</u>
57.52%	55.80%	64.35%
<u>\$ 17,452,775</u>	<u>\$ 17,263,618</u>	<u>\$ 17,200,636</u>
343.79%	355.72%	268.63%

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## CITY OF BATTLE CREEK, MICHIGAN

### ■ Required Supplementary Information

#### Municipal Employees Retirement System of Michigan Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2015	\$ 3,948,830	\$ 3,948,830	\$ -	\$ 17,543,028	22.51%
2016	4,134,354	4,134,354	-	17,777,859	23.26%
2017	4,865,316	4,865,316	-	18,269,545	26.63%
2018	5,729,486	5,729,486	-	19,014,825	30.13%
2019	5,407,865	5,407,865	-	18,355,363	29.46%
2020	5,607,397	5,607,397	-	18,071,110	31.03%
2021	6,267,154	6,267,154	-	18,788,375	33.36%
2022	6,811,550	6,811,550	-	18,138,900	37.55%

# CITY OF BATTLE CREEK, MICHIGAN

## Required Supplementary Information

### Single-Employer Other Postemployment Benefit Plan

#### Schedule of Changes in Net OPEB Liability and Related Ratios

	<b>Fiscal Year Ended June 30,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total OPEB liability</b>			
Service cost	\$ 1,763,720	\$ 1,624,371	\$ 1,217,385
Interest on total OPEB liability	1,703,634	1,903,031	2,024,859
Benefit changes	(17,240,898)	-	-
Difference between expected and actual experience	(14,402,629)	(190,185)	(271,616)
Assumption changes	(14,205,569)	2,464,152	5,092,881
Benefit payments	(1,582,598)	(1,572,949)	(1,875,778)
<b>Net change in total OPEB liability</b>	<u>(43,964,340)</u>	<u>4,228,420</u>	<u>6,187,731</u>
Total OPEB liability, beginning of year	<u>73,098,630</u>	<u>68,870,210</u>	<u>62,682,479</u>
<b>Total OPEB liability, end of year</b>	<u>29,134,290</u>	<u>73,098,630</u>	<u>68,870,210</u>
<b>Plan fiduciary net position</b>			
Employer contributions	1,605,523	1,334,149	1,410,390
Employee contributions	437,388	370,676	390,550
Net investment income (loss)	(710,476)	1,772,773	147,822
Benefit payments and refunds	(1,582,598)	(1,572,949)	(1,875,778)
Administrative expense	(15,160)	(13,816)	(11,266)
<b>Net change in plan fiduciary net position</b>	<u>(265,323)</u>	<u>1,890,833</u>	<u>61,718</u>
Plan fiduciary net position, beginning of year	<u>8,203,031</u>	<u>6,312,198</u>	<u>6,250,480</u>
<b>Plan fiduciary net position, end of year</b>	<u>7,937,708</u>	<u>8,203,031</u>	<u>6,312,198</u>
<b>Net OPEB liability</b>	<u>\$ 21,196,582</u>	<u>\$ 64,895,599</u>	<u>\$ 62,558,012</u>
Plan fiduciary net position as a percentage of total OPEB liability	27.25%	11.22%	9.17%
Covered payroll	<u>\$ 25,809,821</u>	<u>\$ 25,614,713</u>	<u>\$ 25,494,729</u>
Net OPEB liability as a percentage of covered payroll	82.13%	253.35%	245.38%

**Fiscal Year Ended June 30,**

<b>2019</b>	<b>2018</b>	<b>2017</b>
-------------	-------------	-------------

\$ 1,519,101	\$ 2,444,926	\$ 2,866,687
2,087,663	2,752,781	2,366,860
-	-	-
-	(1,747,090)	-
4,524,282	(21,345,849)	(8,351,874)
<u>(1,920,528)</u>	<u>(2,178,985)</u>	<u>(1,600,811)</u>
<u>6,210,518</u>	<u>(20,074,217)</u>	<u>(4,719,138)</u>
<u>56,471,961</u>	<u>76,546,178</u>	<u>81,265,316</u>
<u>62,682,479</u>	<u>56,471,961</u>	<u>76,546,178</u>

1,446,699	1,734,099	1,204,642
318,750	439,777	228,042
177,435	365,451	807,558
<u>(1,920,528)</u>	<u>(2,178,985)</u>	<u>(1,600,811)</u>
<u>(12,876)</u>	<u>(14,677)</u>	<u>(10,920)</u>
<u>9,480</u>	<u>345,665</u>	<u>628,511</u>
<u>6,241,000</u>	<u>5,895,335</u>	<u>5,266,824</u>
<u>6,250,480</u>	<u>6,241,000</u>	<u>5,895,335</u>
<u><u>\$ 56,431,999</u></u>	<u><u>\$ 50,230,961</u></u>	<u><u>\$ 70,650,843</u></u>

9.97%                    11.05%                    7.70%

\$ 29,984,686    \$ 28,970,711    \$ 30,761,954

188.20%                    173.39%                    229.67%

## CITY OF BATTLE CREEK, MICHIGAN

### Required Supplementary Information

Single-Employer Other Postemployment Benefit Plan

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as of % of Covered Payroll
2017	\$ 3,823,865	\$ 1,204,642	\$ 2,619,223	\$ 30,761,954	3.92%
2018	2,723,435	1,734,099	989,336	28,970,711	5.99%
2019	2,819,532	1,446,699	1,372,833	29,984,686	4.82%
2020	5,676,569	1,410,390	4,266,179	25,494,729	5.53%
2021	7,295,382	1,334,149	5,961,233	25,614,713	5.21%
2022	8,100,160	1,605,523	6,494,637	25,809,821	6.22%

## CITY OF BATTLE CREEK, MICHIGAN

### ■ Required Supplementary Information

#### Single-Employer Other Postemployment Benefit Plan Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return <sup>(1)</sup>
2017	12.99%
2018	6.59%
2019	2.67%
2020	2.15%
2021	28.17%
2022	-8.67%

<sup>(1)</sup> Annual money-weighted rate of return, net of investment expenses

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Required Supplementary Information

### Pension Information

#### *Police and Fire Retirement System*

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Assumption Changes 2015: Changes include a decrease in wage inflation, decrease in projected salary increases, and the mortality tables were updated to RP-2014.

Assumption Changes 2016: Changes include an increase in wage inflation, increase in projected salary increases, and decrease in the investment rate of return.

Assumption Changes 2018: Changes include a decrease in the wage inflation, decrease in salary increases and decrease in the investment rate of return.

Assumption Changes 2020: The only change was the mortality rates were updated using a projection scale MIP-2019.

Assumption Changes 2021: The only change is the wage inflation rate was lowered from 4.0% to 3.5%

Assumption Changes 2022: Changes include a decrease in the investment return assumption from 6.50% to 6.25%, increase in the merit and longevity pay assumption, increase in rates of retirement, increase in rate of withdrawal for police groups, increase in rates of disability retirements, and update in the amortization method periods of the unfunded actuarial accrued liability.

### Notes to Schedule of Contributions

Valuation date	June 30, 2021
Notes	Actuarially determined contribution amounts are calculated as of June 30 of each year, which is 12 months 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 percentage-of-payroll, closed
Remaining amortization period	Closed 30 years for benefit improvements and assumption changes Closed 23 years for all other liabilities
Asset valuation method	5-year smoothed fair value, with 20% corridor
Inflation	3.50%
Salary increases	4.50%-15.50%, including inflation
Investment rate of return	6.50%
Retirement age	Age and service-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation.
Mortality rates	RP-2014 Standard Mortality Tables with generation mortality improvement using projection scale MIP-2019.

## **CITY OF BATTLE CREEK, MICHIGAN**

## Notes to Required Supplementary Information

## ***Municipal Employees Retirement System of Michigan***

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Assumption Changes 2016: Based on the 2009-2013 Experience Study the following assumptions were changed starting with the December 31, 2015 valuation: (1) mortality table was adjusted to reflect longer lifetimes, (2) assumed annual rate of return of investment return, net of all expenses, was lowered from 8% to 7.75% (3) asset smoothing period was changed from 10 years to 5 years (4) the amortization period was moved to a fixed period amortization for the December 31, 2015 annual valuations.

Assumption Changes 2020: Amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

Assumption Changes 2021: Amounts reported as changes of assumptions resulted primarily from updates to demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

Assumption Changes 2022: Amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

## Notes to Schedule of Contributions

Valuation Date	Actuarially determined contribution rates are calculated as of the December 31 that is 18 months prior to the beginning of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates (2022, based on the 12/31/2019 actuarial valuation):	
Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	10-17 years, depending on division
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Required Supplementary Information

### OPEB Information

#### *Single-Employer Other Postemployment Benefit Plan*

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Assumption Changes 2017: Changes include a decrease in the investment return assumption for the General group, an increase in the investment return assumption for the Police and Fire groups, decrease in the wage inflation assumption, decrease to the healthcare cost trend rate, increase in the number of remaining years of decreasing healthcare cost trend rate, the General group is using updated Merit and Seniority wage increase assumptions, mortality rates, early retirement rates, withdrawal rates, and disability rates, and an elimination of the excise tax adjustment.

Assumption Changes 2018: Changes include a decrease in the single discount rate, decrease in the wage inflation assumption, decrease to the healthcare cost trend rate, increase in the number of remaining years of decreasing healthcare cost trend rate, the General group is using updated Merit and Seniority wage increase assumptions, mortality rates, early retirement rates, withdrawal rates, and disability rates, and an elimination of the excise tax adjustment.

Assumption Changes 2019: Changes include a decrease in the single discount rate and an elimination of the implicit benefit payments method.

Assumption Changes 2020: Changes include updating the mortality tables from RP-2014 with MP-2014 improvement scale to Public employer tables with MP-2019 improvements scale, an increase in the medical trend rates, and lowering the discount rate from 3.22% to 2.73%.

Assumption Changes 2021: Changes include a decrease in the medical trend rates, and lowering the discount rate from 2.73% to 2.30%.

Assumption Changes 2022: Changes include an increase in the discount rate from 2.30% to 5.36%, an increase in the salary scale from 3.50% to 4.00%, and an update to the mortality improvement scale from MP-2019 to MP-2021.

### Notes to Schedule of Contributions

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal (level percentage of compensation)
Remaining amortization period	10 years
Asset valuation method	Fair value
Inflation	2.50%
Salary increases	4.00%
Investment rate of return	7.00%
Discount rate	2.30% for 2022 contribution; 5.36% for June 30, 2022 liability and 2023 contribution
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.

## CITY OF BATTLE CREEK, MICHIGAN

### ■ Notes to Required Supplementary Information

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.
Mortality	General and public safety public employer, headcount weighted, sex-distinct mortality with improvement scale MP-2021; Disabled lives version used for disability contingency.
Health care trend rates	Trend starting at 7.25% graded down by 0.25% per year to an ultimate rate of 4.50%
Utilization	90% of eligible employees will elect coverage at early retirement; Actual coverage used for non-active

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Assets</b>					
Pooled cash and investments	\$ 2,539,522	\$ 62,560	\$ 4,197,813	\$ 959,580	\$ 7,759,475
Receivables:					
Interest	11,609	6,210	-	7,710	25,529
Accounts	4,278	73,950	360,000	-	438,228
Special assessments	-	48,455	-	-	48,455
Due from other governments	435,030	-	-	-	435,030
Leases	-	-	344,483	-	344,483
Loans	-	651,106	-	-	651,106
Loans, long-term portion	2,805,484	-	-	-	2,805,484
Prepaid items	2,809	-	-	-	2,809
<b>Total assets</b>	<b>\$ 5,798,732</b>	<b>\$ 842,281</b>	<b>\$ 4,902,296</b>	<b>\$ 967,290</b>	<b>\$ 12,510,599</b>
<b>Liabilities</b>					
Accounts payable	\$ 39,984	\$ 439	\$ 638,194	\$ -	\$ 678,617
Accrued payroll	2,325	-	-	-	2,325
Retentions, deposits and other liabilities	166,736	-	-	-	166,736
Interfund payable	100,553	72,386	-	-	172,939
Unearned revenue	2,815,919	657,316	-	-	3,473,235
<b>Total liabilities</b>	<b>3,125,517</b>	<b>730,141</b>	<b>638,194</b>	<b>-</b>	<b>4,493,852</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue :					
Special assessments	-	48,455	-	-	48,455
Deferred lease amounts	-	-	344,483	-	344,483
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>48,455</b>	<b>344,483</b>	<b>-</b>	<b>392,938</b>
<b>Fund balances</b>					
Nonspendable	2,809	-	-	879,909	882,718
Restricted	2,670,406	-	-	87,381	2,757,787
Committed	-	63,685	1,593,723	-	1,657,408
Assigned	-	-	2,325,896	-	2,325,896
<b>Total fund balances</b>	<b>2,673,215</b>	<b>63,685</b>	<b>3,919,619</b>	<b>967,290</b>	<b>7,623,809</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,798,732</b>	<b>\$ 842,281</b>	<b>\$ 4,902,296</b>	<b>\$ 967,290</b>	<b>\$ 12,510,599</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ 1,826,596	\$ -	\$ 1,826,596
Intergovernmental:					
Federal	1,478,797	-	-	-	1,478,797
State	2,182,114	-	35,902	-	2,218,016
Local	-	855,575	-	-	855,575
Charges for services	1,028,287	-	-	-	1,028,287
Investment loss	(103,303)	(611)	-	(19,610)	(123,524)
Rents and leases	-	-	43,656	-	43,656
Other	17,109	-	405,075	-	422,184
<b>Total revenues</b>	<b>4,603,004</b>	<b>854,964</b>	<b>2,311,229</b>	<b>(19,610)</b>	<b>7,749,587</b>
<b>Expenditures</b>					
Current :					
General government	67,428	-	427,698	-	495,126
Public safety	-	-	331,314	-	331,314
Highway and streets	4,053,624	-	2,141,779	-	6,195,403
Community development	1,488,918	-	-	-	1,488,918
Inspections	923,756	-	-	-	923,756
Debt service:					
Principal	-	2,876,096	-	-	2,876,096
Interest	-	1,131,137	-	-	1,131,137
<b>Total expenditures</b>	<b>6,533,726</b>	<b>4,007,233</b>	<b>2,900,791</b>	<b>-</b>	<b>13,441,750</b>
Revenues under expenditures	(1,930,722)	(3,152,269)	(589,562)	(19,610)	(5,692,163)
<b>Other financing sources (uses)</b>					
Transfers in	2,000,000	3,152,330	2,977,406	-	8,129,736
Transfers out	-	-	(824,171)	-	(824,171)
<b>Total other financing sources</b>	<b>2,000,000</b>	<b>3,152,330</b>	<b>2,153,235</b>	<b>-</b>	<b>7,305,565</b>
<b>Net change in fund balances</b>	<b>69,278</b>	<b>61</b>	<b>1,563,673</b>	<b>(19,610)</b>	<b>1,613,402</b>
Fund balances, beginning of year	2,603,937	63,624	2,355,946	986,900	6,010,407
<b>Fund balances, end of year</b>	<b>\$ 2,673,215</b>	<b>\$ 63,685</b>	<b>\$ 3,919,619</b>	<b>\$ 967,290</b>	<b>\$ 7,623,809</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2022

	Community Development	Local Street	HOME Program	Michigan Justice Training
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 634,676	\$ 4,103	\$ 17,257
Receivables:				
Interest	-	10,603	-	-
Accounts	-	4,278	-	-
Due from other governments	122,139	306,310	6,581	-
Loans, long-term portion	2,740,074	-	65,410	-
Prepaid items	-	925	-	-
<b>Total assets</b>	<b>\$ 2,862,213</b>	<b>\$ 956,792</b>	<b>\$ 76,094</b>	<b>\$ 17,257</b>
<b>Liabilities</b>				
Accounts payable	\$ 21,586	\$ 11,234	\$ 249	\$ -
Accrued payroll	-	2,325	-	-
Retentions, deposits and other liabilities	-	-	-	-
Interfund payable	100,553	-	-	-
Unearned revenue	2,740,074	-	75,845	-
<b>Total liabilities</b>	<b>2,862,213</b>	<b>13,559</b>	<b>76,094</b>	<b>-</b>
<b>Fund balances</b>				
Nonspendable	-	925	-	-
Restricted	-	942,308	-	17,257
<b>Total fund balances</b>	<b>-</b>	<b>943,233</b>	<b>-</b>	<b>17,257</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,862,213</b>	<b>\$ 956,792</b>	<b>\$ 76,094</b>	<b>\$ 17,257</b>

continued...

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2022

	Narcotics Forfeiture	Building Inspection Fund	Total
<b>Assets</b>			
Pooled cash and investments	\$ 655,152	\$ 1,228,334	\$ 2,539,522
Receivables:			
Interest	1,006	-	11,609
Accounts	-	-	4,278
Due from other governments	-	-	435,030
Loans, long-term portion	-	-	2,805,484
Prepaid items	-	1,884	2,809
<b>Total assets</b>	<b>\$ 656,158</b>	<b>\$ 1,230,218</b>	<b>\$ 5,798,732</b>
<b>Liabilities</b>			
Accounts payable	\$ 2,735	\$ 4,180	\$ 39,984
Accrued payroll	-	-	2,325
Retentions, deposits and other liabilities	166,736	-	166,736
Interfund payable	-	-	100,553
Unearned revenue	-	-	2,815,919
<b>Total liabilities</b>	<b>169,471</b>	<b>4,180</b>	<b>3,125,517</b>
<b>Fund balances</b>			
Nonspendable	-	1,884	2,809
Restricted	486,687	1,224,154	2,670,406
<b>Total fund balances</b>	<b>486,687</b>	<b>1,226,038</b>	<b>2,673,215</b>
<b>Total liabilities and fund balances</b>	<b>\$ 656,158</b>	<b>\$ 1,230,218</b>	<b>\$ 5,798,732</b>

concluded.

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2022

	Community Development	Local Street	HOME Program	Michigan Justice Training
<b>Revenues</b>				
Intergovernmental:				
Federal	\$ 1,340,929	\$ -	\$ 137,868	\$ -
State	-	1,982,680	-	12,652
Charges for services	-	-	-	-
Investment loss	-	(66,253)	-	-
Other	10,121	5,885	-	-
<b>Total revenues</b>	<b>1,351,050</b>	<b>1,922,312</b>	<b>137,868</b>	<b>12,652</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	1,515
Highways and streets	-	4,053,624	-	-
Community development	1,351,050	-	137,868	-
Inspections	-	-	-	-
<b>Total expenditures</b>	<b>1,351,050</b>	<b>4,053,624</b>	<b>137,868</b>	<b>1,515</b>
Revenues over (under) expenditures	-	(2,131,312)	-	11,137
<b>Other financing sources</b>				
Transfers in	-	2,000,000	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>(131,312)</b>	<b>-</b>	<b>11,137</b>
Fund balances, beginning of year	-	1,074,545	-	6,120
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 943,233</b>	<b>\$ -</b>	<b>\$ 17,257</b>

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## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2022

	Narcotics Forfeiture	Building Inspection Fund	Total
<b>Revenues</b>			
Intergovernmental:			
Federal	\$ -	\$ -	\$ 1,478,797
State	186,782	-	2,182,114
Charges for services	-	1,028,287	1,028,287
Investment loss	(11,843)	(25,207)	(103,303)
Other	565	538	17,109
<b>Total revenues</b>	<b>175,504</b>	<b>1,003,618</b>	<b>4,603,004</b>
<b>Expenditures</b>			
Current:			
General government	65,913	-	67,428
Highways and streets	-	-	4,053,624
Community development	-	-	1,488,918
Inspections	-	923,756	923,756
<b>Total expenditures</b>	<b>65,913</b>	<b>923,756</b>	<b>6,533,726</b>
Revenues over (under) expenditures	109,591	79,862	(1,930,722)
<b>Other financing sources (uses)</b>			
Transfers in	-	-	2,000,000
<b>Net change in fund balances</b>	<b>109,591</b>	<b>79,862</b>	<b>69,278</b>
Fund balances, beginning of year	377,096	1,146,176	2,603,937
<b>Fund balances, end of year</b>	<b>\$ 486,687</b>	<b>\$ 1,226,038</b>	<b>\$ 2,673,215</b>

concluded.

## CITY OF BATTLE CREEK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Community Development		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental:			
Federal	\$ 3,021,978	\$ 1,340,929	\$ (1,681,049)
State	-	-	-
Charges for services	-	-	-
Investment loss	-	-	-
Other	10,121	10,121	-
<b>Total revenues</b>	<b>3,032,099</b>	<b>1,351,050</b>	<b>(1,681,049)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Highways and streets	-	-	-
Community development	3,032,099	1,351,050	(1,681,049)
Inspections	-	-	-
<b>Total expenditures</b>	<b>3,032,099</b>	<b>1,351,050</b>	<b>(1,681,049)</b>
Revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	-	-	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## CITY OF BATTLE CREEK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	1,935,000	1,982,680	47,680
Charges for services	-	-	-
Investment loss	-	(66,253)	(66,253)
Other	500	5,885	5,385
<b>Total revenues</b>	<b>1,935,500</b>	<b>1,922,312</b>	<b>(13,188)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Highways and streets	4,075,050	4,053,624	(21,426)
Community development	-	-	-
Inspections	-	-	-
<b>Total expenditures</b>	<b>4,075,050</b>	<b>4,053,624</b>	<b>(21,426)</b>
Revenues over (under) expenditures	(2,139,550)	(2,131,312)	8,238
<b>Other financing sources (uses)</b>			
Transfers in	2,000,000	2,000,000	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(139,550)</b>	<b>(131,312)</b>	<b>8,238</b>
Fund balances, beginning of year	1,074,545	1,074,545	-
<b>Fund balances, end of year</b>	<b>\$ 934,995</b>	<b>\$ 943,233</b>	<b>\$ 8,238</b>

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## CITY OF BATTLE CREEK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	HOME Program Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental:			
Federal	\$ 1,040,535	\$ 137,868	\$ (902,667)
State	-	-	-
Charges for services	-	-	-
Investment loss	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>1,040,535</b>	<b>137,868</b>	<b>(902,667)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Highways and streets	-	-	-
Community development	1,040,535	137,868	(902,667)
Inspections	-	-	-
<b>Total expenditures</b>	<b>1,040,535</b>	<b>137,868</b>	<b>(902,667)</b>
Revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	-	-	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## CITY OF BATTLE CREEK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Michigan Justice Training Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	20,000	12,652	(7,348)
Charges for services	-	-	-
Investment loss	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>20,000</b>	<b>12,652</b>	<b>(7,348)</b>
<b>Expenditures</b>			
Current:			
General government	19,220	1,515	(17,705)
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
<b>Total expenditures</b>	<b>19,220</b>	<b>1,515</b>	<b>(17,705)</b>
Revenues over (under) expenditures	780	11,137	10,357
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>780</b>	<b>11,137</b>	<b>10,357</b>
Fund balances, beginning of year	6,120	6,120	-
<b>Fund balances, end of year</b>	<b>\$ 6,900</b>	<b>\$ 17,257</b>	<b>\$ 10,357</b>

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## CITY OF BATTLE CREEK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Narcotics Forfeiture Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	150,000	186,782	36,782
Charges for services	-	-	-
Investment loss	-	(11,843)	(11,843)
Other	-	565	565
<b>Total revenues</b>	<b>150,000</b>	<b>175,504</b>	<b>25,504</b>
<b>Expenditures</b>			
Current:			
General government	116,196	65,913	(50,283)
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
<b>Total expenditures</b>	<b>116,196</b>	<b>65,913</b>	<b>(50,283)</b>
Revenues over (under) expenditures	33,804	109,591	75,787
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(4,755)	-	(4,755)
<b>Total other financing sources (uses)</b>	<b>(4,755)</b>	<b>-</b>	<b>(4,755)</b>
<b>Net change in fund balances</b>	<b>29,049</b>	<b>109,591</b>	<b>80,542</b>
Fund balances, beginning of year	377,096	377,096	-
<b>Fund balances, end of year</b>	<b>\$ 406,145</b>	<b>\$ 486,687</b>	<b>\$ 80,542</b>

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## CITY OF BATTLE CREEK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2022

<b>Building Inspection Fund</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Revenues</b>			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	- -	- -	- -
Charges for services	966,550	1,028,287	61,737
Investment loss	- (25,207)	(25,207)	(25,207)
Other	- 538	538	538
<b>Total revenues</b>	<u>966,550</u>	<u>1,003,618</u>	<u>37,068</u>
<b>Expenditures</b>			
Current:			
General government	- -	- -	- -
Highways and streets	- -	- -	- -
Community development	- -	- -	- -
Inspections	889,076	923,756	34,680
<b>Total expenditures</b>	<u>889,076</u>	<u>923,756</u>	<u>34,680</u>
Revenues over (under) expenditures	77,474	79,862	2,388
<b>Other financing sources (uses)</b>			
Transfers in	- -	- -	- -
Transfers out	- -	- -	- -
<b>Total other financing sources (uses)</b>	<u>- -</u>	<u>- -</u>	<u>- -</u>
<b>Net change in fund balances</b>	77,474	79,862	2,388
Fund balances, beginning of year	1,146,176	1,146,176	-
<b>Fund balances, end of year</b>	<u>\$ 1,223,650</u>	<u>\$ 1,226,038</u>	<u>\$ 2,388</u>

concluded.

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet

Nonmajor Debt Service Funds  
June 30, 2022

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
<b>Assets</b>				
Pooled cash and investments	\$ 1,474	\$ 55,775	\$ -	\$ -
Receivables:				
Interest	-	-	-	229
Accounts	-	-	-	73,950
Special assessments	-	48,455	-	-
Loans	-	-	-	71,106
<b>Total assets</b>	<b>\$ 1,474</b>	<b>\$ 104,230</b>	<b>\$ -</b>	<b>\$ 145,285</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 439	\$ -	\$ -
Interfund payable	-	-	-	72,386
Unearned revenue	-	-	-	71,335
<b>Total liabilities</b>	<b>-</b>	<b>439</b>	<b>-</b>	<b>143,721</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue -				
Special assessments	-	48,455	-	-
<b>Fund balances</b>				
Committed	<b>1,474</b>	<b>55,336</b>	<b>-</b>	<b>1,564</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,474</b>	<b>\$ 104,230</b>	<b>\$ -</b>	<b>\$ 145,285</b>

continued...

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Balance Sheet

Nonmajor Debt Service Funds  
June 30, 2022

	Building Authority Bonds	Police Station Bonds	Total
<b>Assets</b>			
Pooled cash and investments	\$ 5,311	\$ -	\$ 62,560
Receivables:			
Interest	5,981	-	6,210
Accounts	-	-	73,950
Special assessments	-	-	48,455
Loans	580,000	-	651,106
<b>Total assets</b>	<b>\$ 591,292</b>	<b>\$ -</b>	<b>\$ 842,281</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 439
Interfund payable	-	-	72,386
Unearned revenue	585,981	-	657,316
<b>Total liabilities</b>	<b>585,981</b>	<b>-</b>	<b>730,141</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue -			
Special assessments	-	-	48,455
<b>Fund balances</b>			
Committed	5,311	-	63,685
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 591,292</b>	<b>\$ -</b>	<b>\$ 842,281</b>

concluded.

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds  
For the Year Ended June 30, 2022

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
<b>Revenues</b>				
Intergovernmental - local	\$ -	\$ -	\$ -	\$ 253,950
Investment loss	-	(611)	-	-
<b>Total revenues</b>	<u>-</u>	<u>(611)</u>	<u>-</u>	<u>253,950</u>
<b>Expenditures</b>				
Debt service:				
Principal	695,000	-	366,096	825,000
Interest	81,115	-	21,415	363,382
<b>Total expenditures</b>	<u>776,115</u>	<u>-</u>	<u>387,511</u>	<u>1,188,382</u>
Revenues under expenditures	(776,115)	(611)	(387,511)	(934,432)
<b>Other financing sources</b>				
Transfers in	775,850	-	387,511	935,369
<b>Net change in fund balances</b>	<u>(265)</u>	<u>(611)</u>	<u>-</u>	<u>937</u>
Fund balances, beginning of year	1,739	55,947	-	627
<b>Fund balances, end of year</b>	<u>\$ 1,474</u>	<u>\$ 55,336</u>	<u>\$ -</u>	<u>\$ 1,564</u>

continued...

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds  
For the Year Ended June 30, 2022

	Building Authority Bonds	Police Station Bonds	Total
<b>Revenues</b>			
Intergovernmental - local	\$ 601,625	\$ -	\$ 855,575
Investment loss	-	-	(611)
<b>Total revenues</b>	<u>601,625</u>	<u>-</u>	<u>854,964</u>
<b>Expenditures</b>			
Debt service:			
Principal	555,000	435,000	2,876,096
Interest	46,625	618,600	1,131,137
<b>Total expenditures</b>	<u>601,625</u>	<u>1,053,600</u>	<u>4,007,233</u>
Revenues under expenditures	-	(1,053,600)	(3,152,269)
<b>Other financing sources</b>			
Transfers in	-	1,053,600	3,152,330
<b>Net change in fund balances</b>	-	-	61
Fund balances, beginning of year	<u>5,311</u>	<u>-</u>	<u>63,624</u>
<b>Fund balances, end of year</b>	<u>\$ 5,311</u>	<u>\$ -</u>	<u>\$ 63,685</u>

concluded.

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2022

	Street Projects	General Capital Improvement	Capital Improvements Bonds	Total
<b>Assets</b>				
Pooled cash and investments	\$ 2,135,901	\$ 2,061,912	\$ -	\$ 4,197,813
Receivables:				
Accounts	-	360,000	-	360,000
Leases	-	344,483	-	344,483
<b>Total assets</b>	<b>\$ 2,135,901</b>	<b>\$ 2,766,395</b>	<b>\$ -</b>	<b>\$ 4,902,296</b>
<b>Liabilities</b>				
Accounts payable	\$ 542,178	\$ 96,016	\$ -	\$ 638,194
<b>Deferred inflows of resources</b>				
Deferred lease amounts	-	344,483	-	344,483
<b>Fund balances</b>				
Committed	1,593,723	-	-	1,593,723
Assigned	-	2,325,896	-	2,325,896
<b>Total fund balances</b>	<b>1,593,723</b>	<b>2,325,896</b>	<b>-</b>	<b>3,919,619</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,135,901</b>	<b>\$ 2,766,395</b>	<b>\$ -</b>	<b>\$ 4,902,296</b>

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended June 30, 2022

	Street Projects	General Capital Improvement	Capital Improvements Bonds	Total
<b>Revenue</b>				
Taxes	\$ 1,826,596	\$ -	\$ -	\$ 1,826,596
Intergovernmental - state	35,902	-	-	35,902
Rents and leases	-	43,656	-	43,656
Other	5,075	400,000	-	405,075
<b>Total revenue</b>	<b>1,867,573</b>	<b>443,656</b>	<b>-</b>	<b>2,311,229</b>
<b>Expenditures</b>				
Current expenditures:				
General government	-	427,698	-	427,698
Public safety	-	331,314	-	331,314
Highways and streets	2,141,779	-	-	2,141,779
<b>Total expenditures</b>	<b>2,141,779</b>	<b>759,012</b>	<b>-</b>	<b>2,900,791</b>
Revenue under expenditures	(274,206)	(315,356)	-	(589,562)
<b>Other financing sources (uses)</b>				
Transfers in	760,000	2,217,406	-	2,977,406
Transfers out	(158,048)	-	(666,123)	(824,171)
<b>Total other financing sources (uses)</b>	<b>601,952</b>	<b>2,217,406</b>	<b>(666,123)</b>	<b>2,153,235</b>
<b>Net change in fund balances</b>	<b>327,746</b>	<b>1,902,050</b>	<b>(666,123)</b>	<b>1,563,673</b>
Fund balances, beginning of year	1,265,977	423,846	666,123	2,355,946
<b>Fund balances, end of year</b>	<b>\$ 1,593,723</b>	<b>\$ 2,325,896</b>	<b>\$ -</b>	<b>\$ 3,919,619</b>

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2022

	Youth Center Endowment	Kellogg Arena Endowment	Total
<b>Assets</b>			
Pooled cash and investments	\$ 274,950	\$ 684,630	\$ 959,580
Interest receivable	4,736	2,974	7,710
<b>Total assets</b>	<b>\$ 279,686</b>	<b>\$ 687,604</b>	<b>\$ 967,290</b>
<b>Fund balances</b>			
Nonspendable	\$ 256,376	\$ 623,533	\$ 879,909
Restricted	23,310	64,071	87,381
<b>Total fund balances</b>	<b>\$ 279,686</b>	<b>\$ 687,604</b>	<b>\$ 967,290</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds  
For the Year Ended June 30, 2022

	Youth Center Endowment	Kellogg Arena Endowment	Total
<b>Revenues</b>			
Investment loss	\$ (5,340)	\$ (14,270)	\$ (19,610)
Fund balances, beginning of year	<u>285,026</u>	<u>701,874</u>	<u>986,900</u>
<b>Fund balances, end of year</b>	<b><u>\$ 279,686</u></b>	<b><u>\$ 687,604</u></b>	<b><u>\$ 967,290</u></b>

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2022

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 213,799	\$ -	\$ 1,479,793	\$ 379,560
Receivables:				
Interest	-	-	100,593	-
Accounts	11,376	910,144	-	1,918
Loans, current portion	-	-	1,082,400	-
Total current assets	225,175	910,144	2,662,786	381,478
Noncurrent assets:				
Loans receivable, net	-	-	6,636,150	-
Capital assets not being depreciated	1,505,125	-	-	-
Capital assets being depreciated, net	1,445,483	-	-	-
Total noncurrent assets	2,950,608	-	6,636,150	-
<b>Total assets</b>	3,175,783	910,144	9,298,936	381,478
<b>Deferred outflows of resources</b>				
Deferred pension amounts	-	39,184	-	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	39,019	320,112	262,825	6,503
Retentions, deposits and				
other liabilities	-	96,287	-	-
Interfund payable	-	234,245	-	-
Unearned revenue	-	-	-	-
Compensated absences, current portion	497	18,273	-	20,802
Total current liabilities	39,516	668,917	262,825	27,305
Noncurrent liabilities:				
Compensated absences	55	2,030	-	2,312
Net pension liability	-	271,661	-	-
Total noncurrent liabilities	55	273,691	-	2,312
<b>Total liabilities</b>	39,571	942,608	262,825	29,617
<b>Deferred inflows of resources</b>				
Deferred pension amounts	-	30,557	-	-
<b>Net position</b>				
Net investment in capital assets	2,950,608	-	-	-
Unrestricted (deficit)	185,604	(23,837)	9,036,111	351,861
<b>Total net position (deficit)</b>	\$ 3,136,212	\$ (23,837)	\$ 9,036,111	\$ 351,861

Intermodal Facility

Intermodal Facility	Total
---------------------	-------

\$ -	\$ 2,073,152
-	100,593
92,134	1,015,572
-	1,082,400
<u>92,134</u>	<u>4,271,717</u>

-	6,636,150
-	1,505,125
<u>243,239</u>	<u>1,688,722</u>
<u>243,239</u>	<u>9,829,997</u>

<u>335,373</u>	<u>14,101,714</u>
----------------	-------------------

<u>-</u>	<u>39,184</u>
----------	---------------

44,657	673,116
-	96,287
81,262	315,507
500	500
-	39,572
<u>126,419</u>	<u>1,124,982</u>

-	4,397
-	271,661
-	276,058

<u>126,419</u>	<u>1,401,040</u>
----------------	------------------

<u>-</u>	<u>30,557</u>
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243,239	3,193,847
(34,285)	<u>9,515,454</u>

<u>\$ 208,954</u>	<u>\$ 12,709,301</u>
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## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds  
For the Year Ended June 30, 2022

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
<b>Operating revenues</b>				
Charges for services	\$ 628,973	\$ 3,899,425	\$ -	\$ -
Rents and leases	-	-	-	2,160
Other	-	-	159,296	12,220
<b>Total operating revenues</b>	<b>628,973</b>	<b>3,899,425</b>	<b>159,296</b>	<b>14,380</b>
<b>Operating expenses</b>				
Personnel services	10,002	524,757	-	416,088
Materials and supplies	-	32,833	-	11,301
Contractual and other	963,625	3,523,439	134,357	277,271
Depreciation	330,475	-	-	-
<b>Total operating expenses</b>	<b>1,304,102</b>	<b>4,081,029</b>	<b>134,357</b>	<b>704,660</b>
Operating income (loss)	(675,129)	(181,604)	24,939	(690,280)
<b>Nonoperating revenues (expenses)</b>				
Property taxes	-	-	-	320,000
Intergovernmental subsidies:				
State	-	-	-	391,332
Local	-	-	-	120,000
Investment income (loss)	(6,940)	1,878	(84,297)	(11,757)
<b>Total nonoperating revenues (expenses)</b>	<b>(6,940)</b>	<b>1,878</b>	<b>(84,297)</b>	<b>819,575</b>
Income (loss) before capital contributions and transfers	(682,069)	(179,726)	(59,358)	129,295
<b>Capital contributions</b>				
Transfers in	9,000	-	-	-
Transfers out	-	-	-	(10,000)
<b>Change in net position</b>	<b>(673,069)</b>	<b>(179,726)</b>	<b>(59,358)</b>	<b>119,295</b>
Net position, beginning of year	3,809,281	155,889	9,095,469	232,566
<b>Net position (deficit), end of year</b>	<b>\$ 3,136,212</b>	<b>\$ (23,837)</b>	<b>\$ 9,036,111</b>	<b>\$ 351,861</b>

INTERMODAL FACILITY RENTALS

Intermodal Facility	Total
\$ 21,683	\$ 4,550,081
107,383	109,543
-	171,516
<u>129,066</u>	<u>4,831,140</u>
4,737	955,584
1,183	45,317
163,664	5,062,356
185,800	516,275
<u>355,384</u>	<u>6,579,532</u>
<u>(226,318)</u>	<u>(1,748,392)</u>
-	320,000
-	391,332
5,000	125,000
769	(100,347)
<u>5,769</u>	<u>735,985</u>
(220,549)	(1,012,407)
93,240	93,240
-	9,000
<u>-</u>	<u>(10,000)</u>
(127,309)	(920,167)
<u>336,263</u>	<u>13,629,468</u>
<u>\$ 208,954</u>	<u>\$ 12,709,301</u>

**CITY OF BATTLE CREEK, MICHIGAN**

**Combining Statement of Cash Flows**

Nonmajor Enterprise Funds

For the Year Ended June 30, 2022

	<b>Automobile Parking System</b>	<b>Solid Waste Collection</b>	<b>Economic Development Loan</b>	<b>Economic Development</b>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 618,446	\$ 3,736,727	\$ 159,296	\$ 31,047
Payments to suppliers and contractors	(929,303)	(3,815,344)	(6,208)	(310,848)
Payments to employees	(9,450)	(283,992)	-	(411,650)
Payments for interfund services	-	(12,848)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>(320,307)</b>	<b>(375,457)</b>	<b>153,088</b>	<b>(691,451)</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	9,000	-	-	-
Transfers out	-	-	-	(10,000)
Property taxes	-	-	-	320,000
Intergovernmental subsidies	-	-	-	511,332
<b>Net cash provided by noncapital financing activities</b>	<b>9,000</b>	<b>-</b>	<b>-</b>	<b>821,332</b>
<b>Cash flows from investing activities</b>				
Investment earnings (loss)	(6,940)	1,878	(182,859)	(11,757)
<b>Net change in pooled cash and investments</b>	<b>(318,247)</b>	<b>(373,579)</b>	<b>(29,771)</b>	<b>118,124</b>
Pooled cash and investments, beginning of year	532,046	373,579	1,509,564	261,436
<b>Pooled cash and investments, end of year</b>	<b>\$ 213,799</b>	<b>\$ -</b>	<b>\$ 1,479,793</b>	<b>\$ 379,560</b>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ (675,129)	\$ (181,604)	\$ 24,939	\$ (690,280)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	330,475	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(10,527)	(162,698)	-	16,667
Loans receivable	-	-	118,840	-
Accounts payable and accrued liabilities	34,322	(271,559)	9,309	(21,076)
Retentions, deposits and other liabilities	-	(361)	-	(1,200)
Compensated absences	552	(2,067)	-	4,438
Interfund payable	-	234,245	-	-
Net pension liability	-	(6,983)	-	-
Deferred outflows related to the net pension liability	-	(2,530)	-	-
Deferred inflows related to the net pension liability	-	18,100	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (320,307)</b>	<b>\$ (375,457)</b>	<b>\$ 153,088</b>	<b>\$ (691,451)</b>
<b>Noncash capital and related financing activities</b>				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -

INTERMODAL FACILITY

Intermodal Facility	Total
---------------------	-------

\$ 121,451	\$ 4,666,967
(122,483)	(5,184,186)
(4,737)	(709,829)
<u>-</u>	<u>(12,848)</u>
<u>(5,769)</u>	<u>(1,239,896)</u>

-	9,000
-	(10,000)
-	320,000
<u>5,000</u>	<u>516,332</u>
<u>5,000</u>	<u>835,332</u>

<u>769</u>	<u>(198,909)</u>
-	(603,473)
<u>-</u>	<u>2,676,625</u>
<u>\$ -</u>	<u>\$ 2,073,152</u>

\$ (226,318) \$ (1,748,392)

185,800	516,275
(7,615)	(164,173)
-	118,840
33,641	(215,363)
-	(1,561)
-	2,923
8,723	242,968
-	(6,983)
-	(2,530)
<u>-</u>	<u>18,100</u>
<u>\$ (5,769)</u>	<u>\$ (1,239,896)</u>

\$ 93,240 \$ 93,240

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Net Position

Internal Service Funds

June 30, 2022

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
<b>Assets</b>					
Current assets:					
Pooled cash and investments	\$ 427,039	\$ 6,638,011	\$ 1,880,986	\$ 23,836	\$ 8,969,872
Receivables:					
Interest	2,029	91,982	-	-	94,011
Accounts	33,794	646,508	-	6	680,308
Inventories	523,248	-	-	-	523,248
Prepaid items	8,223	57,813	210,470	-	276,506
<b>Total current assets</b>	<b>994,333</b>	<b>7,434,314</b>	<b>2,091,456</b>	<b>23,842</b>	<b>10,543,945</b>
Noncurrent assets:					
Capital assets not being depreciated	31,708	17,115	-	-	48,823
Capital assets being depreciated, net	7,550,179	-	629,720	104,917	8,284,816
<b>Total noncurrent assets</b>	<b>7,581,887</b>	<b>17,115</b>	<b>629,720</b>	<b>104,917</b>	<b>8,333,639</b>
<b>Total assets</b>	<b>8,576,220</b>	<b>7,451,429</b>	<b>2,721,176</b>	<b>128,759</b>	<b>18,877,584</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities	948,776	35,585	158,082	6,799	1,149,242
Unearned revenue	-	145,563	-	-	145,563
Compensated absences, current portion	86,895	39,288	75,696	14,350	216,229
Claims payable, current portion	-	715,692	-	-	715,692
Installment obligations payable, current	-	-	-	29,504	29,504
<b>Total current liabilities</b>	<b>1,035,671</b>	<b>936,128</b>	<b>233,778</b>	<b>50,653</b>	<b>2,256,230</b>
Noncurrent liabilities:					
Claims payable	-	286,072	-	-	286,072
Installment obligations payable	-	-	-	79,831	79,831
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>286,072</b>	<b>-</b>	<b>79,831</b>	<b>365,903</b>
<b>Total liabilities</b>	<b>1,035,671</b>	<b>1,222,200</b>	<b>233,778</b>	<b>130,484</b>	<b>2,622,133</b>
<b>Net position</b>					
Net investment in capital assets	7,581,887	17,115	629,720	(4,418)	8,224,304
Unrestricted (deficit)	(41,338)	6,212,114	1,857,678	2,693	8,031,147
<b>Total net position (deficit)</b>	<b>\$ 7,540,549</b>	<b>\$ 6,229,229</b>	<b>\$ 2,487,398</b>	<b>\$ (1,725)</b>	<b>\$ 16,255,451</b>

**CITY OF BATTLE CREEK, MICHIGAN**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**

Internal Service Funds

For the Year Ended June 30, 2022

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
<b>Operating revenues</b>					
Charges for services	\$ 6,437,548	\$ 13,134,358	\$ 1,739,153	\$ 243,663	\$ 21,554,722
Rents and leases	1,781,600	-	-	-	1,781,600
Other	292,671	288,549	604	-	581,824
<b>Total operating revenues</b>	<b>8,511,819</b>	<b>13,422,907</b>	<b>1,739,757</b>	<b>243,663</b>	<b>23,918,146</b>
<b>Operating expenses</b>					
Personnel services	1,313,208	1,112,044	1,045,822	130,399	3,601,473
Materials and supplies	1,921,888	11,119	219,870	69,699	2,222,576
Contractual and other	2,107,951	10,917,515	513,415	74,724	13,613,605
Depreciation	1,986,739	-	136,734	29,976	2,153,449
<b>Total operating expenses</b>	<b>7,329,786</b>	<b>12,040,678</b>	<b>1,915,841</b>	<b>304,798</b>	<b>21,591,103</b>
Operating income (loss)	1,182,033	1,382,229	(176,084)	(61,135)	2,327,043
<b>Nonoperating revenues (expenses)</b>					
Investment income (loss)	1,404	(140,390)	-	-	(138,986)
Loss on sale of capital assets	(31,464)	-	-	-	(31,464)
<b>Total nonoperating revenues (expenses)</b>	<b>(30,060)</b>	<b>(140,390)</b>	<b>-</b>	<b>-</b>	<b>(170,450)</b>
Income (loss) before transfers	1,151,973	1,241,839	(176,084)	(61,135)	2,156,593
<b>Transfers in</b>	<b>29,525</b>	<b>97,157</b>	<b>412,000</b>	<b>60,000</b>	<b>598,682</b>
<b>Transfers out</b>	<b>(775,850)</b>	<b>(1,866,067)</b>	<b>-</b>	<b>-</b>	<b>(2,641,917)</b>
<b>Change in net position</b>	<b>405,648</b>	<b>(527,071)</b>	<b>235,916</b>	<b>(1,135)</b>	<b>113,358</b>
Net position (deficit), beginning of year	7,134,901	6,756,300	2,251,482	(590)	16,142,093
<b>Net position (deficit), end of year</b>	<b>\$ 7,540,549</b>	<b>\$ 6,229,229</b>	<b>\$ 2,487,398</b>	<b>\$ (1,725)</b>	<b>\$ 16,255,451</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2022

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
<b>Cash flows from operating activities</b>					
Receipts from interfund services	\$ 8,511,819	\$ 13,422,907	\$ 1,739,757	\$ 243,663	\$ 23,918,146
Payments to suppliers and contractors	(3,630,933)	(11,532,076)	(612,404)	(141,883)	(15,917,296)
Payments to employees	(1,315,855)	(1,107,912)	(1,087,301)	(119,780)	(3,630,848)
<b>Net cash provided by (used in) operating activities</b>	<b>3,565,031</b>	<b>782,919</b>	<b>40,052</b>	<b>(18,000)</b>	<b>4,370,002</b>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	29,525	97,157	412,000	60,000	598,682
Transfers out	(775,850)	(1,866,067)	-	-	(2,641,917)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(746,325)</b>	<b>(1,768,910)</b>	<b>412,000</b>	<b>60,000</b>	<b>(2,043,235)</b>
<b>Cash flows from capital and related financing activities</b>					
Principal paid on installment obligations payable	-	-	-	(28,771)	(28,771)
Purchase of capital assets	(3,419,123)	-	(152,488)	-	(3,571,611)
<b>Net cash used in capital and related financing activities</b>	<b>(3,419,123)</b>	<b>-</b>	<b>(152,488)</b>	<b>(28,771)</b>	<b>(3,600,382)</b>
<b>Cash flows from investing activities</b>					
Investment earnings (loss)	1,653	(142,627)	-	-	(140,974)
<b>Net change in pooled cash and investments</b>	<b>(598,764)</b>	<b>(1,128,618)</b>	<b>299,564</b>	<b>13,229</b>	<b>(1,414,589)</b>
Pooled cash and investments, beginning of year	1,025,803	7,766,629	1,581,422	10,607	10,384,461
<b>Pooled cash and investments, end of year</b>	<b>\$ 427,039</b>	<b>\$ 6,638,011</b>	<b>\$ 1,880,986</b>	<b>\$ 23,836</b>	<b>\$ 8,969,872</b>
<b>Cash flows from operating activities</b>					
Operating income (loss)	\$ 1,182,033	\$ 1,382,229	\$ (176,084)	\$ (61,135)	\$ 2,327,043
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,986,739	-	136,734	29,976	2,153,449
Changes in assets and liabilities:					
Accounts receivable	11,489	(97,368)	-	(6)	(85,885)
Inventories	(38,494)	-	-	-	(38,494)
Prepaid items	(8,223)	7,880	(21,094)	-	(21,437)
Accounts payable and accrued liabilities	434,134	(106,501)	141,975	2,546	472,154
Compensated absences	(2,647)	4,132	(41,479)	10,619	(29,375)
Claims payable	-	(407,259)	-	-	(407,259)
Unearned revenue	-	(194)	-	-	(194)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,565,031</b>	<b>\$ 782,919</b>	<b>\$ 40,052</b>	<b>\$ (18,000)</b>	<b>\$ 4,370,002</b>

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds  
June 30, 2022

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,967,260	\$ -	\$ 4,967,260
Investments:			
Fixed income:			
Corporate bonds	21,060,682	-	21,060,682
Foreign bonds	3,808,378	-	3,808,378
U.S. government securities	26,582,732	-	26,582,732
Mutual funds	101,376,385	-	101,376,385
MERS total market portfolio	-	7,937,708	7,937,708
Interest receivable	282,613	-	282,613
Pension contributions receivable	153,496	-	153,496
<b>Total assets</b>	<b>158,231,546</b>	<b>7,937,708</b>	<b>166,169,254</b>
<b>Liabilities</b>			
Due to other governments	304,595	-	304,595
<b>Net position</b>			
Restricted for pension and postemployment healthcare benefits	<u>\$ 157,926,951</u>	<u>\$ 7,937,708</u>	<u>\$ 165,864,659</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

For the Year Ended June 30, 2022

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
<b>Additions</b>			
Investment income (loss):			
Net change in fair value of investments	\$ (29,223,082)	\$ -	\$ (29,223,082)
Investment earnings (loss) and dividends	6,223,014	(710,476)	5,512,538
Less investment expenses	(240,330)	-	(240,330)
 Total net investment loss	 (23,240,398)	 (710,476)	 (23,950,874)
Contributions:			
Employer	6,368,077	1,605,523	7,973,600
Employee	1,725,254	437,388	2,162,642
 Total contributions	 8,093,331	 2,042,911	 10,136,242
 <b>Total additions (excess of net investment loss over contributions)</b>	 <b>(15,147,067)</b>	 <b>1,332,435</b>	 <b>(13,814,632)</b>
<b>Deductions</b>			
Benefit payments and refunds	12,713,866	1,582,598	14,296,464
Administrative expenses	231,962	15,160	247,122
 <b>Total deductions</b>	 <b>12,945,828</b>	 <b>1,597,758</b>	 <b>14,543,586</b>
 <b>Net change to net position</b>	 <b>(28,092,895)</b>	 <b>(265,323)</b>	 <b>(28,358,218)</b>
Net position, beginning of year	186,019,846	8,203,031	194,222,877
 <b>Net position, end of year</b>	 <b>\$ 157,926,951</b>	 <b>\$ 7,937,708</b>	 <b>\$ 165,864,659</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2022

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
<b>Assets</b>					
Pooled cash and investments	\$ 180,188	\$ 90,335	\$ 3,603	\$ 310	\$ 274,436
Delinquent taxes receivable	<u>-</u>	<u>584,872</u>	<u>-</u>	<u>-</u>	<u>584,872</u>
<b>Total assets</b>	<b>180,188</b>	<b>675,207</b>	<b>3,603</b>	<b>310</b>	<b>859,308</b>
<b>Liabilities</b>					
Undistributed receipts	<u>-</u>	<u>675,207</u>	<u>3,603</u>	<u>310</u>	<u>679,120</u>
<b>Net position</b>					
Restricted for individuals, organizations, and other governments	<u>\$ 180,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,188</u>

## CITY OF BATTLE CREEK, MICHIGAN

### Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2022

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
<b>Additions</b>					
Fire insurance collections	\$ 133,004	\$ -	\$ -	\$ -	\$ 133,004
Taxes collected for other governments	-	275,479	52,862,149	16,810,951	69,948,579
<b>Total additions</b>	<b>133,004</b>	<b>275,479</b>	<b>52,862,149</b>	<b>16,810,951</b>	<b>70,081,583</b>
<b>Deductions</b>					
Fire insurance distributions	89,966	-	-	-	89,966
Payments of taxes to other governments	-	275,479	52,862,149	16,810,951	69,948,579
<b>Total deductions</b>	<b>89,966</b>	<b>275,479</b>	<b>52,862,149</b>	<b>16,810,951</b>	<b>70,038,545</b>
<b>Change in net position</b>	<b>43,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,038</b>
Net position, beginning of year,	137,150	-	-	-	137,150
<b>Net position, end of year</b>	<b>\$ 180,188</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 180,188</b>

## **STATISTICAL SECTION**

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# CITY OF BATTLE CREEK, MICHIGAN

## Statistical Section Table of Contents

This part of the City of Battle Creek, Michigan'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.

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<b>Financial Trends (Schedules 1-5)</b>	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	158
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Sources: Unless otherwise noted, the information in these schedules are derived from the annual comprehensive financial reports for the applicable year.

**CITY OF BATTLE CREEK, MICHIGAN**

Schedule 1  
Unaudited

**Net Position by Component**

Last Ten Fiscal Years  
(*accrual basis of accounting*)

	2013	2014	2015	2016	2017
<b>Governmental activities</b>					
Net investment in capital assets	\$ 216,155,508	\$ 213,803,703	\$ 212,763,742	\$ 209,385,180	\$ 204,289,221
Restricted	3,326,396	2,671,582	6,422,246	10,573,097	9,498,489
Unrestricted (deficit)	16,137,588	13,828,647	(39,592,709)	(56,384,540)	(66,228,790)
<b>Total governmental activities</b>	<b>\$ 235,619,492</b>	<b>\$ 230,303,932</b>	<b>\$ 179,593,279</b>	<b>\$ 163,573,737</b>	<b>\$ 147,558,920</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 92,885,198	\$ 92,099,833	\$ 91,757,657	\$ 94,256,830	\$ 77,696,600
Unrestricted (deficit)	19,988,459	20,628,055	6,044,949	6,738,128	18,432,807
<b>Total business-type activities</b>	<b>\$ 112,873,657</b>	<b>\$ 112,727,888</b>	<b>\$ 97,802,606</b>	<b>\$ 100,994,958</b>	<b>\$ 96,129,407</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 309,040,706	\$ 305,903,536	\$ 304,521,399	\$ 303,642,010	\$ 281,985,821
Restricted	3,326,396	2,671,582	6,422,246	10,573,097	9,498,489
Unrestricted (deficit)	36,126,047	34,456,702	(33,547,760)	(49,646,412)	(47,795,983)
<b>Total primary government</b>	<b>\$ 348,493,149</b>	<b>\$ 343,031,820</b>	<b>\$ 277,395,885</b>	<b>\$ 264,568,695</b>	<b>\$ 243,688,327</b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 1  
Unaudited

## Net Position by Component

Last Ten Fiscal Years  
(*accrual basis of accounting*)

	2018	2019	2020	2021	2022
<b>Governmental activities</b>					
Net investment in capital assets	\$ 202,996,774	\$ 196,784,239	\$ 191,520,117	\$ 185,862,504	\$ 184,578,767
Restricted	11,428,992	17,761,851	18,202,625	20,375,257	8,454,546
Unrestricted (deficit)	(108,310,558)	(120,784,656)	(122,403,144)	(114,958,702)	(105,831,745)
<b>Total governmental activities</b>	<b>\$ 106,115,208</b>	<b>\$ 93,761,434</b>	<b>\$ 87,319,598</b>	<b>\$ 91,279,059</b>	<b>\$ 87,201,568</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 84,440,617	\$ 88,322,398	\$ 91,403,421	\$ 88,369,618	\$ 86,184,982
Unrestricted (deficit)	(13,736,110)	(13,127,722)	(12,750,203)	(8,716,059)	2,163,045
<b>Total business-type activities</b>	<b>\$ 70,704,507</b>	<b>\$ 75,194,676</b>	<b>\$ 78,653,218</b>	<b>\$ 79,653,559</b>	<b>\$ 88,348,027</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 287,437,391	\$ 285,106,637	\$ 282,923,538	\$ 274,232,122	\$ 270,763,749
Restricted	11,428,992	17,761,851	18,202,625	20,375,257	8,454,546
Unrestricted (deficit)	(122,046,668)	(133,912,378)	(135,153,347)	(123,674,761)	(103,668,700)
<b>Total primary government</b>	<b>\$ 176,819,715</b>	<b>\$ 168,956,110</b>	<b>\$ 165,972,816</b>	<b>\$ 170,932,618</b>	<b>\$ 175,549,595</b>

concluded.

Source: City of Battle Creek Finance Department

Note: GASB Statements No. 63 and 65 were implemented for fiscal year ended June 30, 2013. This resulted in a change renaming net assets to net position and invested in capital assets, net of related debt to net investment in capital assets. As a result of implementation, bond issuance costs have been eliminated. Prior years were not restated.

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015. This resulted in presentation of the City's net pension liability on the statement of net position. Prior years were not restated.

Note: GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018. This resulted in presentation of the City's net pension liability on the statement of net position. Prior years were not restated.

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 2  
 Unaudited

**Changes in Net Position**

 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	2013	2014	2015	2016	2017
<b>Expenses</b>					
Governmental activities:					
General government	\$ 10,372,803	\$ 12,208,561	\$ 8,841,596	\$ 13,522,067	\$ 13,804,561
Public safety	26,952,192	27,215,335	29,790,342	38,643,958	38,272,687
Public works	1,891,765	2,199,624	2,239,223	2,016,152	1,925,529
Highways and streets	11,585,808	9,731,567	14,960,926	11,759,289	12,962,951
Recreation	6,323,529	5,759,128	6,491,021	7,662,739	7,549,260
Community development	4,907,271	3,019,449	2,709,435	2,960,152	2,575,566
Interest on long-term debt	745,018	1,206,989	1,307,722	1,193,277	1,383,774
Total governmental activities	<u>62,778,386</u>	<u>61,340,653</u>	<u>66,340,265</u>	<u>77,757,634</u>	<u>78,474,328</u>
Business-type activities:					
Water and wastewater	22,768,048	23,572,816	23,714,281	25,024,426	29,865,464
Public transit	4,924,554	4,814,924	4,551,257	4,519,401	4,787,343
Solid waste collection	2,940,000	3,004,407	2,977,648	3,021,188	3,327,216
Airport	2,511,613	2,485,677	2,512,780	2,566,234	2,620,027
Parking	1,509,283	1,549,455	1,369,956	1,475,329	1,418,990
Economic development	148,922	130,400	124,121	183,616	296,334
Intermodal facility	-	-	-	-	-
Total business-type activities	<u>34,802,420</u>	<u>35,557,679</u>	<u>35,250,043</u>	<u>36,790,194</u>	<u>42,315,374</u>
Total primary government expenses	<u>97,580,806</u>	<u>96,898,332</u>	<u>101,590,308</u>	<u>114,547,828</u>	<u>120,789,702</u>
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	3,363,317	2,824,535	3,442,117	3,598,573	3,188,666
Public safety	960,535	907,128	900,686	907,947	1,119,088
Public works	84,207	201,493	120,379	144,941	118,886
Highways and streets	4,251	27,929	13,953	6,932	4,559
Recreation	3,635,347	3,250,950	3,400,581	3,822,885	3,511,655
Community development	830,898	277,924	135,693	57,780	78,892
Operating grants and contributions	12,618,453	10,289,625	12,533,025	14,753,846	15,546,274
Capital grants and contributions	-	-	762,199	34,404	320,769
Total governmental activities	<u>21,497,008</u>	<u>17,779,584</u>	<u>21,308,633</u>	<u>23,327,308</u>	<u>23,888,789</u>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 2  
 Unaudited

**Changes in Net Position**

 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	2018	2019	2020	2021	2022
<b>Expenses</b>					
Governmental activities:					
General government	\$ 12,298,063	\$ 13,560,047	\$ 10,686,689	\$ 10,896,106	\$ 10,649,011
Public safety	37,754,399	39,249,188	34,220,728	26,917,782	31,585,548
Public works	2,848,257	2,818,928	2,674,653	3,044,775	2,634,719
Highways and streets	14,614,111	14,773,886	15,801,903	15,516,910	16,442,194
Recreation	6,786,153	5,324,142	4,357,976	3,972,724	3,869,221
Community development	2,582,810	7,103,236	2,881,623	4,421,780	2,332,533
Interest on long-term debt	1,576,922	1,508,678	1,506,833	1,394,090	1,317,802
Total governmental activities	<u>78,460,715</u>	<u>84,338,105</u>	<u>72,130,405</u>	<u>66,164,167</u>	<u>68,831,028</u>
Business-type activities:					
Water and wastewater	27,208,769	26,135,213	26,172,350	28,255,466	23,892,416
Public transit	4,763,055	4,819,992	5,084,066	5,214,313	3,635,378
Solid waste collection	3,418,516	3,539,162	3,665,768	4,026,661	4,068,181
Airport	2,684,727	2,919,251	3,050,388	3,198,782	2,868,764
Parking	1,378,093	1,520,256	1,324,223	1,102,095	1,304,102
Economic development	593,984	698,406	950,621	1,235,819	839,017
Intermodal facility	-	-	114,057	463,037	355,384
Total business-type activities	<u>40,047,144</u>	<u>39,632,280</u>	<u>40,361,473</u>	<u>43,496,173</u>	<u>36,963,242</u>
Total primary government expenses	<u>118,507,859</u>	<u>123,970,385</u>	<u>112,491,878</u>	<u>109,660,340</u>	<u>105,794,270</u>
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	4,404,461	4,661,434	4,601,421	4,678,274	4,969,411
Public safety	1,463,042	1,633,937	1,556,763	1,495,221	1,465,126
Public works	116,923	116,846	134,530	41,676	71,703
Highways and streets	2,494	749	5,921	12,805	10,670
Recreation	3,670,917	2,340,253	1,717,759	1,848,686	2,403,737
Community development	41,774	53,650	46,454	82,995	10,121
Operating grants and contributions	17,633,267	22,433,015	16,942,788	22,383,284	14,148,336
Capital grants and contributions	3,391,624	338,769	-	-	-
Total governmental activities	<u>30,724,502</u>	<u>31,578,653</u>	<u>25,005,636</u>	<u>30,542,941</u>	<u>23,079,104</u>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 2  
 Unaudited

**Changes in Net Position**

 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	2013	2014	2015	2016	2017
<b>Business-type activities:</b>					
Charges for services:					
Water and wastewater	\$ 24,221,426	\$ 25,051,611	\$ 26,556,368	\$ 28,161,891	\$ 26,479,609
Public transit	415,699	425,705	430,572	407,480	378,300
Solid waste collection	2,863,898	3,082,169	3,094,738	3,212,994	3,407,372
Airport	1,364,368	1,365,747	1,389,514	1,354,099	1,459,032
Parking	1,229,770	1,330,971	1,398,498	1,384,948	1,333,331
Economic development	37,639	91,571	55,703	7,636	6,270
Intermodal facility	-	-	-	-	-
Operating grants and contributions	5,060,638	3,571,072	3,987,451	4,336,403	3,698,755
Total business-type activities	<u>35,193,438</u>	<u>34,918,846</u>	<u>36,912,844</u>	<u>38,865,451</u>	<u>36,762,669</u>
 Total primary government					
Program revenues	<u>56,690,446</u>	<u>52,698,430</u>	<u>58,221,477</u>	<u>62,192,759</u>	<u>60,651,458</u>
 <b>Net (expense)/revenue</b>					
Government activities	(41,281,378)	(43,561,069)	(45,031,632)	(54,430,326)	(54,585,539)
Business-type activities	<u>391,018</u>	<u>(638,833)</u>	<u>1,662,801</u>	<u>2,075,257</u>	<u>(5,552,705)</u>
 Total primary government net expense	<u>(40,890,360)</u>	<u>(44,199,902)</u>	<u>(43,368,831)</u>	<u>(52,355,069)</u>	<u>(60,138,244)</u>
 <b>General revenues</b>					
Governmental activities:					
General revenues:					
Property taxes	15,809,783	16,258,935	16,028,806	16,189,320	16,457,014
Income taxes	16,234,540	16,093,707	16,475,837	16,414,572	16,581,118
Grants and contributions not restricted to specific programs	5,271,399	5,336,347	5,441,022	5,637,815	5,678,681
Unrestricted investment earnings (loss)	371,196	953,036	856,338	770,022	293,860
Transfers - internal activities	(349,082)	(396,516)	(453,061)	(600,945)	(439,951)
Total governmental activities	<u>37,337,836</u>	<u>38,245,509</u>	<u>38,348,942</u>	<u>38,410,784</u>	<u>38,570,722</u>
 Business-type activities:					
General revenues:					
Property taxes	-	-	-	-	-
Unrestricted investment earnings (loss)	(63,487)	96,548	74,665	269,643	49,396
Rents and leases	-	-	-	246,507	197,807
Transfers - internal activities	349,082	396,516	453,061	600,945	439,951
Total business-type activities	<u>285,595</u>	<u>493,064</u>	<u>527,726</u>	<u>1,117,095</u>	<u>687,154</u>
 Total primary government	<u>37,623,431</u>	<u>38,738,573</u>	<u>38,876,668</u>	<u>39,527,879</u>	<u>39,257,876</u>
 <b>Change in net position</b>					
Government activities	(3,943,542)	(5,315,560)	(6,682,690)	(16,019,542)	(16,014,817)
Business-type activities	<u>676,613</u>	<u>(145,769)</u>	<u>2,190,527</u>	<u>3,192,352</u>	<u>(4,865,551)</u>
 Total primary government	<u>\$ (3,266,929)</u>	<u>\$ (5,461,329)</u>	<u>\$ (4,492,163)</u>	<u>\$ (12,827,190)</u>	<u>\$ (20,880,368)</u>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 2  
 Unaudited

**Changes in Net Position**

 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	2018	2019	2020	2021	2022
<b>Business-type activities:</b>					
Charges for services:					
Water and wastewater	\$ 25,613,729	\$ 26,192,910	\$ 28,081,728	\$ 30,518,398	\$ 32,928,185
Public transit	366,930	339,299	288,168	251,862	277,628
Solid waste collection	3,389,107	3,512,255	3,641,860	3,769,920	3,899,425
Airport	1,666,987	1,309,971	141,486	168,459	208,766
Parking	1,131,526	1,171,483	1,063,764	776,968	628,973
Economic development	-	-	-	-	-
Intermodal facility	-	-	4,831	10,383	21,683
Operating grants and contributions	4,664,524	9,873,639	8,866,555	8,676,463	7,723,222
Total business-type activities	<u>36,832,803</u>	<u>42,399,557</u>	<u>42,088,392</u>	<u>44,172,453</u>	<u>45,687,882</u>
 Total primary government					
Program revenues	<u>67,557,305</u>	<u>73,978,210</u>	<u>67,094,028</u>	<u>74,715,394</u>	<u>68,766,986</u>
 <b>Net (expense)/revenue</b>					
Government activities	(47,736,213)	(52,759,452)	(47,124,769)	(35,621,226)	(45,751,924)
Business-type activities	<u>(3,214,341)</u>	<u>2,767,277</u>	<u>1,726,919</u>	<u>676,280</u>	<u>8,724,640</u>
 Total primary government net expense	<u>(50,950,554)</u>	<u>(49,992,175)</u>	<u>(45,397,850)</u>	<u>(34,944,946)</u>	<u>(37,027,284)</u>
 <b>General revenues</b>					
Governmental activities:					
General revenues:					
Property taxes	17,109,789	16,993,111	17,730,992	18,116,070	18,098,314
Income taxes	16,718,592	17,664,804	17,655,425	15,367,014	17,837,502
Grants and contributions not restricted to specific programs	5,822,141	6,116,033	5,801,172	6,647,453	7,184,032
Unrestricted investment earnings (loss)	125,428	366,154	304,794	(482,855)	(1,264,047)
Transfers - internal activities	(631,231)	(734,424)	(809,450)	(66,995)	(181,368)
Total governmental activities	<u>39,144,719</u>	<u>40,405,678</u>	<u>40,682,933</u>	<u>39,580,687</u>	<u>41,674,433</u>
 Business-type activities:					
General revenues:					
Property taxes	321,410	363,711	331,350	262,590	320,000
Unrestricted investment earnings (loss)	8,976	624,757	590,823	(5,524)	(531,540)
Rents and leases	213,253	-	-	-	-
Transfers - internal activities	631,231	734,424	809,450	66,995	181,368
Total business-type activities	<u>1,174,870</u>	<u>1,722,892</u>	<u>1,731,623</u>	<u>324,061</u>	<u>(30,172)</u>
 Total primary government	<u>40,319,589</u>	<u>42,128,570</u>	<u>42,414,556</u>	<u>39,904,748</u>	<u>41,644,261</u>
 <b>Change in net position</b>					
Government activities	(8,591,494)	(12,353,774)	(6,441,836)	3,959,461	(4,077,491)
Business-type activities	<u>(2,039,471)</u>	<u>4,490,169</u>	<u>3,458,542</u>	<u>1,000,341</u>	<u>8,694,468</u>
 Total primary government	<u>\$ (10,630,965)</u>	<u>\$ (7,863,605)</u>	<u>\$ (2,983,294)</u>	<u>\$ 4,959,802</u>	<u>\$ 4,616,977</u>

concluded.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**

Schedule 3  
Unaudited

**■ Fund Balances - Governmental Funds**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	2013	2014	2015	2016	2017
<b>General fund</b>					
Nonspendable	\$ 448,287	\$ 484,653	\$ 455,414	\$ 508,342	\$ 376,049
Restricted	146,469	147,134	103,499	384,726	241,186
Committed	835,064	844,624	891,241	936,502	1,313,835
Assigned	68,152	91,720	101,236	61,973	96,131
Unassigned	<u>6,171,173</u>	<u>6,580,891</u>	<u>6,417,328</u>	<u>6,181,573</u>	<u>5,958,796</u>
Total general fund	<u>\$ 7,669,145</u>	<u>\$ 8,149,022</u>	<u>\$ 7,968,718</u>	<u>\$ 8,073,116</u>	<u>\$ 7,985,997</u>
<b>All other governmental funds</b>					
Nonspendable	\$ 1,012,623	\$ 1,016,652	\$ 1,011,593	\$ 1,019,048	\$ 1,024,394
Restricted	755,079	11,477,425	6,468,777	4,791,668	16,317,974
Committed	2,389,690	2,436,895	2,418,119	1,727,350	2,504,157
Assigned	1,329,963	739,577	454,581	354,092	248,647
Unassigned (deficit)	<u>(179,235)</u>	<u>(131,387)</u>	<u>(9,922)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 5,308,120</u>	<u>\$ 15,539,162</u>	<u>\$ 10,343,148</u>	<u>\$ 7,892,158</u>	<u>\$ 20,095,172</u>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 3  
 Unaudited

**■ Fund Balances - Governmental Funds**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	2018	2019	2020	2021	2022
<b>General fund</b>					
Nonspendable	\$ 457,410	\$ 183,770	\$ 241,416	\$ 192,313	\$ 260,977
Restricted	229,368	234,490	247,563	246,617	482,079
Committed	1,347,241	1,383,226	1,373,506	1,522,791	1,377,803
Assigned	130,763	117,019	390	109,498	123,348
Unassigned	<u>5,958,796</u>	<u>6,221,349</u>	<u>7,784,247</u>	<u>12,193,420</u>	<u>13,552,074</u>
Total general fund	<u>\$ 8,123,578</u>	<u>\$ 8,139,854</u>	<u>\$ 9,647,122</u>	<u>\$ 14,264,639</u>	<u>\$ 15,796,281</u>
<b>All other governmental funds</b>					
Nonspendable	\$ 932,537	\$ 879,909	\$ 885,303	\$ 892,407	\$ 984,939
Restricted	7,278,525	6,033,641	6,180,972	7,620,523	7,092,558
Committed	805,359	2,848,023	3,450,657	2,188,942	2,874,373
Assigned	282,439	473,038	492,747	423,846	2,325,896
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 9,298,860</u>	<u>\$ 10,234,611</u>	<u>\$ 11,009,679</u>	<u>\$ 11,125,718</u>	<u>\$ 13,277,766</u>

concluded.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 4  
 Unaudited

**Changes in Fund Balances - Governmental Funds**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	2013	2014	2015	2016	2017
<b>Revenues</b>					
Income taxes	\$ 16,234,540	\$ 16,093,707	\$ 16,475,837	\$ 16,414,572	\$ 16,581,118
Property taxes	15,809,783	16,258,935	16,028,806	16,189,320	16,457,014
Licenses and permits	832,745	922,738	965,987	1,029,815	1,019,433
Intergovernmental	17,729,297	15,443,105	17,614,000	20,026,447	21,084,486
Charges for services	5,058,388	4,520,247	4,778,052	5,082,714	4,879,599
Fines and forfeitures	143,710	134,497	127,535	129,805	125,194
Investment income (loss)	110,735	559,839	555,685	501,922	157,485
Other	3,441,665	2,968,516	2,026,275	1,914,836	1,972,148
Total revenues	<u>59,360,863</u>	<u>56,901,584</u>	<u>58,572,177</u>	<u>61,289,431</u>	<u>62,276,477</u>
<b>Expenditures</b>					
General government	8,324,868	13,218,040	8,934,304	9,999,068	13,203,880
Public safety	25,856,822	25,587,422	26,469,518	27,427,085	29,417,044
Public works	1,801,123	2,152,726	2,103,888	2,571,981	2,463,778
Highway and streets	10,504,607	9,261,973	14,242,456	10,667,566	9,568,383
Recreation	5,404,433	4,784,815	5,438,183	5,495,002	5,012,445
Community development	3,729,026	1,725,369	1,452,582	1,853,905	1,126,055
Inspections	432,009	438,325	580,355	616,610	625,830
Unallocated	1,789,974	1,272,866	1,350,777	1,286,389	1,330,575
Debt service:					
Principal retirement	1,439,473	1,960,721	2,342,497	2,539,826	2,072,734
Interest	748,414	1,183,898	1,346,762	1,207,672	1,367,461
Bond issuance costs	-	312,339	-	-	-
Total expenditures	<u>60,030,749</u>	<u>61,898,494</u>	<u>64,261,322</u>	<u>63,665,104</u>	<u>66,188,185</u>
Revenues over (under) expenditures	<u>(669,886)</u>	<u>(4,996,910)</u>	<u>(5,689,145)</u>	<u>(2,375,673)</u>	<u>(3,911,708)</u>
<b>Other financing sources (uses)</b>					
Issuance of bonds and notes	-	15,370,000	-	12,605,000	15,265,000
Premium on bonds	-	383,666	-	860,638	1,489,463
Payment to refunding bond escrow agent	-	-	-	(13,548,312)	-
Transfers in	6,035,359	5,400,117	6,559,688	5,406,192	6,588,752
Transfers out	(4,598,082)	(5,445,954)	(6,246,861)	(5,294,437)	(7,315,611)
Total other financing sources (uses)	<u>1,437,277</u>	<u>15,707,829</u>	<u>312,827</u>	<u>29,081</u>	<u>16,027,604</u>
<b>Net changes in fund balances</b>	<b><u>\$ 767,391</u></b>	<b><u>\$ 10,710,919</u></b>	<b><u>\$ (5,376,318)</u></b>	<b><u>\$ (2,346,592)</u></b>	<b><u>\$ 12,115,896</u></b>
Debt services as a percentage of noncapital expenditures	<u>4.2%</u>	<u>6.0%</u>	<u>6.8%</u>	<u>6.5%</u>	<u>5.9%</u>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 4  
 Unaudited

**Changes in Fund Balances - Governmental Funds**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	2018	2019	2020	2021	2022
<b>Revenues</b>					
Income taxes	\$ 16,718,592	\$ 17,664,804	\$ 17,655,425	\$ 15,367,014	\$ 17,837,502
Property taxes	17,109,789	16,993,111	17,730,992	18,116,070	18,098,314
Licenses and permits	1,057,206	1,197,941	1,207,799	1,097,170	1,248,324
Intergovernmental	21,598,338	22,537,392	22,041,015	26,556,969	32,305,053
Charges for services	5,448,749	4,479,349	3,995,008	4,064,133	4,702,993
Fines and forfeitures	116,581	118,908	88,956	58,055	70,956
Investment income (loss)	3,800	750,741	650,868	42,482	(570,061)
Other	4,479,724	1,800,126	1,276,232	1,301,942	1,295,953
Total revenues	<u>66,532,779</u>	<u>65,542,372</u>	<u>64,646,295</u>	<u>66,603,835</u>	<u>74,989,034</u>
<b>Expenditures</b>					
General government	9,706,024	8,671,057	5,908,695	6,318,790	11,335,087
Public safety	41,320,776	35,080,658	32,315,635	31,986,670	35,002,131
Public works	2,873,537	2,817,820	2,735,534	2,565,138	2,663,402
Highway and streets	9,569,149	9,312,518	9,371,605	9,356,150	11,699,016
Recreation	5,220,992	3,424,227	2,751,357	2,092,693	3,230,870
Community development	1,987,820	7,707,306	3,460,685	4,938,909	3,456,894
Inspections	673,614	725,683	782,807	840,235	923,756
Unallocated	1,323,813	1,211,464	1,142,697	1,120,340	983,967
Debt service:					
Principal retirement	2,701,249	2,690,397	2,820,215	3,088,186	3,223,556
Interest	1,649,639	1,508,685	1,402,951	1,288,109	1,166,772
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>77,026,613</u>	<u>73,149,815</u>	<u>62,692,181</u>	<u>63,595,220</u>	<u>73,685,451</u>
Revenues over (under) expenditures	<u>(10,493,834)</u>	<u>(7,607,443)</u>	<u>1,954,114</u>	<u>3,008,615</u>	<u>1,303,583</u>
<b>Other financing sources (uses)</b>					
Issuance of bonds and notes	-	8,620,963	-	737,299	425,000
Premium on bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	5,240,901	5,693,706	5,817,544	5,826,413	8,274,784
Transfers out	(5,405,798)	(5,755,199)	(5,489,322)	(4,838,771)	(6,319,677)
Total other financing sources (uses)	<u>(164,897)</u>	<u>8,559,470</u>	<u>328,222</u>	<u>1,724,941</u>	<u>2,380,107</u>
<b>Net changes in fund balances</b>	<b><u>\$ (10,658,731)</u></b>	<b><u>\$ 952,027</u></b>	<b><u>\$ 2,282,336</u></b>	<b><u>\$ 4,733,556</u></b>	<b><u>\$ 3,683,690</u></b>
Debt services as a percentage of noncapital expenditures	<u>7.1%</u>	<u>6.3%</u>	<u>7.4%</u>	<u>7.4%</u>	<u>6.7%</u>

concluded.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 5  
 Unaudited

**Changes in Fund Balances - General Fund**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	2013	2014	2015	2016	2017
<b>Revenues</b>					
Income taxes	\$ 16,234,540	\$ 16,093,707	\$ 16,475,837	\$ 16,414,572	\$ 16,581,118
Property taxes	14,227,428	14,683,943	14,504,834	14,668,381	14,950,795
Licenses and permits	696,355	744,302	868,181	1,021,229	1,019,433
Intergovernmental	6,595,260	6,659,514	6,809,508	8,698,540	11,717,251
Charges for services	2,026,494	1,981,271	2,040,194	2,378,225	2,482,779
Fines and forfeitures	143,710	134,497	127,535	129,805	125,194
Investment earnings (loss)	146,653	511,395	516,880	426,096	145,145
Contributions	-	-	-	-	-
Rents and leases	-	-	-	-	-
Other	1,833,188	1,965,686	872,559	1,034,513	928,761
<b>Total revenues</b>	<b>41,903,628</b>	<b>42,774,315</b>	<b>42,215,528</b>	<b>44,771,361</b>	<b>47,950,476</b>
<b>Expenditures</b>					
General government	7,268,561	7,225,082	6,371,999	6,772,153	6,648,823
Public safety	25,021,620	25,303,386	25,835,041	27,204,080	29,009,596
Public works	1,801,123	2,152,726	2,103,888	2,571,981	2,463,778
Recreation	2,887,026	2,708,291	3,001,790	3,301,833	3,036,624
Community development	-	-	-	-	-
Non-departmental	1,789,974	1,272,866	1,350,777	1,286,389	1,330,575
Debt service:					
Principal			-	-	-
Interest			-	-	-
<b>Total expenditures</b>	<b>38,768,304</b>	<b>38,662,351</b>	<b>38,663,495</b>	<b>41,136,436</b>	<b>42,489,396</b>
Revenues over expenditures	3,135,324	4,111,964	3,552,033	3,634,925	5,461,080
<b>Other financing sources (uses)</b>					
Transfers in	1,056	16,600	-	106,731	21,113
Transfers out	(3,347,593)	(3,648,687)	(3,732,337)	(3,637,258)	(5,569,312)
<b>Total other financing sources (uses)</b>	<b>(3,346,537)</b>	<b>(3,632,087)</b>	<b>(3,732,337)</b>	<b>(3,530,527)</b>	<b>(5,548,199)</b>
<b>Net changes in fund balances</b>	<b>\$ (211,213)</b>	<b>\$ 479,877</b>	<b>\$ (180,304)</b>	<b>\$ 104,398</b>	<b>\$ (87,119)</b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 5  
 Unaudited

**Changes in Fund Balances - General Fund**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	2018	2019	2020	2021	2022
<b>Revenues</b>					
Income taxes	\$ 16,718,592	\$ 17,664,804	\$ 17,655,425	\$ 15,367,014	\$ 17,837,502
Property taxes	15,657,346	15,437,292	16,177,669	16,335,534	16,271,718
Licenses and permits	1,057,206	1,197,941	1,207,799	1,097,170	1,248,324
Intergovernmental	10,361,118	8,538,406	8,820,790	13,067,217	10,931,428
Charges for services	4,310,766	3,774,648	3,013,652	3,196,560	3,674,706
Fines and forfeitures	116,581	118,908	88,956	58,055	70,956
Investment earnings (loss)	(4,463)	596,605	464,299	45,958	(390,999)
Contributions	3,407	2,878	10,988	5,629	7,980
Rents and leases	213,991	160,897	54,001	56,261	34,569
Other	1,601,274	445,622	693,008	408,035	474,648
<b>Total revenues</b>	<b>50,035,818</b>	<b>47,938,001</b>	<b>48,186,587</b>	<b>49,637,433</b>	<b>50,160,832</b>
<b>Expenditures</b>					
General government	6,757,373	5,353,716	5,232,787	4,653,682	4,653,720
Public safety	30,488,624	31,208,161	31,502,922	31,253,817	33,832,162
Public works	2,873,537	2,817,820	2,735,534	2,565,138	2,663,402
Recreation	4,322,645	3,353,181	2,741,065	2,092,693	2,818,081
Community development	607,252	686,024	668,190	564,752	410,812
Non-departmental	1,323,813	1,211,464	1,142,697	1,120,340	983,967
Debt service:					
Principal	345,000	180,000	185,000	195,000	347,460
Interest	98,183	57,514	50,314	43,191	35,635
<b>Total expenditures</b>	<b>46,816,427</b>	<b>44,867,880</b>	<b>44,258,509</b>	<b>42,488,613</b>	<b>45,745,239</b>
Revenues over expenditures	3,219,391	3,070,121	3,928,078	7,148,820	4,415,593
<b>Other financing sources (uses)</b>					
Transfers in	201,565	-	-	62,711	-
Transfers out	(3,283,375)	(3,053,845)	(2,420,810)	(2,594,014)	(2,883,951)
<b>Total other financing sources (uses)</b>	<b>(3,081,810)</b>	<b>(3,053,845)</b>	<b>(2,420,810)</b>	<b>(2,531,303)</b>	<b>(2,883,951)</b>
<b>Net changes in fund balances</b>	<b>\$ 137,581</b>	<b>\$ 16,276</b>	<b>\$ 1,507,268</b>	<b>\$ 4,617,517</b>	<b>\$ 1,531,642</b>

concluded.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**

Schedule 6  
Unaudited

**■ Assessed and Taxable Value of Property**

Last Ten Fiscal Years

*(in thousands of dollars)*

<b>Fiscal Year Ended June 30,</b>	<b>Tax Year</b>	<b>Valued as of December 31,</b>	<b>(1) Total Assessed Value (S.E.V.)</b>	<b>Taxable Value</b>	
				<b>Real Property</b>	<b>Personal Property</b>
2022	2021	2020	\$ 1,375,375,519	\$ 1,163,656,168	\$ 124,748,999
2021	2020	2019	1,329,501,813	1,136,179,631	129,844,418
2020	2019	2018	1,281,987,110	1,104,909,615	148,389,245
2019	2018	2017	1,257,426,739	1,076,813,647	155,035,548
2018	2017	2016	1,394,675,388	1,063,247,903	150,132,197
2017	2016	2015	1,374,803,682	1,056,829,386	162,533,256
2016	2015	2014	1,597,755,968	1,058,229,131	331,368,399
2015	2014	2013	1,580,734,432	1,071,816,975	323,079,746
2014	2013	2012	1,601,470,703	1,090,543,166	321,394,012
2013	2012	2011	1,672,651,855	1,125,760,929	324,590,974

continued...

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 6  
Unaudited

## ■ Assessed and Taxable Value of Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30,	Taxable Value			Total Estimated Actual Value of Taxable Property	Total Direct Tax Rate
	(2) Industrial Facilities	(2) Neighborhood Enterprise Zone	Total		
2022	\$ 21,890,719	\$ 187,103	\$ 1,310,482,989	\$ 2,750,751,038	15.7650
2021	25,109,886	30,138	1,291,164,073	2,659,003,626	15.9340
2020	32,840,820	40,104	1,286,179,784	2,563,974,220	15.9340
2019	51,542,516	40,104	1,283,431,815	2,514,853,478	15.7490
2018	58,777,497	52,084	1,272,209,681	2,789,350,776	15.7490
2017	67,913,737	52,084	1,287,328,463	2,749,607,364	15.4190
2016	149,463,733	52,084	1,539,113,347	3,195,511,936	14.7360
2015	146,581,873	62,440	1,541,541,034	3,161,468,864	14.7360
2014	143,777,085	96,372	1,555,810,635	3,202,941,406	14.7360
2013	163,610,573	149,072	1,614,111,548	3,345,303,710	14.7360

concluded.

**Notes:** Property in the City of Battle Creek is assessed every year representing approximately 50% of the actual value for all real and personal property. Taxable value is the figure used to calculate property taxes. The taxable value is limited to annual increases of 5% or the State of Michigan Consumer Price Index, whichever is less, except if a property is sold. The assessed value becomes the taxable value in the year following a sale. Property taxes are levied July 1 of the succeeding fiscal year based on taxable values as of December 31.

(1) Assessed value is ad valorem property only and does not include tax abated properties (see #2 below).

(2) Represents current values of tax abated properties.

Source: City of Battle Creek Assessor's Office.

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 7  
 Unaudited

**■ Direct and Overlapping Property Tax Rates**

Last Ten Fiscal Years

(rate per \$1,000 of taxable value)

Fiscal Year Ended June 30,	Levied July 1,	(1) City of Battle Creek			Total Direct Rate	Battle Creek Public Schools	State Education Tax
		Operating	Debt	Pension			
2022	2021	9.4870	0.5000	5.7780	15.7650	24.0000	6.0000
2021	2020	9.4870	0.5000	5.9470	15.9340	24.0000	6.0000
2020	2019	9.8460	0.5000	5.5880	15.9340	24.0000	6.0000
2019	2018	9.8460	0.5000	5.4030	15.7490	24.0000	6.0000
2018	2017	10.2400	0.5000	5.0090	15.7490	24.0000	6.0000
2017	2016	10.2400	0.5000	4.6790	15.4190	24.0000	6.0000
2016	2015	10.2400	-	4.4960	14.7360	24.3200	6.0000
2015	2014	10.3070	-	4.4290	14.7360	24.6000	6.0000
2014	2013	10.6480	-	4.0880	14.7360	24.8500	6.0000
2013	2012	10.9270	-	3.8090	14.7360	24.3400	6.0000

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 7  
 Unaudited

**■ Direct and Overlapping Property Tax Rates**

Last Ten Fiscal Years

(rate per \$1,000 of taxable value)

Fiscal Year Ended June 30,	Calhoun Intermediate School District	Kellogg Community College	District Library	County	Totals	
					Non-Homestead	Homestead (2)
2022	6.2057	3.6136	2.0000	6.6713	64.2556	46.2556
2021	6.2057	3.6136	2.0000	6.6713	64.4246	46.4246
2020	6.2057	3.6136	2.0000	6.4713	64.2246	46.2246
2019	6.2057	3.6136	2.0000	6.4713	64.0396	46.0396
2018	6.2057	3.6136	2.0000	6.4713	64.0396	46.0396
2017	6.2057	3.6136	2.0000	6.4713	63.7096	45.7096
2016	6.2057	3.6136	2.0000	6.4713	63.3466	45.3466
2015	6.2057	3.6136	2.0000	6.4713	63.6266	45.6266
2014	6.2057	3.6136	2.0000	6.4713	63.8766	45.8766
2013	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636

(1) Approximately 2/3 of the City's taxable value is contained in Battle Creek School District. Four other school districts overlap into the geographical boundaries of the City. The millage rates for these other school districts are approximately equivalent to Battle Creek School District's.

(2) Passage of Proposal A in 1994 reduced operating millage for Michigan public schools to 18 mills for non-homestead properties and exempted homestead properties. Both homestead and non-homestead properties are subject to the State Education Tax of 6 mills as well as any debt service levy.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 8  
Unaudited**Principal Property Taxpayers**

Current Year and Nine Years Ago

Taxpayer	2013		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 141,254,130	1	8.75%
Consumers Energy	28,699,165	5	1.78%
Semco Energy Inc.	12,948,679	9	0.80%
Denso Manufacturing MI Inc.	76,976,463	2	4.77%
Post Foods LLC	49,686,225	3	3.08%
EI-AD Arbor of Battle Creek	-	-	0.00%
Edward Rose Development Co.	-	-	0.00%
Lakeview Square LLC	-	-	0.00%
Conagra Foods Inc.	14,930,786	8	0.93%
Prairie Farms Dairy Inc.	-	-	0.00%
Musashi Auto Parts-Michigan Inc.	34,944,216	4	2.16%
II Stanley Co Inc.	19,212,764	6	1.19%
TRMI Inc.	17,006,217	7	1.05%
Graphic Packaging International	10,476,285	10	0.65%
	<u>\$ 406,134,930</u>		<u>25.16%</u>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 8  
Unaudited**Principal Property Taxpayers**

Current Year and Nine Years Ago

Taxpayer	2022		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 54,350,829	1	4.15%
Consumers Energy	42,112,843	2	3.21%
Semco Energy Inc.	18,033,713	3	1.38%
Denso Manufacturing MI Inc.	11,365,948	4	0.87%
Post Foods LLC	10,695,409	5	0.82%
Arbors of Battle Creek	6,983,428	6	0.53%
Edward Rose Development Co.	6,635,537	7	0.51%
Lakeview Square LLC	6,193,367	8	0.47%
Battle Creek Owner 1 LLC ET AL	5,957,973	9	0.45%
Prairie Farms Dairy Inc.	4,835,491	10	0.37%
Musashi Auto Parts-Michigan Inc.	-	-	0.00%
5775 Beckley Road Holdings LLC	-	-	0.00%
Pacific Coast Packaging Corp	-	-	0.00%
Graphic Packaging International	-	-	0.00%
	<hr/>	<hr/>	<hr/>
	<u>\$ 167,164,538</u>		<u>12.76%</u>

concluded.

Source: City of Battle Creek Assessor's Office.

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**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 9  
 Unaudited

**Property Tax Levies and Collections**

Last Ten Fiscal Years

Year			Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date		
	Taxes Levied for the Fiscal Year	Amount	% of Levy	Amount		% of Levy		
2022	\$ 20,243,933	\$ 20,223,428	99.90%	\$ 3,364	\$ 20,226,792	99.92%		
2021	20,170,957	20,150,624	99.90%	7,570	20,158,194	99.94%		
2020	20,052,215	20,013,011	99.80%	408	20,013,419	99.81%		
2019	19,568,359	19,528,723	99.80%	2,090	19,530,813	99.81%		
2018	19,173,957	19,127,382	99.76%	580	19,127,962	99.76%		
2017	18,905,774	18,872,333	99.82%	3,248	18,875,581	99.84%		
2016	20,813,769	20,779,353	99.83%	8,403	20,787,756	99.88%		
2015	20,686,120	20,672,222	99.93%	1,967	20,674,189	99.94%		
2014	21,005,303	20,940,399	99.69%	4,911	20,945,310	99.71%		
2013	21,447,205	21,408,738	99.82%	3,195	21,411,933	99.84%		

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 10  
 Unaudited

**■ Number of Water System Customers by User Class**

Last Ten Fiscal Years

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	14,814	14,791	14,765	14,757	14,771
Commercial (1)	1,622	1,628	1,617	1,619	1,634
Industrial	129	132	131	130	126
	<u>16,565</u>	<u>16,551</u>	<u>16,513</u>	<u>16,506</u>	<u>16,531</u>
<b>Outside City</b>					
Emmett Township	669	669	668	675	699
Bedford Township	438	430	426	420	428
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,107</u>	<u>1,099</u>	<u>1,094</u>	<u>1,095</u>	<u>1,127</u>
<b>Totals</b>	<b><u>17,672</u></b>	<b><u>17,650</u></b>	<b><u>17,607</u></b>	<b><u>17,601</u></b>	<b><u>17,658</u></b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 10  
Unaudited

## ■ Number of Water System Customers by User Class

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	14,754	14,791	14,806	14,967	14,979
Commercial (1)	1,646	1,671	1,650	1,511	1,562
Industrial	126	124	123	123	125
	<b>16,526</b>	<b>16,586</b>	<b>16,579</b>	<b>16,601</b>	<b>16,666</b>
<b>Outside City</b>					
Emmett Township	708	714	714	714	817
Bedford Township	428	429	430	429	437
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<b>1,136</b>	<b>1,143</b>	<b>1,144</b>	<b>1,144</b>	<b>1,254</b>
<b>Totals</b>	<b>17,662</b>	<b>17,729</b>	<b>17,723</b>	<b>17,745</b>	<b>17,920</b>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 11  
 Unaudited

**■ Number of Water System Customers by User Class as a Percent of Total**

Last Ten Fiscal Years

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	83.83%	83.80%	83.86%	83.84%	83.65%
Commercial	9.18%	9.22%	9.18%	9.20%	9.25%
Industrial	0.72%	0.75%	0.74%	0.74%	0.71%
	<u>93.73%</u>	<u>93.77%</u>	<u>93.79%</u>	<u>93.78%</u>	<u>93.62%</u>
<b>Outside City</b>					
Emmett Township	3.79%	3.79%	3.79%	3.84%	3.96%
Bedford Township	2.48%	2.44%	2.42%	2.39%	2.42%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>6.27%</u>	<u>6.23%</u>	<u>6.21%</u>	<u>6.22%</u>	<u>6.38%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 11  
Unaudited**■ Number of Water System Customers by User Class as a Percent of Total**

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	83.54%	83.43%	83.54%	84.35%	83.58%
Commercial	9.32%	9.43%	9.31%	8.52%	8.72%
Industrial	0.71%	0.70%	0.69%	0.69%	0.70%
	<u>93.57%</u>	<u>93.55%</u>	<u>93.54%</u>	<u>93.56%</u>	<u>93.00%</u>
<b>Outside City</b>					
Emmett Township	4.01%	4.03%	4.03%	4.02%	4.56%
Bedford Township	2.42%	2.42%	2.43%	2.42%	2.44%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>6.43%</u>	<u>6.45%</u>	<u>6.46%</u>	<u>6.44%</u>	<u>7.00%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

concluded.

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 12  
 Unaudited

**Water System Revenues by User Class**

Last Ten Fiscal Years

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	\$ 3,410,041	\$ 3,403,962	\$ 3,478,565	\$ 3,575,598	\$ 3,724,145
Commercial (1)	2,099,206	2,092,311	2,028,652	2,243,876	2,124,857
Industrial	<u>2,005,796</u>	<u>2,133,970</u>	<u>2,179,161</u>	<u>2,367,369</u>	<u>1,939,402</u>
	<u>7,515,043</u>	<u>7,630,243</u>	<u>7,686,378</u>	<u>8,186,843</u>	<u>7,788,404</u>
<b>Outside City</b>					
Emmett Township	495,823	610,684	626,495	689,318	695,064
Bedford Township	101,866	92,695	98,325	100,731	99,809
East Leroy Township	34,188	19,460	12,481	13,024	11,817
Springfield City	275,733	333,441	272,671	266,165	290,922
Pennfield Township	<u>55,498</u>	<u>29,619</u>	<u>27,805</u>	<u>29,562</u>	<u>35,524</u>
	<u>963,108</u>	<u>1,085,899</u>	<u>1,037,776</u>	<u>1,098,800</u>	<u>1,133,136</u>
<b>Totals</b>	<b><u>\$ 8,478,151</u></b>	<b><u>\$ 8,716,142</u></b>	<b><u>\$ 8,724,154</u></b>	<b><u>\$ 9,285,643</u></b>	<b><u>\$ 8,921,540</u></b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 12  
Unaudited

## ■ Water System Revenues by User Class

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	\$ 3,826,075	\$ 3,871,053	\$ 3,953,830	\$ 4,172,430	\$ 4,081,396
Commercial (1)	2,102,968	2,150,138	2,140,818	2,300,744	2,403,260
Industrial	1,579,649	1,651,605	1,777,862	1,882,016	1,926,006
	<u>7,508,692</u>	<u>7,672,796</u>	<u>7,872,510</u>	<u>8,355,190</u>	<u>8,410,662</u>
<b>Outside City</b>					
Emmett Township	709,973	742,075	693,906	777,471	796,067
Bedford Township	105,058	107,763	108,217	113,524	112,871
East Leroy Township	11,156	12,989	13,086	15,133	14,923
Springfield City	224,405	228,116	162,726	285,116	259,948
Pennfield Township	44,202	46,033	44,912	66,279	50,295
	<u>1,094,794</u>	<u>1,136,976</u>	<u>1,022,847</u>	<u>1,257,523</u>	<u>1,234,104</u>
<b>Totals</b>	<b><u>\$ 8,603,486</u></b>	<b><u>\$ 8,809,772</u></b>	<b><u>\$ 8,895,357</u></b>	<b><u>\$ 9,612,713</u></b>	<b><u>\$ 9,644,766</u></b>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 13  
 Unaudited

**Water System Revenues by User Class as a Percent of Total Revenue**

Last Ten Fiscal Years

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	40.22%	39.05%	39.87%	38.51%	41.74%
Commercial (1)	24.76%	24.01%	23.25%	24.17%	23.82%
Industrial	23.66%	24.48%	24.98%	25.49%	21.74%
	<u>88.64%</u>	<u>87.54%</u>	<u>88.10%</u>	<u>88.17%</u>	<u>87.30%</u>
<b>Outside City</b>					
Emmett Township	5.85%	7.01%	7.18%	7.42%	7.79%
Bedford Township	1.20%	1.06%	1.13%	1.08%	1.12%
East Leroy Township	0.40%	0.22%	0.14%	0.14%	0.13%
Springfield City	3.25%	3.83%	3.13%	2.87%	3.26%
Pennfield Township	0.66%	0.34%	0.32%	0.32%	0.40%
	<u>11.36%</u>	<u>12.46%</u>	<u>11.90%</u>	<u>11.83%</u>	<u>12.70%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

continued...

## CITY OF BATTLE CREEK, MICHIGAN

Schedule 13  
Unaudited

### ■ Water System Revenues by User Class as a Percent of Total Revenue

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	44.47%	43.94%	44.45%	43.41%	42.32%
Commercial (1)	24.44%	24.41%	24.07%	23.93%	24.92%
Industrial	18.36%	18.75%	19.98%	19.57%	19.97%
	<u>87.27%</u>	<u>87.09%</u>	<u>88.50%</u>	<u>86.91%</u>	<u>87.21%</u>
<b>Outside City</b>					
Emmett Township	8.25%	8.42%	7.80%	8.09%	8.25%
Bedford Township	1.22%	1.22%	1.22%	1.18%	1.17%
East Leroy Township	0.13%	0.15%	0.15%	0.16%	0.15%
Springfield City	2.61%	2.59%	1.83%	2.97%	2.70%
Pennfield Township	0.51%	0.52%	0.50%	0.69%	0.52%
	<u>12.73%</u>	<u>12.91%</u>	<u>11.50%</u>	<u>13.09%</u>	<u>12.79%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 14  
Unaudited**■ Water System Sales Volume by User Class (Cubic Feet)**

Last Ten Fiscal Years

Type of User	2013	2014	2015 (2)	2016 (2)	2017
<b>In-City</b>					
Residential	128,321,154	113,821,573	105,232,458	96,499,847	109,281,509
Commercial (1)	108,996,437	101,258,848	91,052,374	95,356,781	90,252,021
Industrial	130,981,050	131,575,143	127,625,133	127,002,299	113,625,946
	<u>368,298,641</u>	<u>346,655,564</u>	<u>323,909,965</u>	<u>318,858,927</u>	<u>313,159,476</u>
<b>Outside City</b>					
Emmett Township	22,861,381	25,097,179	23,111,371	23,441,862	25,738,764
Bedford Township	3,989,779	3,281,149	3,127,698	2,888,704	2,820,489
Springfield City	20,452,628	18,474,474	16,888,944	16,888,943	17,389,269
Pennfield Township	2,238,500	2,223,900	2,123,500	2,164,000	2,199,500
	<u>49,542,288</u>	<u>49,076,702</u>	<u>45,251,513</u>	<u>45,383,509</u>	<u>48,148,022</u>
<b>Totals</b>	<b><u>417,840,929</u></b>	<b><u>395,732,266</u></b>	<b><u>369,161,478</u></b>	<b><u>364,242,436</u></b>	<b><u>361,307,498</u></b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 14  
Unaudited

## ■ Water System Sales Volume by User Class (Cubic Feet)

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	106,630,876	103,873,324	101,247,759	110,045,782	102,042,992
Commercial (1)	89,941,367	85,985,666	80,523,471	83,408,109	89,389,011
Industrial	102,822,926	104,534,592	110,750,621	117,380,631	116,848,702
	<u>299,395,169</u>	<u>294,393,582</u>	<u>292,521,851</u>	<u>310,834,522</u>	<u>308,280,705</u>
<b>Outside City</b>					
Emmett Township	27,512,531	29,987,370	23,612,244	25,784,938	27,049,787
Bedford Township	3,110,360	3,090,877	2,717,530	2,894,348	2,786,151
Springfield City	17,243,502	16,925,328	19,146,343	18,010,490	18,364,274
Pennfield Township	2,255,800	2,218,600	2,213,400	2,157,900	2,521,800
	<u>50,122,193</u>	<u>52,222,175</u>	<u>47,689,517</u>	<u>48,847,676</u>	<u>50,722,012</u>
<b>Totals</b>	<b><u>349,517,362</u></b>	<b><u>346,615,757</u></b>	<b><u>340,211,368</u></b>	<b><u>359,682,198</u></b>	<b><u>359,002,717</u></b>

concluded.

(1) This class includes commercial and governmental users.

(2) Installation of new read system causing negative usage from non-working transmitters not yet changed out but did not impact charges; two-year phase in for In-City, Emmett Township & Bedford Township

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 15  
Unaudited**Water System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)**

Last Ten Fiscal Years

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	30.71%	28.76%	28.51%	26.49%	30.25%
Commercial (1)	26.09%	25.59%	24.66%	26.18%	24.98%
Industrial	31.35%	33.25%	34.57%	34.87%	31.45%
	<u>88.15%</u>	<u>87.60%</u>	<u>87.74%</u>	<u>87.54%</u>	<u>86.67%</u>
<b>Outside City</b>					
Emmett Township	5.47%	6.34%	6.26%	6.44%	7.12%
Bedford Township	0.95%	0.83%	0.85%	0.79%	0.78%
Springfield City	4.89%	4.67%	4.57%	4.64%	4.81%
Pennfield Township	0.54%	0.56%	0.58%	0.59%	0.61%
	<u>11.85%</u>	<u>12.40%</u>	<u>12.26%</u>	<u>12.46%</u>	<u>13.33%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

continued...

## CITY OF BATTLE CREEK, MICHIGAN

Schedule 15  
Unaudited

### ■ Water System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	30.51%	29.97%	29.76%	30.60%	28.42%
Commercial (1)	25.73%	24.81%	23.67%	23.19%	24.90%
Industrial	29.42%	30.16%	32.55%	32.63%	32.55%
	<u>85.66%</u>	<u>84.93%</u>	<u>85.98%</u>	<u>86.42%</u>	<u>85.87%</u>
<b>Outside City</b>					
Emmett Township	7.87%	8.65%	6.94%	7.17%	7.53%
Bedford Township	0.89%	0.89%	0.80%	0.80%	0.78%
Springfield City	4.93%	4.88%	5.63%	5.01%	5.12%
Pennfield Township	0.65%	0.64%	0.65%	0.60%	0.70%
	<u>14.34%</u>	<u>15.07%</u>	<u>14.02%</u>	<u>13.58%</u>	<u>14.13%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 16  
Unaudited**■ Water Pumped and Sold (Cubic Feet)**

Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Pumped	Percent Increase (Decrease)	Water Sold	Percent Increase (Decrease)	Water Sold as a % of Water Pumped
2022	412,030,748	-0.31%	359,002,717	-0.19%	87.13%
2021	413,315,508	0.20%	359,682,198	5.72%	87.02%
2020	412,501,337	-2.05%	340,211,368	-1.85%	82.48%
2019	421,137,701	-7.23%	346,615,757	-0.83%	82.30%
2018	453,945,187	-0.51%	349,517,362	-3.26%	77.00%
2017	456,264,706	-2.34%	361,307,498	-0.81%	79.19%
2016	467,175,134	1.93%	364,242,436	-1.33%	77.97%
2015	458,343,805	-3.76%	369,161,478	-6.71%	80.54%
2014	476,232,936	-0.45%	395,732,266	-5.29%	83.10%
2013	478,366,477	-6.11%	417,840,929	8.08%	87.35%

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 17  
 Unaudited

**Water Revenues and Usage - Major Customers**

Fiscal Year Ended June 30, 2022

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Post Foods	Breakfast Foods	30,651,065	8.54%	\$ 453,719	4.70%
Kellogg Company - Plant	Breakfast Foods	29,970,799	8.35%	430,187	4.46%
Prairie Farms Dairy	Dairy Processing	12,905,958	3.59%	195,438	2.03%
Graphic Packaging/MI Paperboard	Paper Mill	12,123,300	3.38%	182,141	1.89%
Fire Keepers Casino	Gambling/Entertainment	8,591,100	2.39%	172,572	1.79%
Westrock California LLC	Paperboard	8,035,116	2.24%	82,691	0.86%
Denso Mfg - Michigan	Automotive Parts	4,677,149	1.30%	97,292	1.01%
VA Medical Center - Hospital	Medical Services	4,416,565	1.23%	104,078	1.08%
Bronson Battle Creek	Medical Services	4,293,600	1.20%	92,384	0.96%
Calhoun County Justice Center	Government-Jails/Courts	2,967,201	0.83%	48,270	0.50%
Rolling Hills Mobile Home Community	Mobile Home	2,861,800	0.80%	42,443	0.44%
City of Battle Creek - WWTP	Government	2,754,300	0.77%	44,590	0.46%
Bowers Aluminum Co	Aluminum Parts	2,217,798	0.62%	32,504	0.34%
Advantage Sintered Metals	Automotive Parts	1,703,561	0.47%	28,022	0.29%
Gallagher Laundry	Laundry	1,670,031	0.47%	28,610	0.30%
Silver Star Apts	Apartment Complex	1,446,080	0.40%	24,784	0.26%
Musashi Auto Parts Inc	Automotive Parts	1,442,500	0.40%	35,009	0.36%
Kellogg Company - Research	Food Research	1,325,082	0.37%	28,625	0.30%
Parkway Manor	Apartment Complex	1,160,700	0.32%	23,613	0.24%
<b>Totals</b>		<b><u>135,213,705</u></b>	<b><u>37.66%</u></b>	<b><u>\$ 2,146,972</u></b>	<b><u>22.26%</u></b>

Source: City of Battle Creek Treasurer's Office

## CITY OF BATTLE CREEK, MICHIGAN

### Current Water Rates

Last Ten Fiscal Years

Monthly Water Commodity Charge (1)									
(Fiscal Year Ending June 30)									
	2013	2014	2015	2016	2017 (4)				
<b>Inside City</b>									
0 to 4,410,000	\$ 1.46	\$ 1.53	\$ 1.60	\$ 1.68	\$ 1.16				
4,410,001 to 11,000,000	0.71	0.74	0.78	0.82	1.16				
Over 11,000,000	1.07	1.12	1.18	1.24	1.16				
<b>Outside City (bulk rate)</b>									
Pennfield Township	1.06	1.11	1.17	1.23	1.78				
Springfield City	1.46	1.53	1.60	1.68	1.16				
Monthly Readiness-to-Serve Charge (2)									
(Fiscal Year Ending June 30)									
	2013	2014	2015	2016	2017 (4)				
<b>Inside City</b>									
5/8"	\$ 8.37	\$ 8.79	\$ 9.23	\$ 9.69	\$ 12.19				
3/4" or less	10.50	11.02	11.57	12.15	16.94				
1"	14.74	15.48	16.25	17.06	26.43				
1.5"	25.35	26.61	27.94	29.34	50.15				
2"	38.08	39.98	41.98	44.08	78.63				
3"	67.79	71.18	74.74	78.48	145.06				
4"	110.24	115.75	121.54	127.62	239.97				
6"	216.35	227.17	238.53	250.46	477.25				
8"	343.69	360.88	378.92	397.87	761.98				
10"	492.26	516.87	542.71	569.85	1,094.16				
Monthly Fire Sprinkler Charges (3)									
(Fiscal Year Ending June 30)									
	2013	2014	2015	2016	2017 (4)				
<b>Inside City</b>									
2"	\$ 6.25	\$ 6.56	\$ 6.89	\$ 7.24	\$ 7.60				
3"	11.71	12.29	12.91	13.55	14.23				
4"	19.54	20.51	21.54	22.62	23.75				
6"	39.04	40.99	43.04	45.19	47.45				
8"	62.49	65.61	68.89	72.34	75.96				
10"	89.83	94.32	99.04	103.99	109.19				

(1) Rate per 100 cubic feet.

(2) Rate based on meter size; Outside City rates are set by contract.

(3) Rate based on connection size; Outside City rates are set by contract.

(4) Rate effective 1/1/2017

Source: City of Battle Creek Treasurer's Office

Schedule 18  
Unaudited

**Monthly Water Commodity Charge (1)**

(Fiscal Year Ending June 30)

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	1.20	\$ 1.24	\$ 1.27	\$ 1.31	\$ 1.45
	1.20	1.24	1.27	1.31	1.45
	1.20	1.24	1.27	1.31	1.45
	1.78	1.78	1.78	1.86	1.86
	1.20	1.24	1.31	1.39	1.39

**Monthly Readiness-to-Serve Charge (2)**

(Fiscal Year Ending June 30)

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	12.51	\$ 12.51	\$ 13.15	\$ 13.47	\$ 13.28
	17.35	17.76	18.18	18.59	18.85
	27.02	27.62	28.23	28.82	29.98
	51.22	52.28	53.35	54.42	57.82
	80.25	81.87	83.50	85.13	91.22
	147.99	150.92	153.86	156.79	169.16
	244.77	249.56	254.36	259.16	280.50
	486.71	496.16	505.63	515.08	558.85
	777.03	792.08	807.14	822.20	892.86
	1,115.74	1,137.32	1,158.91	1,180.49	1,282.55

**Monthly Fire Sprinkler Charges (3)**

(Fiscal Year Ending June 30)

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	7.98	\$ 8.38	\$ 8.80	\$ 9.24	\$ 10.39
	14.94	15.69	16.47	17.29	19.49
	24.94	26.19	27.49	28.87	32.48
	49.82	52.31	54.93	57.68	64.97
	79.75	83.74	87.93	92.33	103.95
	114.65	120.38	126.40	132.72	149.42

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 19  
Unaudited**■ Number of Wastewater System Customers by User Class**

Last Ten Fiscal Years

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	15,812	15,785	15,745	15,734	15,740
Commercial (1)	1,570	1,576	1,570	1,580	1,583
Industrial	119	122	121	120	117
	<u>17,501</u>	<u>17,483</u>	<u>17,436</u>	<u>17,434</u>	<u>17,440</u>
<b>Outside City</b>					
Emmett Township	1,660	1,683	1,681	1,685	1,688
Bedford Township	563	553	549	543	551
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,223</u>	<u>2,236</u>	<u>2,230</u>	<u>2,228</u>	<u>2,239</u>
<b>Totals</b>	<b><u>19,724</u></b>	<b><u>19,719</u></b>	<b><u>19,666</u></b>	<b><u>19,662</u></b>	<b><u>19,679</u></b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 19  
Unaudited**Number of Wastewater System Customers by User Class**

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	15,707	15,735	15,764	15,945	15,892
Commercial (1)	1,613	1,631	1,615	1,471	1,476
Industrial	118	116	116	116	117
	<u>17,438</u>	<u>17,482</u>	<u>17,495</u>	<u>17,532</u>	<u>17,485</u>
<b>Outside City</b>					
Emmett Township	1,686	1,690	1,688	1,687	1,797
Bedford Township	551	554	555	557	562
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,237</u>	<u>2,244</u>	<u>2,243</u>	<u>2,244</u>	<u>2,359</u>
<b>Totals</b>	<b><u>19,675</u></b>	<b><u>19,726</u></b>	<b><u>19,738</u></b>	<b><u>19,776</u></b>	<b><u>19,844</u></b>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

Schedule 20  
Unaudited

**■ Wastewater System Customers by User Class as a Percent of Total**

Last Ten Fiscal Years Ended June 30, 2022

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	80.17%	80.05%	80.06%	80.02%	79.98%
Commercial (1)	7.96%	7.99%	7.98%	8.04%	8.04%
Industrial	0.60%	0.62%	0.62%	0.61%	0.59%
	<u>88.73%</u>	<u>88.66%</u>	<u>88.66%</u>	<u>88.67%</u>	<u>88.62%</u>
<b>Outside City</b>					
Emmett Township	8.42%	8.53%	8.55%	8.57%	8.58%
Bedford Township	2.85%	2.80%	2.79%	2.76%	2.80%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>11.27%</u>	<u>11.34%</u>	<u>11.34%</u>	<u>11.33%</u>	<u>11.38%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

Schedule 20  
Unaudited

**■ Wastewater System Customers by User Class as a Percent of Total**

Last Ten Fiscal Years Ended June 30, 2022

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	79.83%	79.77%	79.87%	80.63%	80.08%
Commercial (1)	8.20%	8.27%	8.18%	7.44%	7.44%
Industrial	0.60%	0.59%	0.59%	0.59%	0.59%
	<u>88.63%</u>	<u>88.62%</u>	<u>88.64%</u>	<u>88.65%</u>	<u>88.11%</u>
<b>Outside City</b>					
Emmett Township	8.57%	8.57%	8.55%	8.53%	9.06%
Bedford Township	2.80%	2.81%	2.81%	2.82%	2.83%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>11.37%</u>	<u>11.38%</u>	<u>11.36%</u>	<u>11.35%</u>	<u>11.89%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 21  
 Unaudited

**■ Wastewater System Revenues by User Class**

Last Ten Fiscal Years

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	\$ 4,450,077	\$ 4,764,798	\$ 4,941,109	\$ 5,139,653	\$ 5,148,865
Commercial (1)	2,385,212	2,592,433	2,576,867	2,771,042	2,841,250
Industrial	<u>5,815,387</u>	<u>5,564,090</u>	<u>6,810,953</u>	<u>7,429,068</u>	<u>6,115,683</u>
	<u>12,650,676</u>	<u>12,921,321</u>	<u>14,328,929</u>	<u>15,339,763</u>	<u>14,105,798</u>
<b>Outside City</b>					
Emmett Township	905,189	1,087,836	1,137,984	1,221,559	1,090,616
Bedford Township	130,388	228,892	241,437	248,684	211,904
East Leroy Township	35,571	16,971	11,468	11,988	11,036
Springfield City	557,175	586,192	595,998	582,021	696,193
Pennfield Township	<u>545,549</u>	<u>551,887</u>	<u>570,497</u>	<u>621,812</u>	<u>550,298</u>
	<u>2,173,872</u>	<u>2,471,778</u>	<u>2,557,384</u>	<u>2,686,064</u>	<u>2,560,047</u>
<b>Totals</b>	<b><u>\$ 14,824,548</u></b>	<b><u>\$ 15,393,099</u></b>	<b><u>\$ 16,886,313</u></b>	<b><u>\$ 18,025,827</u></b>	<b><u>\$ 16,665,845</u></b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 21  
 Unaudited

**■ Wastewater System Revenues by User Class**

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	\$ 5,432,302	\$ 5,637,868	\$ 5,869,353	\$ 6,238,700	\$ 6,712,516
Commercial (1)	3,132,960	2,961,203	3,242,680	3,490,002	3,894,797
Industrial	5,908,955	5,833,930	7,136,176	7,775,654	8,257,019
	<u>14,474,217</u>	<u>14,433,001</u>	<u>16,248,209</u>	<u>17,504,356</u>	<u>18,864,332</u>
<b>Outside City</b>					
Emmett Township	1,026,430	1,081,177	1,202,641	1,418,201	1,740,245
Bedford Township	190,646	229,160	259,229	279,514	348,949
East Leroy Township	11,085	13,613	13,978	16,936	19,172
Springfield City	487,718	573,952	502,982	714,152	873,456
Pennfield Township	489,705	557,253	622,752	603,539	832,539
	<u>2,205,584</u>	<u>2,455,155</u>	<u>2,601,582</u>	<u>3,032,342</u>	<u>3,814,361</u>
<b>Totals</b>	<b><u>\$ 16,679,801</u></b>	<b><u>\$ 16,888,156</u></b>	<b><u>\$ 18,849,791</u></b>	<b><u>\$ 20,536,698</u></b>	<b><u>\$ 22,678,693</u></b>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 22  
 Unaudited

**Wastewater System Revenues by User Class as a Percent of Total Revenue**

Last Ten Fiscal Years

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	30.02%	30.95%	29.26%	28.51%	30.89%
Commercial (1)	16.09%	16.84%	15.26%	15.37%	17.05%
Industrial	39.23%	36.15%	40.33%	41.21%	36.70%
	<u>85.34%</u>	<u>83.94%</u>	<u>84.86%</u>	<u>85.10%</u>	<u>84.64%</u>
<b>Outside City</b>					
Emmett Township	6.11%	7.07%	6.74%	6.78%	6.54%
Bedford Township	0.88%	1.49%	1.43%	1.38%	1.27%
East Leroy Township	0.24%	0.11%	0.07%	0.07%	0.07%
Springfield City	3.76%	3.81%	3.53%	3.23%	4.18%
Pennfield Township	3.68%	3.59%	3.38%	3.45%	3.30%
	<u>14.66%</u>	<u>16.06%</u>	<u>15.14%</u>	<u>14.90%</u>	<u>15.36%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 22  
 Unaudited

**Wastewater System Revenues by User Class as a Percent of Total Revenue**

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	32.57%	33.38%	31.14%	30.38%	29.60%
Commercial (1)	18.78%	17.53%	17.20%	16.99%	17.17%
Industrial	35.43%	34.54%	37.86%	37.86%	36.41%
	<u>86.78%</u>	<u>85.46%</u>	<u>86.20%</u>	<u>85.23%</u>	<u>83.18%</u>
<b>Outside City</b>					
Emmett Township	6.15%	6.40%	6.38%	6.91%	7.67%
Bedford Township	1.14%	1.36%	1.38%	1.36%	1.54%
East Leroy Township	0.07%	0.08%	0.07%	0.08%	0.08%
Springfield City	2.92%	3.40%	2.67%	3.48%	3.85%
Pennfield Township	2.94%	3.30%	3.30%	2.94%	3.67%
	<u>13.22%</u>	<u>14.54%</u>	<u>13.80%</u>	<u>14.77%</u>	<u>16.82%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

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**CITY OF BATTLE CREEK, MICHIGAN**Schedule 23  
Unaudited**■ Wastewater System Ten Year History of Volumes**

Fiscal Year Ended June 30,	Total Customers	Total Annual Amount of Sewer Treatment Sold (000,000's Gallons)	Total Annual Amount of Sewer Treated (000,000's Gallons)
2022	19,844	2,233	3,283
2021	19,776	2,176	2,901
2020	19,738	2,110	3,285
2019	19,726	2,205	3,164
2018	19,675	2,182	3,237
2017	19,679	2,200	3,165
2016	19,662	2,237	3,158
2015	19,666	2,216	3,127
2014	19,719	2,287	3,233
2013	19,724	2,356	3,043

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 24  
 Unaudited

**Wastewater System Sales Volume by User Class (Cubic Feet)**

Last Ten Fiscal Years

Type of User	2013	2014	2015 (2)	2016 (2)	2017
<b>In-City</b>					
Residential	121,420,791	118,523,455	111,516,777	109,037,746	114,331,877
Commercial (1)	79,329,661	80,966,406	74,033,282	80,135,131	76,958,752
Industrial	43,565,656	37,475,733	43,364,117	41,786,764	33,223,800
	<u>244,316,108</u>	<u>236,965,594</u>	<u>228,914,176</u>	<u>230,959,641</u>	<u>224,514,429</u>
<b>Outside City</b>					
Emmett Township	32,937,121	32,620,458	30,937,747	31,523,803	32,901,531
Bedford Township	5,866,583	5,462,014	5,251,629	5,014,441	6,382,474
Springfield City	16,822,846	16,791,021	16,858,507	16,326,066	15,711,208
Pennfield Township	14,984,100	14,855,300	15,111,650	15,230,642	14,531,008
	<u>70,610,650</u>	<u>69,728,793</u>	<u>68,159,533</u>	<u>68,094,952</u>	<u>69,526,221</u>
<b>Totals</b>	<b><u>314,926,758</u></b>	<b><u>306,694,387</u></b>	<b><u>297,073,709</u></b>	<b><u>299,054,593</u></b>	<b><u>294,040,650</u></b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 24  
 Unaudited

**Wastewater System Sales Volume by User Class (Cubic Feet)**

Last Ten Fiscal Years

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	112,157,156	109,764,654	107,918,337	116,380,311	108,527,081
Commercial (1)	75,611,297	75,207,462	68,801,690	67,770,882	76,004,504
Industrial	33,052,416	38,215,999	39,091,900	39,625,132	41,960,342
	<u>220,820,869</u>	<u>223,188,115</u>	<u>215,811,927</u>	<u>223,776,325</u>	<u>226,491,927</u>
<b>Outside City</b>					
Emmett Township	33,767,468	35,373,893	30,081,969	30,875,709	32,960,660
Bedford Township	6,543,986	6,883,023	6,543,615	6,860,185	6,705,906
Springfield City	15,892,464	14,779,666	15,207,078	15,058,012	15,930,846
Pennfield Township	14,724,732	14,576,875	14,487,868	14,289,260	16,437,000
	<u>70,928,650</u>	<u>71,613,457</u>	<u>66,320,530</u>	<u>67,083,166</u>	<u>72,034,412</u>
<b>Totals</b>	<b><u>291,749,519</u></b>	<b><u>294,801,572</u></b>	<b><u>282,132,457</u></b>	<b><u>290,859,491</u></b>	<b><u>298,526,339</u></b>

concluded.

(1) This class includes commercial and governmental users.

(2) Installation of new read system causing negative usage from non-working transmitters not yet changed out but did not impact charges; two-year phase in for In-City, Emmett Township &amp; Bedford Township

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 25  
Unaudited**Wastewater System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)**

Last Ten Fiscal Years Ended June 30, 2022

Type of User	2013	2014	2015	2016	2017
<b>In-City</b>					
Residential	38.56%	38.65%	37.54%	36.46%	38.88%
Commercial (1)	25.19%	26.40%	24.92%	26.80%	26.17%
Industrial	13.83%	12.22%	14.60%	13.97%	11.30%
	<u>77.58%</u>	<u>77.26%</u>	<u>77.06%</u>	<u>77.23%</u>	<u>76.35%</u>
<b>Outside City</b>					
Emmett Township	10.46%	10.64%	10.41%	10.54%	11.19%
Bedford Township	1.86%	1.78%	1.77%	1.68%	2.17%
Springfield City	5.34%	5.47%	5.67%	5.46%	5.34%
Pennfield Township	4.76%	4.84%	5.09%	5.09%	4.94%
	<u>22.42%</u>	<u>22.74%</u>	<u>22.94%</u>	<u>22.77%</u>	<u>23.65%</u>
<b>Totals</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 25  
Unaudited

## ■ Wastewater System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)

Last Ten Fiscal Years Ended June 30, 2022

Type of User	2018	2019	2020	2021	2022
<b>In-City</b>					
Residential	38.44%	37.23%	38.25%	40.01%	36.34%
Commercial (1)	25.92%	25.51%	24.39%	23.30%	25.46%
Industrial	11.33%	12.96%	13.85%	13.62%	14.06%
	<u>75.69%</u>	<u>75.71%</u>	<u>76.49%</u>	<u>76.93%</u>	<u>75.86%</u>
<b>Outside City</b>					
Emmett Township	11.57%	12.00%	10.66%	10.62%	11.04%
Bedford Township	2.24%	2.33%	2.32%	2.36%	2.25%
Springfield City	5.45%	5.01%	5.39%	5.18%	5.34%
Pennfield Township	5.05%	4.94%	5.14%	4.91%	5.51%
	<u>24.31%</u>	<u>24.29%</u>	<u>23.51%</u>	<u>23.07%</u>	<u>24.14%</u>
<b>Totals</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

concluded.

(1) This class includes commercial and governmental users

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 26  
 Unaudited

**Wastewater Revenue and Usage - Major Customers**

Fiscal Year Ended June 30, 2022

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Post Foods	Breakfast Foods	25,946,270	8.69%	\$ 1,601,455	7.06%
Graphic Packaging/Mi Paperboard	Paper Mill	20,083,623	6.73%	1,924,655	8.49%
Kellogg Company - Plant	Breakfast Foods	17,752,674	5.95%	967,335	4.27%
Westrock California LLC	Paperboard	10,951,513	3.67%	1,049,922	4.63%
Prairie Farms Dairy	Dairy Processing	12,905,958	4.32%	470,037	2.07%
Fire Keepers Casino	Gambling/Entertainment	7,693,700	2.58%	348,279	1.54%
VA Medical Center - Hospital	Medical Services	4,416,565	1.48%	202,505	0.89%
Denso Manufacturing	Automotive Parts	4,677,149	1.57%	179,491	0.79%
Bronson Battle Creek Health Sys.	Medical Services	3,997,700	1.34%	155,901	0.69%
Calhoun County Justice Center	Government-Jails/Courts	2,967,201	0.99%	112,903	0.50%
Rolling Hills Mobile Community	Mobile Home Park	2,805,800	0.94%	100,292	0.44%
Bowers Aluminum	Aluminum Parts	2,217,798	0.74%	79,566	0.35%
Advantage Sintered Metals	Automotive Parts	1,703,561	0.57%	64,227	0.28%
Gallagher Laundry	Laundry Services	1,630,931	0.55%	61,667	0.27%
Federal Center	Government	1,051,884	0.35%	53,610	0.24%
Parkway Manor	Apartment Complex	1,160,700	0.39%	50,543	0.22%
Musashi Auto Parts, Inc	Automotive Parts	1,293,700	0.43%	48,678	0.21%
Silver Star Apts	Apartment Complex	1,269,645	0.43%	48,619	0.21%
Ft Custer Training Center	Govt-Military Training	965,813	0.32%	47,240	0.21%
Pedcor Investments (Teal Run)	Apartment Complex	1,278,200	0.43%	46,424	0.20%
<b>Totals</b>		<b>126,770,385</b>	<b>42.47%</b>	<b>\$ 7,613,349</b>	<b>33.57%</b>

(1) Consumption measured in Cubic Feet (M3).

Source: City of Battle Creek Treasurer's Office

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 27  
 Unaudited

**Largest Wastewater Customers**

Last Ten Fiscal Years Ended June 30, 2022

Fiscal Year Ended June 30,	Kellogg Company - Plant		Graphic Packaging/ MI Paperboard		Post Foods	
	Consumption	Revenue	Consumption	Revenue	Consumption	Revenue
2022	20,083,623	\$ 1,924,655	25,946,270	\$ 1,601,455	17,752,674	\$ 967,335
2021	21,952,807	1,284,909	21,607,233	1,999,296	20,915,032	1,287,256
2020	19,764,572	1,085,083	21,128,289	1,576,120	13,732,594	880,383
2019	20,057,298	972,760	19,787,487	1,575,543	17,557,283	982,794
2018	26,335,561	1,298,942	15,354,074	1,198,843	15,226,777	940,847
2017	33,097,513	1,836,219	19,500,504	1,318,531	18,678,676	1,012,752
2016	37,451,373	2,054,596	20,810,403	1,353,332	18,665,795	1,064,837
2015	36,730,863	2,145,752	20,691,327	1,204,360	17,275,989	957,122
2014	40,663,447	1,881,377	19,534,989	1,026,706	20,099,514	1,239,005
2013	36,616,531	1,700,951	21,209,655	1,075,708	16,555,655	1,187,606

Consumption measured in Cubic Feet (M3).

Source: City of Battle Creek Treasurer's Office

## CITY OF BATTLE CREEK, MICHIGAN

### Current Wastewater Rates

From July 1, 2012 to June 30, 2022

#### Commodity Charge

Date	Regular Commodity Rate (per ccf or 750 gallons)
July 1, 2012 – June 30, 2013	\$2.220
July 1, 2013 – June 30, 2014	\$2.330
July 1, 2014 – June 30, 2015	\$2.440
July 1, 2015 – December 31, 2016	\$2.570
January 1, 2017 – June 30, 2017	\$2.890
July 1, 2017 – June 30, 2018	\$3.040
July 1, 2018 – June 30, 2019	\$3.190
July 1, 2019 – June 30, 2020	\$3.340
July 1, 2020 – June 30, 2021	\$3.349
July 1, 2021 – June 30, 2022	\$3.530

#### Monitoring Charge

Date	Monitoring Charge (per sample)
July 1, 2012 – June 30, 2013	\$99.00
July 1, 2013 – June 30, 2014	\$103.95
July 1, 2014 – June 30, 2015	\$109.15
July 1, 2015 – December 31, 2016	\$114.61
January 1, 2017 – June 30, 2017	\$176.04
July 1, 2017 – June 30, 2018	\$184.78
July 1, 2018 – June 30, 2019	\$193.53
July 1, 2019 – June 30, 2020	\$202.27
July 1, 2020 – June 30, 2021	\$211.02
July 1, 2021 – June 30, 2022	\$332.40

continued...

Source: City of Battle Creek Finance Department

**Readiness to Serve Charges**

**Inside City and Outside City Customers Billed by City**

Meter Size	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015	July 1, 2015 to Dec 31, 2016	January 1, 2017 to June 30, 2017
5/8"	\$11.19	\$11.75	\$12.34	\$12.95	\$11.32
3/4"	\$14.76	\$15.50	\$16.28	\$17.08	\$16.01
1"	\$21.91	\$23.00	\$24.15	\$25.36	\$25.38
1.5"	\$39.77	\$41.76	\$43.84	\$46.04	\$48.80
2"	\$61.20	\$64.26	\$67.47	\$70.85	\$76.91
3"	\$111.21	\$116.77	\$122.61	\$128.74	\$142.50
4"	\$182.65	\$191.78	\$201.37	\$211.44	\$236.20
6"	\$361.26	\$379.32	\$398.28	\$418.20	\$470.45
8"	\$575.58	\$604.36	\$634.58	\$666.31	\$751.55
10"	\$825.63	\$866.91	\$910.26	\$955.77	\$1,079.50

Meter Size	July 1, 2017 to June 30, 2018	July 1, 2018 to June 30, 2019	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022
5/8"	\$11.89	\$12.46	\$13.03	\$13.60	\$15.63
3/4"	\$16.83	\$17.65	\$18.47	\$19.29	\$22.52
1"	\$26.70	\$28.02	\$29.34	\$30.66	\$36.30
1.5"	\$51.37	\$53.94	\$56.51	\$59.08	\$70.77
2"	\$80.98	\$85.05	\$89.12	\$93.19	\$112.12
3"	\$150.07	\$157.64	\$165.21	\$172.78	\$208.62
4"	\$248.77	\$261.34	\$273.91	\$286.48	\$346.47
6"	\$495.52	\$520.59	\$545.66	\$570.73	\$691.10
8"	\$791.62	\$831.69	\$871.76	\$911.83	\$1,104.65
10"	\$1,137.07	\$1,194.64	\$1,252.21	\$1,309.78	\$1,587.13

continued...

Source: City of Battle Creek Finance Department

## CITY OF BATTLE CREEK, MICHIGAN

### Current Wastewater Rates

From July 1, 2012 to June 30, 2022

#### BOD and Suspended Solids Charges

Date	BOD Charge (per pound)	Suspended Solids Charge (per pound)
July 1, 2012 – June 30, 2013	\$0.1753	0.2335
July 1, 2013 – June 30, 2014	\$0.1822	0.2452
July 1, 2014 – June 30, 2015	\$0.1913	0.2574
July 1, 2015 – December 31, 2016	\$0.2009	0.2703
January 1, 2017 – June 30, 2017	\$0.1842	0.2213
July 1, 2017 – June 30, 2018	\$0.1919	0.2313
July 1, 2018 – June 30, 2019	\$0.1996	0.2413
July 1, 2019 – June 30, 2020	\$0.2072	0.2513
July 1, 2020 – June 30, 2021	\$0.2149	0.2613
July 1, 2021 – June 30, 2022	\$0.2400	0.4000

#### Sewer Customer Only (No Water Service)

Customer is charged based on 750 cubic feet per month commodity charge, readiness to serve charge (same as outside City performing their own billing), and bill processing charge (below).

Date	Bill Processing Charge
July 1, 2012 – June 30, 2013	\$0.85
July 1, 2013 – June 30, 2014	\$0.89
July 1, 2014 – June 30, 2015	\$0.94
July 1, 2015 – June 30, 2016	\$0.98
July 1, 2016 – June 30, 2017	\$1.03
July 1, 2017 – June 30, 2018	\$0.00
July 1, 2018 – June 30, 2019	\$0.00
July 1, 2019 – June 30, 2020	\$0.00
July 1, 2020 – June 30, 2021	\$0.00
July 1, 2021 – June 30, 2022	\$0.00

continued...

Source: City of Battle Creek Finance Department

**Outside City Performing Their Own Billing**

Meter Size	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015	July 1, 2015 to Dec. 31, 2016	January 1, 2016 to June 30, 2017
5/8"	\$7.14	\$7.50	\$7.88	\$8.27	n/a
3/4"	\$10.72	\$11.25	\$11.81	\$12.41	n/a
1"	\$17.86	\$18.75	\$19.69	\$20.68	n/a
1.5"	\$35.72	\$37.51	\$39.38	\$41.35	n/a
2"	\$57.15	\$60.01	\$63.01	\$66.16	n/a
3"	\$107.16	\$112.52	\$118.15	\$124.05	n/a
4"	\$178.61	\$187.54	\$196.91	\$206.76	n/a
6"	\$357.21	\$375.07	\$393.82	\$413.52	n/a
8"	\$571.54	\$600.11	\$630.12	\$661.62	n/a
10"	\$821.58	\$862.66	\$905.80	\$951.09	n/a

Meter Size	July 1, 2017 to June 30, 2018	July 1, 2018 to June 30, 2019	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022
5/8"	n/a	n/a	n/a	n/a	n/a
3/4"	n/a	n/a	n/a	n/a	n/a
1"	n/a	n/a	n/a	n/a	n/a
1.5"	n/a	n/a	n/a	n/a	n/a
2"	n/a	n/a	n/a	n/a	n/a
3"	n/a	n/a	n/a	n/a	n/a
4"	n/a	n/a	n/a	n/a	n/a
6"	n/a	n/a	n/a	n/a	n/a
8"	n/a	n/a	n/a	n/a	n/a
10"	n/a	n/a	n/a	n/a	n/a

concluded.

Source: City of Battle Creek Finance Department

## CITY OF BATTLE CREEK, MICHIGAN

### ■ Ratios of Total Outstanding Debt

Last Ten Fiscal Years

Year	Governmental Activities			Business-type Activities			Total Primary Government
	General Obligation Bonds	Installment Obligations	Promissory Note	General Obligation Bonds	Revenue Bonds (1)	Capital Leases	
2022	\$ 27,433,286	\$ 735,015	\$ 9,045,963	\$ -	\$ 12,760,713	\$ -	\$ 49,974,977
2021	30,265,202	1,277,342	8,620,963	-	14,274,182	-	54,437,689
2020	32,982,118	1,003,533	8,620,963	-	15,747,651	-	58,354,265
2019	35,594,034	1,444,746	8,620,963	-	17,181,120	-	62,840,863
2018	38,090,950	1,870,522	-	-	18,579,589	42,626	58,583,687
2017	40,612,866	2,281,561	-	-	19,943,058	83,072	62,920,557
2016	25,687,717	2,183,807	-	-	5,545,073	185,573	33,602,170
2015	27,208,801	2,404,545	-	-	7,650,827	323,650	37,587,823
2014	29,329,373	2,667,042	-	-	9,718,581	494,130	42,209,126
2013	15,326,278	3,084,762	-	-	11,533,335	656,732	30,601,107

(1) Amounts are presented net of applicable premiums and discounts which is consistent with the presentation in the footnotes. For purposes of the continuing disclosure filing, bonds are required to be presented at face value. Accordingly, differences may exist.

Source: City of Battle Creek Finance Department

Schedule 29a  
Unaudited

% of Personal Income	Per Capita
0.84%	\$ 954.91
1.01%	1,032.56
1.08%	1,133.64
1.21%	1,226.23
1.14%	1,142.29
1.27%	1,220.95
0.71%	651.34
0.76%	725.17
0.88%	814.09
0.64%	590.21

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 29b  
 Unaudited

**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years

Year	General Bonded Debt Outstanding						% of Actual Taxable Value of Property	Per Capita		
	Governmental Activities		Business-type Activities		Net General Bonded Debt	% of Personal Income				
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds							
2022	\$ 27,433,286	\$ (7,675)	-	\$ 27,425,611	0.46%	2.09%	\$ 524.19			
2021	30,265,202	(7,500)	-	30,257,702	0.56%	2.34%	574.06			
2020	32,982,118	(8,825)	-	32,973,293	0.61%	2.56%	640.74			
2019	35,594,034	(7,388)	-	35,586,646	0.69%	2.77%	694.56			
2018	38,090,950	(510,217)	-	37,580,733	0.74%	2.95%	742.72			
2017	40,612,866	(8,950)	-	40,603,916	0.82%	3.15%	788.08			
2016	25,687,717	(9,160)	-	25,678,557	0.54%	1.67%	497.93			
2015	27,208,801	(104,025)	-	27,104,776	0.55%	1.76%	524.93			
2014	29,329,373	(17,300)	-	29,312,073	0.61%	1.88%	565.68			
2013	15,326,278	(9,300)	-	15,316,978	0.32%	0.95%	295.60			

Source: City of Battle Creek Finance Department

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 30  
Unaudited

## Computation of Net Direct and Overlapping Debt

As of June 30, 2022

	(1) Net Debt Outstanding	Percentage Applicable to City of Battle Creek	Amount Applicable to City of Battle Creek
<b>Direct:</b>			
City issued bonded debt (2)	\$ 27,433,286	100.00%	\$ 27,433,286
Installment obligations	735,015	100.00%	735,015
Promissory note	9,045,963	100.00%	<u>9,045,963</u>
			<u>37,214,264</u>
<b>Overlapping: (3)</b>			
Lakeview School District	83,154,812	100.00%	83,154,812
Battle Creek Public Schools	79,970,000	69.19%	55,331,243
Calhoun County	91,225,550	33.11%	30,204,780
Kellogg Community College	9,355,000	32.95%	3,082,473
Pennfield School District	53,841,800	3.70%	1,992,147
Climax-Scotts School District	10,630,365	3.67%	390,134
Harper Creek School District	52,313,073	0.24%	125,551
Kalamazoo Valley Community College	5,780,000	0.05%	<u>2,890</u>
			<u>174,284,029</u>
<b>Total direct and overlapping debt</b>			<u>\$ 211,498,293</u>

(1) Excludes self-supporting debt.

(2) Excludes discretely presented component unit.

(3) The percentage of overlapping debt applicable is estimated using taxable assessed values.

Applicable percentages were estimated by dividing the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

Source: City of Battle Creek Finance Department and Municipal Advisory Council of Michigan.

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 31  
Unaudited

## Legal Debt Margin

Last Ten Fiscal Years

State Equalized Value - ad valorem property	\$ 1,352,429,431
State Equalized Value - tax abated property:	
Industrial Facilities	22,758,985
Neighborhood Enterprise Zone	<u>187,103</u>
<b>Total State Equalized Value (SEV)</b>	<b><u>\$ 1,375,375,519</u></b>
Legal debt limit (10% of SEV)	\$ 137,537,552
Outstanding debt subject to limitation	\$ 66,650,000
Less exempt obligations	<u>(6,275,000)</u>
	<u>60,375,000</u>
<b>Legal debt margin</b>	<b><u>\$ 77,162,552</u></b>
<b>Debt subject to limitation as a percent of SEV</b>	<b><u>4.39%</u></b>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2022	\$ 137,537,552	\$ 60,375,000	\$ 77,162,552	43.90%
2021	145,938,633	65,975,000	79,963,633	45.21%
2020	143,041,559	71,400,000	71,641,559	49.92%
2019	141,252,335	76,585,000	64,667,335	54.22%
2018	139,467,539	81,970,000	57,497,539	58.77%
2017	137,480,368	87,045,000	50,435,368	63.31%
2016	159,775,597	67,035,000	92,740,597	41.96%
2015	158,073,443	74,512,544	83,560,899	47.14%
2014	160,147,070	81,122,042	79,025,028	50.65%
2013	167,265,186	86,884,761	80,380,425	51.94%

Source: City of Battle Creek Finance Department

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 32  
Unaudited

## ■ Water and Wastewater System Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30,	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	(3) Total Debt Service Requirement	Coverage
2022	\$ 33,327,477	\$ 17,404,637	\$ 15,922,840	\$ 2,019,664	7.88
2021	31,579,768	21,858,307	9,721,461	2,031,089	4.79
2020	29,477,961	20,546,942	8,931,019	2,039,538	4.38
2019	27,303,704	20,547,371	6,756,333	2,048,609	3.30
2018	26,424,364	19,585,368	6,838,996	2,055,335	3.33
2017	26,703,276	19,371,198	7,332,078	2,214,162	3.31
2016	28,647,154	18,478,024	10,169,130	2,210,990	4.60
2015	26,653,760	16,625,760	10,028,000	2,208,762	4.54
2014	25,174,150	16,432,935	8,741,215	2,265,350	3.86
2013	24,197,436	15,601,499	8,595,937	2,265,125	3.79

(1) Includes operating and nonoperating revenue, excluding investment earnings, interest expense, and loss on disposal of assets.

(2) Excludes depreciation expense.

(3) Includes principal and interest on revenue bonds only.

Source: City of Battle Creek Finance Department

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# CITY OF BATTLE CREEK, MICHIGAN

Schedule 33  
Unaudited

## Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	(a) Personal Income (thousands of dollars)	(a) Per Capita Personal Income	Unemployment Rate
2022	52,335	\$ 5,919,235	\$ 44,312	5.60%
2021	52,721	5,400,823	40,257	6.80%
2020	51,475	5,416,654	40,276	15.30%
2019	51,247	5,188,500	38,683	4.60%
2018	51,286	5,118,164	38,086	4.50%
2017	51,534	4,963,912	36,958	4.40%
2016	51,589	4,732,090	35,084	4.40%
2015	51,833	4,923,591	36,468	5.40%
2014	51,848	4,812,597	35,623	6.70%
2013	51,848	4,812,597	35,623	8.40%

(a) Battle Creek MSA data.

Sources: U.S. Census Bureau, U.S. Department of Commerce  
Michigan Department of Career Development Employment Service Agency  
Michigan Economic Development Corporation

Source: City of Battle Creek Finance Department

# CITY OF BATTLE CREEK, MICHIGAN

Schedule 34  
Unaudited

## Principal Employers

Current Year and Nine Years Ago

Employer	2013		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	1,759	2	8.22%
Kellogg Company	2,500	1	11.69%
Veterans Administration Med Center	1,300	4	6.08%
Hart-Doyle-Inouye Federal Center	1,206	6	5.64%
Bronson Battle Creek	1,400	3	6.55%
Fort Custer Training Center	-	-	0.00%
Duncan Aviation	-	-	0.00%
Battle Creek Public Schools	1,089	7	5.09%
Kellogg Community College	920	8	0.00%
Michigan Air National Guard	1,300	4	0.00%
II Stanley Company, Inc.	794	9	3.71%
Family Fare	700	10	3.27%
	<u><b>12,968</b></u>		<u><b>50.25%</b></u>

continued...

## CITY OF BATTLE CREEK, MICHIGAN

Schedule 34  
Unaudited

### Principal Employers

Current Year and Nine Years Ago

Employer	2022		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,338	1	11.35%
Kellogg Company	2,000	2	9.71%
Veterans Administration Med Center	1,670	3	8.11%
Hart-Doyle-Inouye Federal Center	1,500	4	7.28%
Bronson Battle Creek	1,365	5	6.63%
Fort Custer Training Center	825	6	4.01%
Duncan Aviation	671	7	3.26%
Battle Creek Public Schools	667	8	3.24%
Kellogg Community College	665	9	3.23%
Michigan Air National Guard	650	10	3.16%
	-	-	0.00%
	-	-	0.00%
	<u>12,351</u>		<u>59.98%</u>

concluded.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 35  
 Unaudited

**Full-Time Equivalent Employees by Function/Program**

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
<b>General Fund and Special Revenue Funds</b>					
<b>Revenue Funds</b>					
Administration	20	18	18	21	19
Community development	26	28	29	29	27
Finance	21	22	23	23	23
Police department	119	122	126	123	127
Fire department	77	78	80	83	81
Public works	57	60	59	58	60
Recreation	6	10	10	8	9
	<u>326</u>	<u>338</u>	<u>345</u>	<u>345</u>	<u>346</u>
<b>Enterprise Funds</b>					
Battle Creek executive airport	10	10	10	8	10
Battle Creek transit system	39	36	37	36	35
Sewer and wastewater plant	55	56	55	55	56
Water	38	38	39	38	39
Economic Development	-	-	-	-	-
	<u>142</u>	<u>140</u>	<u>141</u>	<u>137</u>	<u>140</u>
<b>Internal Service Funds</b>					
Information systems	9	13	13	11	11
Equipment center	14	14	14	15	15
Self insurance	3	3	3	2	3
Reproduction and stores	3	3	3	3	3
	<u>29</u>	<u>33</u>	<u>33</u>	<u>31</u>	<u>32</u>
<b>Total</b>	<b>497</b>	<b>511</b>	<b>519</b>	<b>513</b>	<b>518</b>

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 35  
 Unaudited

**Full-Time Equivalent Employees by Function/Program**

Last Ten Fiscal Years

Function/Program	2018	2019	2020	2021	2022
<b>General Fund and Special Revenue Funds</b>					
<b>Revenue Funds</b>					
Administration	20	20	22	22	22
Community development	32	33	34	30	25
Finance	24	24	24	18	19
Police department	128	127	123	113	119
Fire department	79	79	77	71	73
Public works	59	62	54	58	54
Recreation	9	7	8	5	6
	<u>351</u>	<u>352</u>	<u>342</u>	<u>316</u>	<u>318</u>
<b>Enterprise Funds</b>					
Battle Creek executive airport	10	11	11	11	9
Battle Creek transit system	43	38	39	38	35
Sewer and wastewater plant	52	58	51	55	60
Water	38	39	33	38	42
Economic Development	-	-	4	3	2
	<u>143</u>	<u>146</u>	<u>138</u>	<u>145</u>	<u>148</u>
<b>Internal Service Funds</b>					
Information systems	9	8	8	9	14
Equipment center	15	15	13	14	13
Self insurance	2	2	2	2	3
Reproduction and stores	3	3	3	2	2
	<u>29</u>	<u>28</u>	<u>26</u>	<u>27</u>	<u>32</u>
<b>Total</b>	<b><u>523</u></b>	<b><u>526</u></b>	<b><u>506</u></b>	<b><u>488</u></b>	<b><u>498</u></b>

concluded.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 36  
 Unaudited

**Operating Indicators by Function/Program**

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
<b>Public Safety</b>					
Police					
Number of incidents	56,276	44,599	44,686	54,569	56,688
Number of crash reports	1,802	2,004	1,980	1,903	1,886
Fire					
Number of incidents	6,071	6,441	6,940	7,086	7,222
Number of medical calls	3,958	4,149	4,847	5,197	5,308
Number of structural fires	60	48	47	61	68
<b>Public Works</b>					
Major street miles maintained	90	90	90	89	89
Local street miles maintained	204	205	205	205	205
<b>Culture &amp; Recreation</b>					
Participation:					
Softball	732	840	734	624	1,020
Soccer	817	735	948	951	873
Baseball	1,242	1,019	1,265	1,132	1,359
Basketball	34	54	198	202	345
Floor hockey	732	608	655	641	852
Football	136	149	223	160	164
Tennis	-	106	56	58	55
Volleyball	-	91	78	119	76
Other	493	814	891	1,001	2,072
Aquatic center participation	23,217	24,796	27,919	30,397	26,944
Rounds of golf	43,016	40,935	41,684	36,430	37,512
Parks maintained	24	24	24	29	29
Number of linear park trail miles	25	25	25	25	25
<b>Building Permits</b>					
Commercial and Industrial					
Number of permits	188	177	236	233	137
Dollar value	\$ 23,102,086	\$ 12,174,483	\$ 15,739,032	\$ 4,967,026	\$ 4,539,512
Residential					
Number of permits	865	740	634	797	802
Dollar value	\$ 7,342,332	\$ 9,863,788	\$ 4,151,057	\$ 7,277,474	\$ 6,995,271
<b>Totals</b>					
Number of permits	1,052	917	870	1,030	939
Dollar value	\$ 30,444,418	\$ 22,038,271	\$ 19,890,089	\$ 12,244,500	\$ 11,534,783

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 36  
 Unaudited

**Operating Indicators by Function/Program**

Last Ten Fiscal Years

Function/Program	2018	2019	2020	2021	2022
<b>Public Safety</b>					
Police					
Number of incidents	59,736	53,668	46,091	36,114	35,138
Number of crash reports	1,911	1,778	1,663	1,786	1,870
Fire					
Number of incidents	7,271	7,578	7,683	7,692	8,559
Number of medical calls	4,871	5,002	4,869	5,580	5,745
Number of structural fires	67	69	55	68	50
<b>Public Works</b>					
Major street miles maintained	89	89	89	89	89
Local street miles maintained	205	205	206	206	206
<b>Culture &amp; Recreation</b>					
Participation:					
Softball	1,080	1,212	348	150	576
Soccer	1,012	859	281	342	532
Baseball	709	758	-	50	291
Basketball	172	162	153	-	147
Floor hockey	1,022	961	922	-	756
Football	180	194	108	-	208
Tennis	44	-	-	-	-
Volleyball	97	68	25	55	88
Other	2,185	2,296	571	586	2,201
Aquatic center participation	28,059	31,621	17,364	6,563	23,094
Rounds of golf	40,257	43,479	41,739	47,165	43,221
Parks maintained	29	29	29	29	29
Number of linear park trail miles	25	25	25	25	25
<b>Building Permits</b>					
Commercial and Industrial					
Number of permits	98	221	322	197	244
Dollar value	\$ 3,938,030	\$ 45,737,925	\$ 49,894,540	\$ 51,262,015	\$ 106,117,761
Residential					
Number of permits	799	858	3,627	1,187	908
Dollar value	\$ 6,655,015	\$ 7,388,726	\$ 35,565,683	\$ 18,882,576	\$ 20,301,287
Totals					
Number of permits	897	1,079	3,949	1,384	1,152
Dollar value	\$ 10,593,045	\$ 53,126,651	\$ 85,460,223	\$ 70,144,591	\$ 126,419,048

concluded.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 37  
 Unaudited

**Capital Asset Statistics by Function/Program**

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
<b>Police - vehicle patrol units</b>					
Police patrol	43	40	40	40	39
Detective	18	20	20	20	22
Other	24	21	21	31	33
SIU	7	10	10	8	8
<b>Fire</b>					
Fire vehicle units:					
Trucks	2	2	2	2	1
Engines	8	8	8	7	8
Other	11	11	11	14	15
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	-	-	-	-	-
<b>Recreation</b>					
Parks:					
Parkland acreage	1,036	1,036	1,036	1,036	1,036
Natural area acreage	380	380	380	380	380
Picnic areas	15	15	15	15	15
Buildings:					
Log cabins	1	1	1	1	1
Recreation center	1	1	1	1	1
Fishing structures	3	3	3	3	3
Pavilions	25	25	29	30	30
Concession	4	4	4	4	4
Swimming beach areas	1	1	1	1	1
Golf course - 27 holes	1	1	1	1	1
Trails:					
Nature	1	1	1	1	1
Multi-use	1	1	1	1	1
Playgrounds	22	22	22	22	22
Water areas -					
Water parks	1	1	1	1	1
<b>Public Works</b>					
Major street miles maintained	90.11	90.11	90.11	89.46	89.28
Local street miles maintained	204.44	204.52	204.52	204.52	204.55
Vehicles:					
Dump trucks	46	46	46	44	47
Heavy equipment	32	28	28	33	34
Other	207	211	211	208	203

continued...

**CITY OF BATTLE CREEK, MICHIGAN**

 Schedule 37  
 Unaudited

**Capital Asset Statistics by Function/Program**

Last Ten Fiscal Years

Function/Program	2018	2019	2020	2021	2022
<b>Police - vehicle patrol units</b>					
Police patrol	41	46	43	38	42
Detective	25	26	21	23	21
Other	32	25	22	20	21
SIU	9	8	7	7	7
<b>Fire</b>					
Fire vehicle units:					
Trucks	2	1	1	1	1
Engines	10	10	7	8	7
Other	15	15	15	14	13
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	2	2	2	2	2
<b>Recreation</b>					
Parks:					
Parkland acreage	1,036	1,036	1,036	1,036	1,036
Natural area acreage	380	380	380	380	380
Picnic areas	15	15	15	15	15
Buildings:					
Log cabins	1	1	-	-	-
Recreation center	1	1	1	1	1
Fishing structures	3	3	3	3	3
Pavilions	30	30	30	30	30
Concession	4	4	4	4	4
Swimming beach areas	1	1	1	1	1
Golf course - 27 holes	1	1	1	1	1
Trails:					
Nature	1	1	1	1	1
Multi-use	1	1	1	1	1
Playgrounds	22	22	22	22	22
Water areas -					
Water parks	1	1	1	1	1
<b>Public Works</b>					
Major street miles maintained	89.28	89.28	89.41	89.41	89.41
Local street miles maintained	204.55	204.55	205.88	205.88	205.88
Vehicles:					
Dump trucks	50	49	48	45	46
Heavy equipment	34	35	34	30	28
Other	210	222	213	227	233

concluded.

Source: City of Battle Creek Finance Department

**CITY OF BATTLE CREEK, MICHIGAN**

Schedule 38

Unaudited

**Schedule of Insurance**

As of June 30, 2022

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Airport Liability	7/1/23	\$21,962	\$60,000,000 CSL each occ.; \$1,000 ded. per occ./\$10,000 agg., \$60,000,000 per aircraft/occ Hangar Keepers liability. Terrorism declined.
Auto Liability	7/1/23	\$161,565	First dollar coverage for MI no-fault benefits and uninsured/underinsured claims. \$1,000,000 SIR for all other liability coverages. \$25,000 SIR per vehicle / \$50,000 per occurrence for property damage. \$50,000 deductible for Fire/EMS vehicles. ACV coverage on all vehicles except Fire Protection Vehicles which are covered at replacement cost.
Vehicle Physical Damage			
Data Breach, Privacy Electronic Media	7/1/22	Included in Liability Insurance	\$5 million aggregate/\$25 million all members - Data Breach and Privacy Liability/\$25,000 deductible.
Fiduciary (Designated Benefit Plan)	7/1/23	\$8,289	Coverage for Self Funded Health Plan. \$2,000,000.00 limit. \$25,000 SIR
Liquor Liability Binder Park Golf	3/8/23	\$1,758 (including surplus lines tax, fees)	\$1,000,000 each common cause/annual aggregate limit. No deductible. Note: License in name of Cereal City Development Corporation/City of Battle Creek. (excludes Terrorism).

continued...

**CITY OF BATTLE CREEK, MICHIGAN**Schedule 38  
Unaudited**Schedule of Insurance**

As of June 30, 2022

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Property/Liability Insurance	7/1/23	\$424,055	Property - \$50,000 deductible Limits of stated value for Buildings and Personal Property, \$5 million newly acquired, \$2 million fine arts, \$50 Million Terrorism, \$5 Million Earthquake and Flood  Liability - \$1 million SIR per occurrence \$10 million limit per occurrence \$5 million limit for terrorism Volunteer-MMRMA will pay up to \$25,000 per occurrence for medical expenses only to a volunteer. No member deductible or SIR applies. Emergency first aid - \$2,000 Limit, no member deductible or retention.
Pollution Liability	N/A	N/A	Note: Finance department files for self-insured authority with State, for UST liability. \$500,000 aggregate
Public Officials	7/1/23	Included in Liability Insurance	See Excess Liability , for losses above \$1 million SIR.
Worker's Comp. (Primary)	7/1/23	N/A	Note: If requested by W.C. Bureau, must update self-insured certification by July 1st. Also, must notify if any changes in excess coverage, or TPA.
Worker's Comp. (Excess)	7/1/23	\$73,594	Statutory limit, \$1,000,000 Employers Liability, Specific Excess subject to \$650,000 per accident or disease. No agg. limit on S.I.R. per year.
Inland Marine	7/1/23	\$3,525	Coverage for employee tools Limit \$500,000 per occurrence, \$10,000 per item. \$1,000 deductible

concluded.

**City of Battle Creek  
Total Taxable Value  
Fiscal Years Ended or Ending June 30, 2018 Through 2022**

Assessed Value as of December 31	Year of State Equalization And Tax Levy	City's Fiscal Year Ended or Ending June 30	Equivalent			Percent Increase Over Prior Year
			Ad Valorem Taxable Value	Taxable Value of Property Granted Tax Abatement Under Act 198 (1)	Total Taxable Value	
2016	2017	2018	\$ 1,201,286,395	\$ 29,388,749	\$ 1,230,675,144	(0.76) %
2017	2018	2019	1,220,014,593	25,771,258	1,245,785,851	1.23
2018	2019	2020	1,242,325,628	16,420,410	1,258,746,038	1.04
2019	2020	2021	1,253,718,154	12,554,943	1,266,273,097	0.60
2020	2021	2022	1,275,251,243	10,945,360	1,286,196,603	1.57

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2022 (2)..... \$ 24,188.68

(1) See "Tax Abatement" herein. Does not include the value of property located within the City's Renaissance Zone (the "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 with the Zone through the abatement of certain property, income and business taxes. For the fiscal year ending June 30, 2022, the Taxable Value of property located in the Zone totaled \$1,705,050. 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 June 30, 2022 the Taxable Value of the property located in the NEZ totaled \$187,103.

(2) Based on the City's 2020 Census of 52,721.

Source: City of Battle Creek, State of Michigan – Department of Treasury and Calhoun County Equalization

**City of Battle Creek  
Percent of Total Taxable Value by Use and Class  
Fiscal Years Ended or Ending June 30, 2018 Through 2022**

<u>Use</u>	Fiscal Year Ended or Ending June 30				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Agricultural.....	0.19 %	0.19 %	0.18 %	0.19 %	0.19 %
Commercial.....	24.82	24.64	24.48	24.62	24.45
Industrial .....	15.70	15.36	13.77	12.24	11.55
Residential .....	55.81	56.27	57.55	58.81	59.58
Utility.....	3.48	3.54	4.02	4.14	4.23
Total .....	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>
<u>Class</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	Real Property .....	86.26 %	86.16 %	87.54 %	87.41 %
Personal Property .....	13.74	13.84	12.46	10.59	9.90
Total .....	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

Source: City of Battle Creek, State of Michigan – Department of Treasury and Calhoun County Equalization

**City of Battle Creek**  
**State Equalized Valuation**  
**Fiscal Years Ended or Ending June 30, 2018 Through 2022**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year Ended or Ending June 30	SEV of Property			Percent Increase Over Prior Year
			Ad Valorem SEV	Abatement Under Act 198 (1)	Total SEV	
2016	2017	2018	\$ 1,322,119,981	\$ 59,201,289	\$ 1,381,321,270	1.52 %
2017	2018	2019	1,348,307,734	51,707,400	1,400,015,134	1.35
2018	2019	2020	1,385,238,255	33,344,717	1,418,582,972	1.33
2019	2020	2021	1,420,686,240	25,426,662	1,446,112,902	1.94
2020	2021	2022	1,463,223,875	22,758,985	1,485,982,860	2.76

Per Capita Total SEV for the Fiscal Year Ending June 30, 2022 (2).....\$ 28,185.79

(1) See "Tax Abatement" herein. Does not include the value of property located within the City' Renaissance Zone (the "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 with the Zone through the abatement of certain property, income and business taxes. For the fiscal year ending June 30, 2022, the SEV of property located in the Zone totaled \$3,177,420. 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 June 30, 2022 the Taxable Value of the property located in the NEZ totaled \$187,103.

(2) Based on the City's 2020 census of 52,721.

Source: City of Battle Creek, State of Michigan – Department of Treasury and Calhoun County Equalization

**City of Battle Creek**  
**Property Tax Rates**  
**Fiscal Years Ended or Ending June 30, 2018 Through 2022**

Fiscal Year Ended or July 1	Ending June 30	Operating (1)					Total
		General Operating	Capital Projects	Streets/ Drainage	Police & Fire Pension (2)		
2017	2018	8.7400	0.5000	1.5000	5.0090	15.7490	
2018	2019	8.3460	0.5000	1.5000	5.4030	15.7490	
2019	2020	8.3460	0.5000	1.5000	5.5880	15.9340	
2020	2021	7.9870	0.5000	1.5000	5.9470	15.9340	
2021	2022	7.9870	0.5000	1.5000	5.7780	15.7650	

(1) See "Property Taxes" and "State Limitations on Property Taxes" herein.

(2) Voter approved in perpetuity. May be levied without limitation as to rate or amount.

Source: City of Battle Creek

**City of Battle Creek**  
**Homestead (1) Property Tax Rates by Governmental Unit**  
**Fiscal Years Ended or Ending June 30, 2018 Through 2022**

<u>Governmental Unit</u>	<u>Fiscal Years Ended or Ending June 30</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City of Battle Creek.....	15.7490	15.7490	15.9340	15.9340	15.7650
County of Calhoun .....	6.4713	6.4713	6.4713	6.4713	6.6713
State of Michigan (2).....	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3).....	6.0000	6.0000	6.0000	6.0000	6.0000
Calhoun ISD .....	6.2057	6.2057	6.2057	6.2057	6.2057
Kellogg Community College.....	3.6136	3.6136	3.6136	3.6136	3.6136
Willard Public Library.....	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Total .....	<u>46.0396</u>	<u>46.0396</u>	<u>46.2246</u>	<u>46.2246</u>	<u>46.4556</u>

**City of Battle Creek**  
**Non-Homestead (1) Property Tax Rates by Governmental Unit**  
**Fiscal Years Ended or Ending June 30, 2018 Through 2022**

<u>Governmental Unit</u>	<u>Fiscal Years Ended or Ending June 30</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022(3)</u>
City of Battle Creek.....	15.7490	15.7490	15.9340	15.9340	15.7650
County of Calhoun .....	6.4713	6.4713	6.4713	6.6713	6.6713
State of Michigan (2).....	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3).....	24.0000	24.0000	24.0000	24.0000	24.0000
Calhoun ISD .....	6.2057	6.2057	6.2057	6.2057	6.2057
Kellogg Community College.....	3.6136	3.6136	3.6136	3.6136	3.6136
Willard Public Library.....	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Total .....	<u>64.0396</u>	<u>64.0396</u>	<u>64.2246</u>	<u>64.4246</u>	<u>64.2556</u>

(1) *Principal Residence* 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 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) Industrial personal property is exempt from the State Education Tax and up to 18 mills of the school operating millage. Commercial personal property is exempt from 12 of the 18 mills of school operating millage.

(3) Portions of other school districts overlap the City's boundaries. The lowest and highest non-principal residence millage rates for the other overlapping school districts for the fiscal year ending June 30, 2022 ranged from 28.60 to 25.00.

Source: City of Battle Creek

**City of Battle Creek  
Property Tax Collections  
Fiscal Years Ended or Ending June 30, 2018 Through 2022**

Levy <u>July 1</u>	Fiscal Year Ended <u>June 30</u>	Tax <u>Levy</u>	Collections to March <u>Following Levy</u>	Percent <u>Collected</u>
2017	2018	\$ 19,173,957	\$ 19,127,382	99.76%
2018	2019	19,568,359	19,528,723	99.80
2019	2020	20,052,215	20,013,011	99.80
2020	2021	20,150,624	20,158,194	99.90
2021	2022	20,223,428	20,226,792	99.90

**CITY INCOME TAX**

The City's income tax was approved by voters in 1966. At the same time, residents voted to reduce the maximum general operating millage for property tax from 12.65 to 11.60 mills. Residents of the City pay 1% income tax on all federally taxable income, with a few exceptions, such as pensions, social security and unemployment, etc. Corporation net income is taxed at 1%. Non-resident pay a 0.5% income tax on all income earned performing a job or doing business within the City limits.

For tax years beginning with 2004, there is a \$750 personal exemption allowed on individual returns, with an additional \$750 for taxpayers 65 and over; persons permanently and totally disabled; and dependents of others who are required to file City returns. Subtractions for alimony, Keogh Retirement, and specified unreimbursed employee business expenses are allowed.

Fiscal Year Ended <u>June 30</u>	Gross Collections	Less: Refunds	Net Collections	% Increase Over Prior Year
2018	\$18,827,058	\$2,108,467	\$16,718,591	0.8%
2019	19,454,034	1,789,230	17,664,804	5.7
2020	19,535,481	1,880,056	17,655,425	(0.05)
2021	17,493,920	2,126,906	15,367,014	(12.96)
2022	19,907,966	2,070,465	17,837,501	16.07

**City of Battle Creek  
State Shared Revenues  
Fiscal Years Ended or Ending June 30, 2018 Through 2022**

	Fiscal Years Ended or Ending June 30				
	<u>2018</u>	<u>2018</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Constitutional .....	\$ 4,301,987	\$ 4,498,185	\$ 4,493,812	\$ 5,095,491	\$ 5,597,381
Statutory/CVTRS .....	<u>1,478,658</u>	<u>1,478,448</u>	<u>1,260,375</u>	<u>1,512,452</u>	<u>1,542,701</u>
Total State Shared Revenues ....	<u><u>\$ 5,780,645</u></u>	<u><u>\$ 5,976,633</u></u>	<u><u>\$ 5,754,187</u></u>	<u><u>\$ 6,607,943</u></u>	<u><u>\$ 6,607,943</u></u>

## CITY DEBT

### 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 June 30, 2022.

Debt Limit (1).....	\$ 137,537,552
Debt Outstanding (2).....	\$66,650,000
Less: Exempt Debt (3).....	<u>6,275,000</u>
Legal Debt Margin .....	<u>\$ 77,162,552</u>

(1) 10% of \$1,375,375,519 which is the City's Total SEV for the fiscal year ending June 30, 2022. See "Property Valuations" herein.

(2) Includes the Bonds described herein and the Water and Wastewater System Revenue Bonds, Series 2016A and the Water and Wastewater System Revenue Bonds, Series 2016B (Federally Taxable – Qualified Energy Conservation Bonds).

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

Source: Municipal Advisory Council of Michigan and the City of Battle Creek

## Debt Statement

The following table reflects a breakdown of the City's direct and overlapping debt as of June 30, 2022, including the Bonds described herein. Direct debt that is shown as self-supporting is paid from sources other than the City's General Fund. To the extent necessary, the City may levy taxes on all taxable property within its boundaries without limitation as to rate or amount to pay the principal of and interest due on the bonds that are designated as Unlimited Tax ("UT"). However, the City's ability to levy tax to pay the debt service on the bonds which are designated as Limited Tax ("LT") is subject to applicable charter, statutory and constitutional limitations. See "CITY TAXATION AND LIMITATIONS" herein.

### City of Battle Creek Direct and Overlapping Debt

<u>City Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
<b>Building Authority Bonds:</b>			
Dated December 29, 2009 (LT).....	\$ 660,000	\$ 660,000	\$ -0-
Dated February 28, 2008 (LT).....	<u>580,000</u>	<u>580,000</u>	-0-
Subtotal .....	<u><u>\$ 1,240,000</u></u>	<u><u>\$ 1,240,000</u></u>	<u><u>\$ -0-</u></u>
<b>Downtown Development Authority Bonds:</b>			
Dated February 27, 2018 (LT).....	\$ 3,310,000	\$ 3,310,000	\$ -0-
Dated March 21, 2017 (LT).....	<u>22,260,000</u>	<u>22,260,000</u>	-0-
Subtotal .....	<u><u>\$ 25,570,000</u></u>	<u><u>\$ 25,570,000</u></u>	<u><u>\$ -0-</u></u>
<b>Tax Increment Finance Authority Bonds:</b>			
Dated January 13, 2022 (LT).....	\$ 1,450,000	\$ 1,450,000	\$ -0-
Dated December 29, 2021 (LT).....	<u>1,765,000</u>	<u>1,765,000</u>	-0-
Subtotal .....	<u><u>\$ 3,215,000</u></u>	<u><u>\$ 3,215,000</u></u>	<u><u>\$ -0-</u></u>
<b>Water and Wastewater Revenue Bonds: Dated</b>			
Dated December 28, 2016, Series A (1) .....	\$ 5,910,000	\$ 5,910,000	\$ -0-
Dated December 28, 2016, Series B (1) .....	<u>6,275,000</u>	<u>6,275,000</u>	-0-
Subtotal .....	<u><u>\$ 12,185,000</u></u>	<u><u>\$ 12,185,000</u></u>	<u><u>\$ -0-</u></u>
<b>General Obligation Bonds:</b>			
Dated December 28, 2016 C (LT) (1).....	\$ 13,255,000	\$ -0-	\$ 13,255,000
Dated April 14, 2016 (LT) .....	9,525,000	-0-	9,525,000
Dated June 29, 2011 (LT) .....	<u>1,660,000</u>	<u>-0-</u>	<u>1,660,000</u>
Subtotal.....	<u><u>\$ 24,440,000</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 24,440,000</u></u>
<b>Installment &amp; Capital Purchase Contracts:</b>			
City Hall Copiers .....	\$ 109,333	\$ -0-	\$ 109,333
Energy Savings Equipment.....	183,302	-0-	183,302
Police Equipment.....	<u>442,380</u>	<u>-0-</u>	<u>442,380</u>
Subtotal .....	<u><u>\$ 735,015</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 735,015</u></u>
<b>Total Direct Debt.....</b>	<b><u><u>\$ 67,385,015</u></u></b>	<b><u><u>\$ 42,210,000</u></u></b>	<b><u><u>\$ 25,175,015</u></u></b>
Per Capita Net City Direct Debt (2) .....			\$474.04
Percent of Net Direct Debt to Total SEV (3).....			1.82%

<u>Overlapping Debt (4)</u>	<u>Gross</u>	<u>Gross</u>	Percent of	
	\$	\$		City Share
Battle Creek School District .....	79,970,000	69.19	\$	55,331,243
Climax-Scotts School District.....	10,630,365	3.67		390,134
Harper Creek School District.....	52,313,073	0.24		125,551
Lakeview Calhoun School District.....	83,154,812	100.00		83,154,812
Pennfield School District .....	53,841,800	3.70		1,992,147
Calhoun Intermediate School District .....	0	0.00		0
Kalamazoo Valley Intermediate School District...	0	0.00		0
Kalamazoo Valley Community College.....	5,780,000	0.05		2,890
Kellogg Community College .....	9,355,000	32.95		3,082,473
Willard Public Library .....	0	54.48		0
Calhoun County .....	<u>91,225,550</u>	33.11		<u>30,204,780</u>
Total Overlapping Debt .....	<u><u>\$ 386,270,600</u></u>			<u><u>\$ 174,284,029</u></u>
 Total Net Direct and Overlapping Debt .....	<u><u>\$ 453,472,313</u></u>			<u><u>\$ 199,275,742</u></u>
 Per Capita Net Overlapping Debt (2).....				\$3,305.78
Percent of Net Overlapping Debt to Total SEV (3) .....				12.67%
 Per Capita Net Direct and Overlapping Debt (2).....				\$3,779.81
Percent of Net Direct and Overlapping Debt to Total SEV (3) .....				14.49%

(1) The Bonds described herein. Including the Water and Wastewater System Revenue Bonds, Series 2016A and the Water and Wastewater System Revenue Bonds, Series 2016B (Federally Taxable – Qualified Energy Conservation Bonds).  
 (2) Based on the City's 2020 Census of 52,721  
 (3) Based on \$1,375,375,519 which is the City's Total SEV for the fiscal year ending June 30, 2022. See "CITY TAX AND LIMITATIONS - Property Valuations" and "CITY TAX AND LIMITATIONS" herein.  
 (4) 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 the City of Battle Creek.

## DEFINED BENEFIT PENSION PLANS

### **Police and Fire Retirement System**

The City's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The components of the net pension liability of the City were as follows:

Total pension liability	\$229,945,587
Plan Fiduciary net position	<u>(157,926,951)</u>
City's net pension liability	<u><u>\$ 72,018,636</u></u>
 Plan fiduciary net position as percentage of total pension liability	68.68%

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2021	\$ 211,218,817	\$ 186,019,846	\$ 25,198,971
Changes for the Year			
Service cost .....	4,153,430	-	4,153,430
Interest on total pension liability .....	13,460,908	-	13,460,908
Benefit changes .....	(26,483)	-	(26,483)
Differences between expected and actual experience .....	676,786	-	676,786
Assumption changes .....	12,871,400	-	12,871,400
Employer contributions .....	-	6,368,077	(6,368,077)
Employee contribution .....	-	1,725,254	(1,725,254)
Net investment loss .....	-	(23,240,398)	23,240,398
Benefit payments .....	(12,409,271)	(12,409,271)	-
Administrative expense .....	-	(231,962)	231,962
Other .....	-	(304,595)	304,595
Net changes	\$ 18,726,770	\$ (28,092,895)	\$ 46,819,665
Balance at June 30, 2022	\$ 229,945,587	\$ 157,926,951	\$ 72,018,636

#### Pension Plans: Municipal Employees Retirement System of Michigan

The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the City were as follows:

Total pension liability	\$ 168,344,519
Plan fiduciary net position	<u>(100,429,194)</u>
City's net pension liability	<u>\$ 67,915,325</u>
Plan fiduciary net position as percentage of total pension liability	59.66%

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 161,362,030	\$ 91,700,938	\$ 69,661,092
Changes for the Year			
Service cost .....	1,902,272	-	1,902,272
Interest .....	11,899,966	-	11,899,966
Changes in benefits .....	(145,429)	-	(145,429)
Differences between expected and actual experience .....	(852,912)	-	(852,912)
Changes in assumptions .....	5,647,905	-	5,647,905
Contributions: employer .....	-	6,632,649	(6,632,649)
Contributions: employee .....	-	1,053,757	(1,053,757)
Net investment income .....	-	12,656,350	(12,656,350)
Benefit payments, including refunds .....	(11,469,313)	(11,469,313)	-
Administrative expense .....	-	(145,187)	145,187
Net changes	\$ 6,982,489	\$ 8,728,256	\$ (1,745,767)
Balances at December 31, 2021	\$ 168,344,519	\$ 100,429,194	\$ 67,915,325

For the year ended June 30, 2022, the City recognized pension expense of \$8,701,297.

**City of Battle Creek Water and Wastewater System**  
**Approximate Number of Water Customers as Billed by User Classification and Location**  
**Fiscal Years Ended June 30, 2018 through 2022**

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u><b>City Customers</b></u>					
Residential .....	14,754	14,791	14,806	14,967	14,979
Commercial (1).....	1,646	1,671	1,650	1,511	1,562
Industrial.....	<u>126</u>	<u>124</u>	<u>123</u>	<u>123</u>	<u>125</u>
Sub-total.....	<u>16,526</u>	<u>16,586</u>	<u>16,579</u>	<u>16,601</u>	<u>16,666</u>
<u><b>Customer Communities</b></u>					
Emmett .....	708	714	714	714	817
Bedford .....	428	429	430	429	437
Leroy (2).....	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield (3).....	Bulk	Bulk	Bulk	Bulk	Bulk
Springfield (4) .....	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>
Sub-total.....	<u>1,136</u>	<u>1,143</u>	<u>1,144</u>	<u>1,144</u>	<u>1,254</u>
Total Customers .....	<u>17,662</u>	<u>17,729</u>	<u>17,723</u>	<u>17,744</u>	<u>17,920</u>

(1) Includes governmental and tax-exempt customers.

(2) Leroy has one water customer.

(3) Pennfield has approximately 341 metered water customers.

(4) Springfield has approximately 1,438 metered water customers.

Source: City of Battle Creek

**City of Battle Creek Water and Wastewater System**  
**Approximate Number of Wastewater Customers by User Classification and Location**  
**Fiscal Years Ended June 30, 2018 through 2022**

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u><b>City Customers (1)</b></u>					
Residential .....	15,707	15,735	15,764	15,945	15,892
Commercial (2) .....	1,613	1,631	1,615	1,471	1,476
Industrial.....	<u>118</u>	<u>116</u>	<u>116</u>	<u>116</u>	<u>117</u>
Sub-total.....	<u>17,438</u>	<u>17,482</u>	<u>17,495</u>	<u>17,532</u>	<u>17,485</u>
<u><b>Customer Communities</b></u>					
Emmett (3).....	1,686	1,690	1,688	1,687	1,797
Bedford (4) .....	551	554	555	557	562
Leroy .....	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield (5).....	Bulk	Bulk	Bulk	Bulk	Bulk
Springfield (6) .....	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>
Sub-total.....	<u>2,237</u>	<u>2,244</u>	<u>2,243</u>	<u>2,244</u>	<u>2,359</u>
Total Customers .....	<u>19,675</u>	<u>19,726</u>	<u>19,738</u>	<u>19,776</u>	<u>19,884</u>

(1) Includes approximately 1,062 customers located in the City that are not metered and who pay a flat monthly rate.

(2) Includes governmental and tax-exempt customers.

(3) Includes approximately 1,005 customers located in Emmett that are not metered and who pay a flat monthly rate.

(4) Includes approximately 158 customers located in Bedford that are not metered and who pay a flat monthly rate.

(5) Includes approximately 607 customers located in Pennfield that are not metered and who pay a flat monthly rate.

(6) Includes approximately 93 customers located in Springfield that are not metered and who pay a flat monthly rate.

Source: City of Battle Creek

**City of Battle Creek Water and Wastewater System**  
**Water Volume as Billed by User Classification and Location (1)**  
**Fiscal Years Ended June 30, 2018 through 2022**

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential.....	106,630,876	103,873,324	101,247,759	110,045,782	102,042,992
Commercial (2) .....	89,941,367	85,985,666	80,523,471	83,408,109	89,389,011
Industrial .....	<u>102,822,926</u>	<u>104,534,592</u>	<u>110,750,621</u>	<u>117,380,631</u>	<u>116,848,702</u>
Sub-total.....	299,395,169	294,393,582	292,521,851	310,834,552	308,280,705
<u>Customer Communities</u>					
Emmett Township .....	27,512,531	29,987,370	23,612,244	25,784,938	27,049,787
Bedford Township.....	3,110,360	3,090,877	2,717,530	2,894,348	2,786,151
Springfield City .....	17,243,502	16,925,328	19,146,343	18,010,490	18,364,274
Pennfield Township.....	<u>2,255,800</u>	<u>2,218,600</u>	<u>2,213,400</u>	<u>2,157,900</u>	<u>2,521,800</u>
Sub-total.....	<u>50,122,193</u>	<u>52,222,175</u>	<u>47,689,517</u>	<u>48,847,676</u>	<u>50,722,012</u>
Total Water Billed.....	<u>349,517,362</u>	<u>346,615,757</u>	<u>340,211,368</u>	<u>359,682,198</u>	<u>359,002,717</u>

(1) Measured in cubic feet.

(2) Includes government and tax-exempt customers.

Source: City of Battle Creek

**City of Battle Creek Water and Wastewater System**  
**Wastewater Treatment Volume as Billed by User Classification and Location (1)**  
**Fiscal Years Ended June 30, 2018 Through 2022**

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential.....	112,157,156	109,764,654	107,918,337	116,380,311	108,527,081
Commercial (2) .....	75,611,297	75,207,462	68,801,690	67,770,882	76,004,504
Industrial .....	<u>33,052,416</u>	<u>38,215,999</u>	<u>39,091,900</u>	<u>39,625,132</u>	<u>41,960,342</u>
Sub-total.....	220,820,869	223,188,115	215,811,927	223,776,325	226,491,927
<u>Customer Communities</u>					
Emmett Township .....	33,767,468	35,373,893	30,081,969	30,875,709	32,960,660
Bedford Township.....	6,543,986	6,883,023	6,543,615	6,860,185	6,705,906
Springfield City .....	15,892,464	14,779,666	15,207,078	15,058,012	15,930,846
Pennfield Township.....	<u>14,724,732</u>	<u>14,576,875</u>	<u>14,487,868</u>	<u>14,289,260</u>	<u>16,437,000</u>
Sub-total.....	<u>70,928,650</u>	<u>71,613,457</u>	<u>66,320,530</u>	<u>67,083,166</u>	<u>72,034,412</u>
Total Wastewater Billed.....	<u>291,749,519</u>	<u>294,801,572</u>	<u>282,132,457</u>	<u>290,859,491</u>	<u>298,526,339</u>

(1) Measured in cubic feet.

(2) Includes government and tax-exempt customers.

Source: City of Battle Creek

**City of Battle Creek Water and Wastewater System  
Water System Revenues by User Class and Location  
Fiscal Years Ended June 30, 2018 Through 2022**

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential.....	\$ 3,826,075	\$ 3,871,053	\$ 3,953,830	\$ 4,172,430	\$ 4,081,396
Commercial (1) .....	2,102,968	2,150,138	2,140,818	2,300,744	2,403,260
Industrial .....	<u>1,579,649</u>	<u>1,651,605</u>	<u>1,777,862</u>	<u>1,882,016</u>	<u>1,926,006</u>
Sub-total.....	7,508,692	7,672,796	7,872,510	8,355,190	8,410,662
<u>Customer Communities</u>					
Emmett Township .....	709,973	742,075	693,906	777,471	796,067
Bedford Township.....	105,058	107,763	108,217	113,524	112,871
Leroy Township .....	11,156	12,989	13,086	15,133	14,923
Springfield City.....	224,405	228,116	162,726	285,116	259,948
Pennfield Township.....	<u>44,202</u>	<u>46,033</u>	<u>44,912</u>	<u>66,279</u>	<u>50,295</u>
Sub-total.....	<u>1,094,794</u>	<u>1,136,976</u>	<u>1,022,847</u>	<u>1,257,523</u>	<u>1,234,104</u>
Total Water Revenue.....	<u><u>\$ 8,603,486</u></u>	<u><u>\$ 8,809,772</u></u>	<u><u>\$ 8,895,357</u></u>	<u><u>\$ 9,612,713</u></u>	<u><u>\$ 9,644,766</u></u>

(1) Includes governmental and tax-exempt customers.

Source: City of Battle Creek

**City of Battle Creek Water and Wastewater System  
Wastewater System Revenues by User Class and Location  
Fiscal Years Ended June 30, 2018 Through 2022**

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential.....	\$ 5,432,302	\$ 5,637,868	\$ 5,869,353	\$ 6,238,700	\$ 6,712,516
Commercial (1) .....	3,132,960	2,961,203	3,242,680	3,490,002	3,894,797
Industrial .....	<u>5,908,955</u>	<u>5,833,930</u>	<u>7,136,176</u>	<u>7,775,654</u>	<u>8,257,019</u>
Sub-total.....	14,474,217	14,433,001	16,248,209	17,504,356	18,864,332
<u>Customer Communities</u>					
Emmett Township .....	1,026,430	1,081,177	1,202,641	1,418,201	1,740,245
Bedford Township.....	190,646	229,160	259,229	279,514	348,949
Leroy Township .....	11,085	13,613	13,978	16,936	19,172
Springfield City.....	487,718	573,952	502,982	714,152	873,456
Pennfield Township.....	<u>489,705</u>	<u>557,253</u>	<u>622,752</u>	<u>603,539</u>	<u>832,539</u>
Sub-total.....	<u>2,205,584</u>	<u>2,455,155</u>	<u>2,601,582</u>	<u>3,032,342</u>	<u>3,814,362</u>
Total Wastewater Revenue ....	<u><u>\$ 16,679,801</u></u>	<u><u>\$ 16,888,156</u></u>	<u><u>\$ 18,849,791</u></u>	<u><u>\$ 20,536,698</u></u>	<u><u>\$ 22,678,694</u></u>

(1) Includes governmental and tax-exempt customers.

Source: City of Battle Creek

**City of Battle Creek Water and Wastewater System**  
**Ten Largest Water Customers by Volume and Revenue**  
**Fiscal Year Ended June 30, 2022**

<u>Customer</u>	<u>Principal Product or Service</u>	Water Volume Cubic Feet	Percent of Total (1)	Water Revenue	Percent of Total (2)
Post Foods .....	Breakfast Foods.....	30,651,065	8.52%	\$453,719	4.72%
Kellogg Company-Plant.....	Breakfast Foods ...	29,970,799	8.33	430,187	4.48
Prairie Farms Dairy.....	Dairy Processing ...	12,905,958	3.59	195,438	2.03
Graphic Packaging.....	Paper Mill.....	12,123,300	3.37	182,141	1.89
Fire Keepers Casino.....	Gambling/Entertain	8,591,100	2.39	172,572	1.80
Westrock California LLC	Paperboard .....	8,035,116	2.23	82,691	0.86
Denso Mfg - Michigan .....	Automotive Parts...	4,677,149	1.30	97,292	1.01
VA Medical Center.....	Medical Services ...	4,416,565	1.23	104,078	1.08
Bronson Battle Creek.....	Medical Services ...	4,293,600	1.19	92,384	0.96
Calhoun County Justice Center.	Govt-Jail/Courts...	<u>2,967,201</u>	<u>0.86</u>	<u>48,270</u>	<u>0.50</u>
	Total	<u>118,631,853</u>	<u>32.97%</u>	<u>\$1,848,772</u>	<u>19.33%</u>

(1) Based on water volume of 359,002,717 for the fiscal year ended June 30, 2022.

(2) Based on water revenue of \$9,644,766 for the fiscal year ended June 30, 2022.

Source: City of Battle Creek

**City of Battle Creek Water and Wastewater System**  
**Ten Largest Wastewater Customers by Volume and Revenue**  
**Fiscal Year Ended June 30, 2022**

<u>Customer</u>	<u>Principal Product or Service</u>	Wastewater Volume Cubic Feet	Percent of Total (1)	Wastewater Revenue	Percent of Total (2)
Post Foods	Breakfast Foods .....	25,946,270	8.92%	\$1,601,455	7.8%
Graphic Packaging .....	Paper Mill .....	20,083,623	6.90	1,924,655	9.37
Kellogg Company - Plant.....	Breakfast Foods .....	17,752,674	6.10	967,335	4.71
Westrock California LLC .....	Paperboard .....	10,951,513	3.77	1,049,922	5.11
Prairie Farms Dairy.....	Dairy Processing ...	12,905,958	4.44	470,037	2.29
Fire Keepers Casino .....	Gambling/Entertain	7,693,700	2.65	348,279	1.70
VA Medical Center-Hospital	Medical Services ...	4,416,565	1.52	202,505	0.99
Denso Manufacturing.....	Automotive parts ...	4,677,149	1.61	179,491	0.87
Bronson Battle Creek Health	Medical Services ....	3,997,700	1.37	155,901	0.76
Calhoun County Justice Cente	Govt-Jail/Courts.....	<u>2,967,201</u>	<u>0.81</u>	<u>112,903</u>	<u>0.55</u>
	Total	<u>111,392,323</u>	<u>38.30%</u>	<u>\$7,012,483</u>	<u>34.15%</u>

(1) Based on treated wastewater volume of 298,526,339 for the fiscal year ended June 30, 2022.

(2) Based on wastewater revenue of \$22,678,694 for the fiscal year ended June 30, 2022.

Source: City of Battle Creek

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