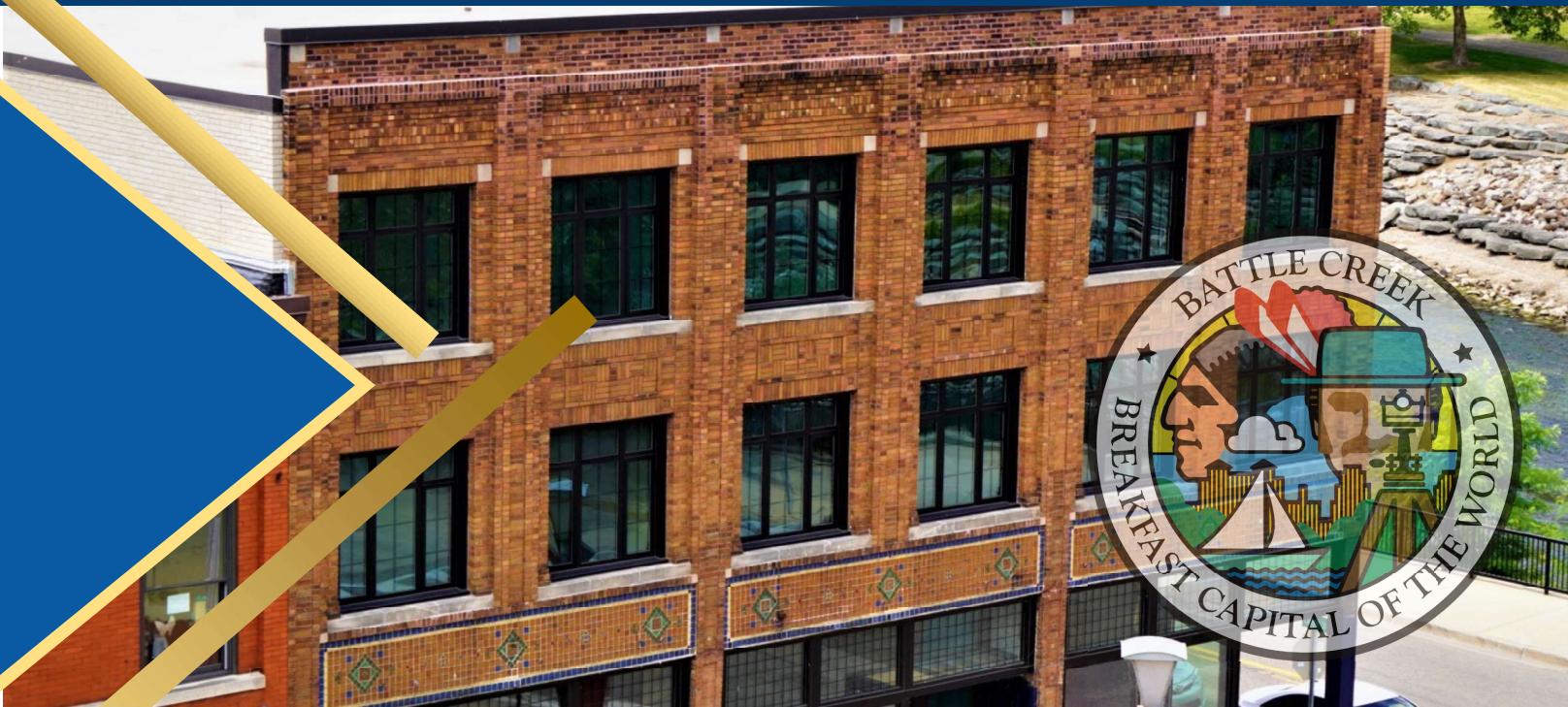


**CITY OF
BATTLE
CREEK
MICHIGAN**
2023

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

**Fiscal Year Ended
JUNE 30, 2023**

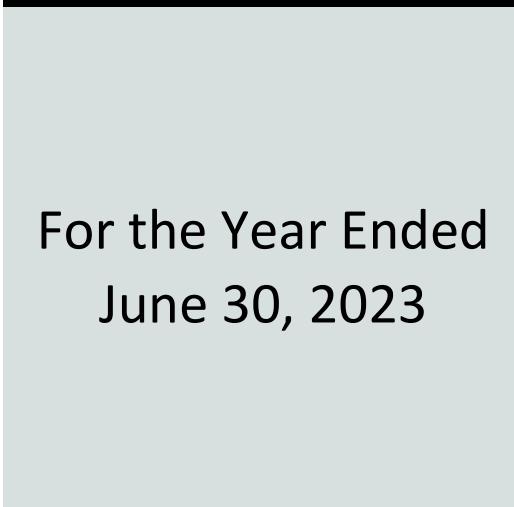
**Prepared by the
Finance Department**



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City of Battle Creek, Michigan



For the Year Ended
June 30, 2023



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

FINANCE DEPARTMENT

December 22, 2023

**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, 2023.

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, 2023 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, 2023 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 52,721. 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 \$2.9 billion for the year ended June 30, 2023. 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 2024-2029 are almost \$400 million in capital needs including airport development and maintenance projects as well as fire station replacements. During the fiscal year ended June 30, 2023, \$2.2 million was used to fund repair and replacement of major and local streets. This year is the eighth 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. Due to a transfer out that occurred at the year end, there was a use of fund balance in the general fund for the year ended June 30, 2023. Income tax revenue accounted for 34.4% of total general fund revenues for the year ending June 30, 2023 and has increased 1.3% (\$227,000) over the prior year. The original income tax budget was increased 11.4% with a year-end adjustment after evaluation of expected year end results. Property tax revenue makes up another 30.5% of general fund revenues for the year ending June 30, 2023, 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 has received 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 obligated by December 31, 2024 and expended by December 31, 2026. The City Commission and administration have appropriated these funds by facilitating community conversations to ensure 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.

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, 2022. This was the twenty-third 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

Aaron B. Kuhn
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

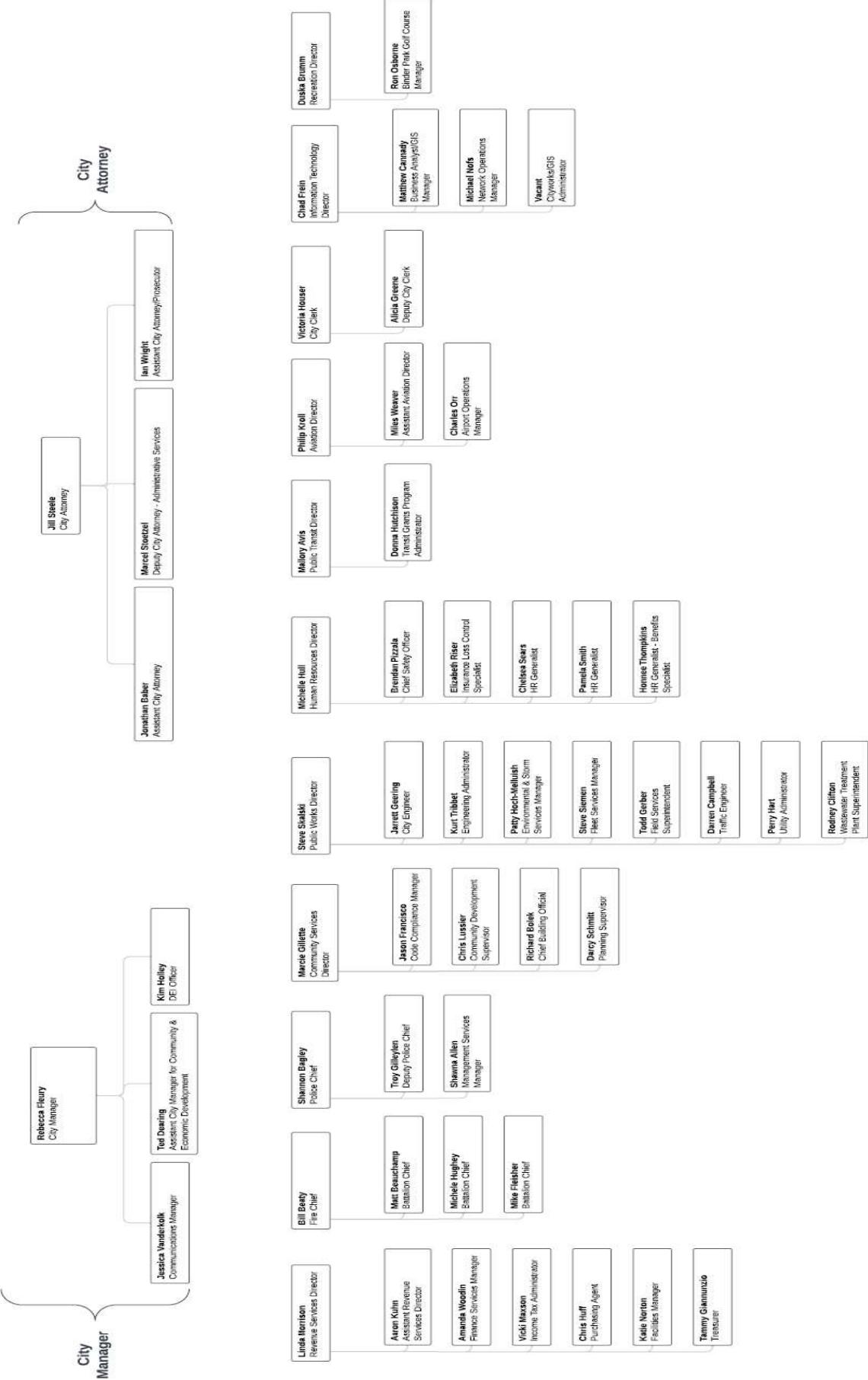
June 30, 2022

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

Sherry Sofia
Vice Mayor

Roger Ballard
Jenasia Morris
Patrick O'Donnell
Carla Reynolds
Jim Lance
Christopher Simmons
Jake Smith

Administration

Rebecca L. Fleury
City Manager

Jill Humphreys Steele
City Attorney

Aaron B. Kuhn
Revenue Services Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 22, 2023

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, 2023, 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, 2023, 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.



📍 675 Robinson Road, Jackson, MI 49203

📞 517.787.6503

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, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Lehman Lohman 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, 2023. 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	\$ 169,660,414
· Change in total net position	(5,889,181)
· Fund balances, governmental funds	29,136,849
· Change in fund balances, governmental funds	62,802
· Unassigned fund balance, general fund	12,866,737
· Change in fund balance, general fund	(361,794)
· General obligation and revenue bonds outstanding	44,640,000
· Change in general obligation and revenue bonds outstanding	6,775,000

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 on 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 \$169,660,414 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	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 71,757,839	\$ 80,319,922	\$ 62,803,312	\$ 60,842,826	\$ 134,561,151	\$ 141,162,748
Capital assets	207,598,792	212,084,399	94,872,454	98,945,695	302,471,246	311,030,094
Total assets	279,356,631	292,404,321	157,675,766	159,788,521	437,032,397	452,192,842
Deferred outflows of resources	26,374,973	37,058,445	7,009,889	6,057,409	33,384,862	43,115,854
Liabilities						
Long-term liabilities	167,933,061	166,748,239	63,923,803	48,497,271	231,856,864	215,245,510
Other liabilities	39,137,058	47,462,108	2,575,286	2,768,046	41,712,344	50,230,154
Total liabilities	207,070,119	214,210,347	66,499,089	51,265,317	273,569,208	265,475,664
Deferred inflows of resources	17,499,724	28,050,851	9,687,913	26,232,586	27,187,637	54,283,437
Net position						
Net investment in capital assets	182,987,646	184,578,767	72,743,638	86,184,982	255,731,284	270,763,749
Restricted	9,608,841	8,454,546	-	-	9,608,841	8,454,546
Unrestricted (deficit)	(111,434,726)	(105,831,745)	15,755,015	2,163,045	(95,679,711)	(103,668,700)
Total net position	\$ 81,161,761	\$ 87,201,568	\$ 88,498,653	\$ 88,348,027	\$ 169,660,414	\$ 175,549,595

An additional portion of the City's net position (5.7 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 decreased by \$5,889,181 from the prior year net position. This is a decrease from the prior year's \$4,616,977 increase. Compared to the prior year, the current year change can be attributed to an increase of \$28.3 million in expense and an increase of \$17.7 million in revenue. Revenue increased due to the recognition of grant funding received for CDBG, HOME, and Lead Grant programs. Additionally, there was \$3.4 million positive swing from the prior year to the current year in investment earnings. The increase in investment earnings was a result of rising interest rates as well a more proactive approach to investing. Expense increases in public safety are reflective of the hiring of 17 new police officers during the year in an effort to return to a more adequate level of staffing. Renovations to Fire Station #4 as well as new fire engine purchases are also attributable to this increase. Across the organization, the \$8.6 million increase in the net pension liability and related deferrals (result of decline in MERS investment earnings) is responsible for the increase in several governmental and business-type expense functions. All combining to result in a net position decrease of \$5.9 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	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 9,712,103	\$ 8,930,768	\$ 36,802,112	\$ 37,964,660	\$ 46,514,215	\$ 46,895,428
Grants and contributions -						
Operating	21,993,718	14,148,336	7,228,329	7,723,222	29,222,047	21,871,558
General revenues:						
Property taxes	18,746,435	18,098,314	320,000	320,000	19,066,435	18,418,314
Income taxes	18,064,459	17,837,502	-	-	18,064,459	17,837,502
Grants and contributions not restricted to specific programs	13,649,313	7,184,032	-	-	13,649,313	7,184,032
Unrestricted investment earnings (loss)	1,241,325	(1,264,047)	401,777	(531,540)	1,643,102	(1,795,587)
Total revenues	83,407,353	64,934,905	44,752,218	45,476,342	128,159,571	110,411,247
Expenses						
General government	16,608,276	10,649,011	-	-	16,608,276	10,649,011
Public safety	40,768,365	31,585,548	-	-	40,768,365	31,585,548
Public works	3,914,084	2,634,719	-	-	3,914,084	2,634,719
Highways and streets	17,094,295	16,442,194	-	-	17,094,295	16,442,194
Recreation	4,084,510	3,869,221	-	-	4,084,510	3,869,221
Community development	4,176,418	2,332,533	-	-	4,176,418	2,332,533
Interest on long-term debt	1,172,026	1,317,802	-	-	1,172,026	1,317,802
Water and wastewater	-	-	31,410,582	23,892,416	31,410,582	23,892,416
Public transit	-	-	4,845,778	3,635,378	4,845,778	3,635,378
Solid waste collection	-	-	4,344,640	4,068,181	4,344,640	4,068,181
Airport	-	-	3,263,805	2,868,764	3,263,805	2,868,764
Parking	-	-	1,287,064	1,304,102	1,287,064	1,304,102
Economic development	-	-	905,251	839,017	905,251	839,017
Intermodal facility	-	-	173,658	355,384	173,658	355,384
Total expenses	87,817,974	68,831,028	46,230,778	36,963,242	134,048,752	105,794,270
Change in net position, before transfers	(4,410,621)	(3,896,123)	(1,478,560)	8,513,100	(5,889,181)	4,616,977
Transfers	(1,629,186)	(181,368)	1,629,186	181,368	-	-
Change in net position	(6,039,807)	(4,077,491)	150,626	8,694,468	(5,889,181)	4,616,977
Net position, beginning of year	87,201,568	91,279,059	88,348,027	79,653,559	175,549,595	170,932,618
Net position, end of year	\$ 81,161,761	\$ 87,201,568	\$ 88,498,653	\$ 88,348,027	\$ 169,660,414	\$ 175,549,595

Governmental activities. Governmental activities decreased the City's net position by \$6,039,807 (as compared to a prior year decrease of \$4,077,491). Key elements of this decrease and the change from the prior year include:

The total revenue increase of \$18,472,448 is primarily due to a rise in operating grants for programs such as CDBG, HOME, and lead removal. Additionally, there was a substantial shift in investment earnings from the prior year as interest rates continue to rise. On the expense side, the increase of \$18,986,946 is primarily the result of increases to the net pension liability and related deferral adjustments as well as expense increases for the grant programs mentioned above.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Business-type activities. Business-type activities increased the City's net position by \$150,626 as compared to an increase of \$8,694,468 in the prior year. Key elements of this change from the prior year include:

Charges for services revenues decreased \$1,162,548, primarily in the water and wastewater fund. This was the result of the departure of a significant water and sewer user from the City. Year three of a five year rate study was in effect which included rate increases with a long term view of capital improvement coverage. Expenses increased during the year for the water and wastewater fund as result of an increase in costs for personnel related to an increase in the net pension liability of \$6.5 million. The primary change in net position compared to the prior year is the increase in net pension liability mentioned above.

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 \$29,136,849 an increase of \$62,802. The nonspendable portion of fund balance increased from \$1,245,916 to \$1,253,243. 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 (\$373,334).

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 \$12,866,737, while total fund balance was \$15,434,487. 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, 2023 is 24.8%.

The fund balance of the City's general fund decreased by \$361,794 during the current fiscal year compared to an increase of \$1,531,642 in the prior year. This fluctuation is primarily the result of transfers out of \$500,000 at June 30, 2023 to resolve a deficit net position in an internal service fund. Income tax has rebounded to pre-pandemic levels, increasing to nearly \$18.1 million for the year ended June 30, 2023. Property tax revenue experienced modest growth, a trend which is expected to continue with rising inflation. Recreation revenue continues to rebound with a 6.8% increase from the prior year. On the expenditure side, police and fire department expenditures continue to rise (\$1.8 million increase) due to successful staffing initiatives to fill vacant positions.

The major street and trunkline maintenance special revenue fund has a fund balance of \$4,527,301 at year end. The fund is used to account for the repair and maintenance of streets and sidewalks. The fund experienced an increase of \$192,530 in fund balance in the current year. This increase was a result of unexpended funds toward the construction of a salt barn (\$1.5 million remains unspent). A 7.2% increase to Act 51 revenues and \$127,000 positive swing in investment earnings were contributory factors as well.

The special grants special revenue fund was created to account for various grants received by the City and has a total fund balance of \$758,661 at year end. The committed fund balance of \$758,287 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 fund balance decreased \$451,123 primarily due to drawdowns of \$404,633 on the project mentioned above.

The ARPA special revenue fund was created to account for the American Rescue Plan Act grants received by the City and has no fund balance 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, \$18,380,895 remains to be expended and is 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.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Unrestricted net position of the water and wastewater system fund at the end of the year amounted to a \$12,058,185. The fund had an increase in total net position for the year of \$1,040,854. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

The Battle Creek Transit System reported a net position deficit of \$6,531,064. The fund reported an increase in net position of \$103,166. 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 \$10,001,549. The fund reported a decrease in net position of \$788,747. The net position decrease is a result of depreciation on capital assets (\$941,653), of which there were \$87,844 in asset additions during the year.

General Fund Budgetary Highlights

The general fund ended the year with a negative net change in fund balance of \$361,794. This is a positive change compared to the general fund original adopted budget with expenditures in excess of revenues and a use of fund balance of \$3,594,675. The City had budget adjustments totaling \$3,130,033 which resulted in a final budgeted decrease of fund balance in the amount of \$464,642. 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 city income tax revenue exceeded the original budget by \$1,664,459. State intergovernmental revenues exceeded expectations with actual results exceeding the original budget by \$671,408 as a result of better than expected revenue from state income tax, sales tax, and marijuana-related registrations at the State level that were passed through. Recreation revenue exceeded the adjusted budget by \$320,419 (14.5%) due to better than expected performance at the Binder Park Golf Course. A transfer from the ARPA fund for lost revenue in the amount of \$2,500,000 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 utilization of only \$361,794 of 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, 2023, amounted to \$302,471,246 (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 decreased by 4.1%.

	City of Battle Creek's Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land and land improvements	\$ 7,766,954	\$ 9,012,672	\$ 4,985,361	\$ 5,116,662	\$ 12,752,315	\$ 14,129,334
Construction in progress	1,966,327	1,218,621	2,643,485	502,984	4,609,812	1,721,605
Buildings	35,186,271	36,325,603	33,281,238	35,185,009	68,467,509	71,510,612
Vehicles	9,311,565	8,164,391	1,079,563	928,849	10,391,128	9,093,240
Equipment	2,950,027	2,900,730	969,539	977,777	3,919,566	3,878,507
Infrastructure	150,417,648	154,462,382	-	-	150,417,648	154,462,382
Systems	-	-	51,913,268	56,234,414	51,913,268	56,234,414
Total	\$ 207,598,792	\$ 212,084,399	\$ 94,872,454	\$ 98,945,695	\$ 302,471,246	\$ 311,030,094

Major capital asset events during the current fiscal year included:

- Vehicle additions in the current year included multiple police cars, multiple snow plow replacements, and a fire truck. Façade work to repair the terra cotta at City Hall is nearly complete. ARPA funds were used to replace the sports court flooring at Kellogg Arena.
- Building improvements of \$476,106 for the renovation of Fire Station #4 were completed during the year. Also, \$1.9 million was invested into the repair and replacement of major and local streets. Lead service replacements totaling \$673,507 were also completed during the year ended June 30, 2023.

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 \$44,640,000. Of this amount, \$23,195,000 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	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 23,195,000	\$ 25,680,000	\$ -	\$ -	\$ 23,195,000	\$ 25,680,000
Revenue bonds	-	-	21,445,000	12,185,000	21,445,000	12,185,000
Total	\$ 23,195,000	\$ 25,680,000	\$ 21,445,000	\$ 12,185,000	\$ 44,640,000	\$ 37,865,000

The City's total bonded debt increased by \$6,775,000 (17.9 percent) during the current fiscal year as a result of the issuance of the 2023 water and wastewater system revenue bonds of \$10,000,000 offset by 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 \$144,598,934.

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

Economic Factors

One of the biggest economic challenges facing the City is inflation. As the cost of doing business continues to rise, this will put constraints on the City's already tight budget. City staff continue to monitor for long-term impacts to income tax revenue as it relates to remote work.

Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2023/24 fiscal year:

- Continuing the conservative approach to budgeting, the fiscal year 2024 adopted budget included anticipated use of fund balance in the amount of \$613,950. The budget includes \$1.7 million in ARPA lost revenue funding. A mid-year adjustment is anticipated as additional unspent American Rescue Plan Act lost revenue funds from previous years are utilized. After eliminating 26 positions in fiscal years 2020 and 2021, some positions have begun to be reinstated as pandemic related impacts became clear. Administration continues to search for efficiencies 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 increased after two consecutive years of decreases, with a .255 increase in the police and 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. 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, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Pooled cash and investments	\$ 36,022,017	\$ 38,489,778	\$ 74,511,795	\$ 15,271,587
Restricted cash and investments	18,392,294	-	18,392,294	-
Receivables, net	9,611,255	10,905,004	20,516,259	690,933
Receivables, long-term portion	11,595,440	6,222,079	17,817,519	4,951,003
Internal balances	(4,794,493)	4,794,493	-	-
Inventories and prepaid items	931,326	2,391,958	3,323,284	44,248
Capital assets not being depreciated	4,305,538	6,203,939	10,509,477	15,217,635
Capital assets being depreciated, net	203,293,254	88,668,515	291,961,769	7,500,975
Total assets	<u>279,356,631</u>	<u>157,675,766</u>	<u>437,032,397</u>	<u>43,676,381</u>
Deferred outflows of resources				
Deferred charge on refunding	589,973	-	589,973	871,411
Deferred pension amounts	23,179,642	5,720,839	28,900,481	-
Deferred other postemployment benefit amounts	2,605,358	1,289,050	3,894,408	-
Total deferred outflows of resources	<u>26,374,973</u>	<u>7,009,889</u>	<u>33,384,862</u>	<u>871,411</u>
Liabilities				
Accounts payable and accrued liabilities	8,557,149	2,245,214	10,802,363	5,542,117
Unearned revenue	30,579,909	330,072	30,909,981	37,195
Bonds, notes and other long-term liabilities:				
Due within one year	5,282,694	1,668,455	6,951,149	2,349,484
Due in more than one year	32,435,968	21,315,778	53,751,746	31,344,346
Net pension liability (due in more than one year)	117,070,061	34,436,168	151,506,229	-
Net other postemployment benefit liability (due in more than one year)	13,144,338	6,503,402	19,647,740	-
Total liabilities	<u>207,070,119</u>	<u>66,499,089</u>	<u>273,569,208</u>	<u>39,273,142</u>
Deferred inflows of resources				
Deferred lease amounts	829,519	1,980,621	2,810,140	277,414
Deferred pension amounts	1,568,177	235,285	1,803,462	-
Deferred other postemployment benefit amounts	15,102,028	7,472,007	22,574,035	-
Total deferred inflows of resources	<u>17,499,724</u>	<u>9,687,913</u>	<u>27,187,637</u>	<u>277,414</u>
Net position				
Net investment in capital assets	182,987,646	72,743,638	255,731,284	22,718,610
Restricted for:				
Major streets	4,527,094	-	4,527,094	-
Local streets	1,217,339	-	1,217,339	-
Michigan justice training	37,492	-	37,492	-
Narcotics forfeiture	522,046	-	522,046	-
Building inspection	1,380,598	-	1,380,598	-
Special projects	454,175	-	454,175	-
Capital projects	-	-	-	1,761,331
Endowment - nonexpendable	879,909	-	879,909	-
Endowment - expendable	76,831	-	76,831	-
Opioid settlement	513,357	-	513,357	-
Loan commitments and lending activity	-	-	-	1,235,668
Unrestricted (deficit)	(111,434,726)	15,755,015	(95,679,711)	(20,718,373)
Total net position	<u>\$ 81,161,761</u>	<u>\$ 88,498,653</u>	<u>\$ 169,660,414</u>	<u>\$ 4,997,236</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, 2023

Functions / Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues
Primary government					
Governmental activities:					
General government	\$ 16,608,276	\$ 5,204,440	\$ 6,520,454	\$ -	\$ (4,883,382)
Public safety	40,768,365	1,870,204	666,547	-	(38,231,614)
Public works	3,914,084	27,619	105,848	-	(3,780,617)
Highways and streets	17,094,295	6,000	10,765,052	-	(6,323,243)
Recreation	4,084,510	2,563,239	-	-	(1,521,271)
Community development	4,176,418	40,601	3,935,817	-	(200,000)
Interest on long-term debt	1,172,026	-	-	-	(1,172,026)
Total governmental activities	<u>87,817,974</u>	<u>9,712,103</u>	<u>21,993,718</u>	<u>-</u>	<u>(56,112,153)</u>
Business-type activities:					
Water and wastewater	31,410,582	31,693,051	553,644	-	836,113
Public transit	4,845,778	273,927	4,398,597	-	(173,254)
Solid waste collection	4,344,640	4,084,477	1,474	-	(258,689)
Airport	3,263,805	222,356	1,451,029	-	(1,590,420)
Parking	1,287,064	501,126	-	-	(785,938)
Economic development	905,251	-	674,227	-	(231,024)
Intermodal facility	173,658	27,175	149,358	-	2,875
Total business-type activities	<u>46,230,778</u>	<u>36,802,112</u>	<u>7,228,329</u>	<u>-</u>	<u>(2,200,337)</u>
Total primary government	<u>\$ 134,048,752</u>	<u>\$ 46,514,215</u>	<u>\$ 29,222,047</u>	<u>\$ -</u>	<u>\$ (58,312,490)</u>
Component units					
Community development	<u>\$ 10,299,829</u>	<u>\$ 640,196</u>	<u>\$ 4,062,711</u>	<u>\$ 1,425,830</u>	<u>\$ (4,171,092)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

■ Statement of Activities

For the Year Ended June 30, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position				
Net expense	\$ (56,112,153)	\$ (2,200,337)	\$ (58,312,490)	\$ (4,171,092)
General revenues:				
Property taxes	18,746,435	320,000	19,066,435	5,658,951
Income taxes	18,064,459	-	18,064,459	-
Grants and contributions not restricted to specific programs	13,649,313	-	13,649,313	-
Unrestricted investment earnings	1,241,325	401,777	1,643,102	683,595
Transfers	(1,629,186)	1,629,186	-	-
Total general revenues and transfers	50,072,346	2,350,963	52,423,309	6,342,546
Change in net position				
	(6,039,807)	150,626	(5,889,181)	2,171,454
Net position, beginning of year	87,201,568	88,348,027	175,549,595	2,825,782
Net position, end of year	\$ 81,161,761	\$ 88,498,653	\$ 169,660,414	\$ 4,997,236

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, 2023

	General	Major Street and Trunkline Maintenance	Special Grants	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	\$ 14,208,555	\$ 3,046,266	\$ -	\$ -	\$ 8,417,555	\$ 25,672,376
Restricted cash and investments	-	-	-	18,392,294	-	18,392,294
Receivables:						
Interest	1,255	-	-	-	19,271	20,526
Accounts, net	1,722,318	2,653	-	-	97,705	1,822,676
Special assessments	365,994	-	-	-	11,097	377,091
Due from other governments	1,165,195	1,559,061	1,706,447	-	1,032,568	5,463,271
Taxes, net	337,307	-	-	-	-	337,307
Leases, current portion	53,985	13,782	-	-	33,860	101,627
Leases, long-term portion	254,532	194,273	-	-	279,087	727,892
Loans, long-term portion	-	-	8,827,819	-	2,767,621	11,595,440
Inventories	136,061	-	-	-	-	136,061
Prepaid items	234,152	207	374	-	2,540	237,273
Interfund receivable	2,133,200	-	-	-	-	2,133,200
Total assets	\$ 20,612,554	\$ 4,816,242	\$ 10,534,640	\$ 18,392,294	\$ 12,661,304	\$ 67,017,034
Liabilities						
Accounts payable	\$ 1,420,776	\$ 54,785	\$ 327,773	\$ 11,399	\$ 497,547	\$ 2,312,280
Accrued payroll	2,771,668	24,230	-	-	-	2,795,898
Retentions, deposits and other liabilities	-	-	-	-	157,736	157,736
Interfund payable	-	-	184,147	-	491,222	675,369
Unearned revenue	16,866	1,871	9,264,059	18,380,895	2,775,619	30,439,310
Total liabilities	4,209,310	80,886	9,775,979	18,392,294	3,922,124	36,380,593
Deferred inflows of resources						
Unavailable revenue:						
Opioid settlement	395,146	-	-	-	-	395,146
Special assessments	265,094	-	-	-	9,833	274,927
Deferred lease amounts	308,517	208,055	-	-	312,947	829,519
Total deferred inflows of resources	968,757	208,055	-	-	322,780	1,499,592
Fund balances						
Nonspendable	370,213	207	374	-	882,449	1,253,243
Restricted	572,386	4,527,094	-	-	3,231,766	8,331,246
Committed	1,425,626	-	758,287	-	2,768,537	4,952,450
Assigned	199,525	-	-	-	1,533,648	1,733,173
Unassigned	12,866,737	-	-	-	-	12,866,737
Total fund balances	15,434,487	4,527,301	758,661	-	8,416,400	29,136,849
Total liabilities, deferred inflows of resources and fund balances	\$ 20,612,554	\$ 4,816,242	\$ 10,534,640	\$ 18,392,294	\$ 12,661,304	\$ 67,017,034

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, 2023

Fund balances - total governmental funds	\$ 29,136,849
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	4,305,538
Capital assets being depreciated, net	203,293,254
Less: capital assets being accounted for in internal service funds	(9,384,908)
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	16,828,365
Portion of internal service funds cumulative net operating income attributed to business-type funds	(4,794,493)
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 opioid settlement receivable	395,146
Unavailable special assessments	274,927
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	589,973
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 related premiums/discounts and notes from direct borrowings and direct placements payable	(34,167,253)
Accrued interest on long-term debt	(955,937)
Net pension liability	(117,070,061)
Deferred outflows of resources related to the net pension liability	23,179,642
Deferred inflows of resources related to the net pension liability	(1,568,177)
Net other postemployment benefit liability	(13,144,338)
Deferred outflows of resources related to the net other postemployment benefit liability	2,605,358
Deferred inflows of resources related to the net other postemployment benefit liability	(15,102,028)
Compensated absences	<u>(3,260,096)</u>
Net position of governmental activities	<u>\$ 81,161,761</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, 2023

	General	Major Street and Trunkline Maintenance	Special Grants	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 34,900,799	\$ -	\$ -	\$ -	\$ 1,910,095	\$ 36,810,894
Licenses and permits	1,105,180	-	-	-	-	1,105,180
Intergovernmental:						
Federal	15,230	-	2,521,944	6,313,067	1,982,915	10,833,156
State	8,554,923	8,708,933	820,559	-	2,129,365	20,213,780
Local	2,469,912	-	-	-	857,774	3,327,686
Charges for services	3,781,871	-	-	-	976,890	4,758,761
Fines and forfeitures	64,408	-	-	-	-	64,408
Investment earnings	940,518	62,670	-	788,040	151,079	1,942,307
Contributions	2,650	-	485,003	-	153,300	640,953
Rents and leases	35,425	22,347	-	-	48,166	105,938
Other	597,574	39,807	15,161	-	79,608	732,150
Total revenues	52,468,490	8,833,757	3,842,667	7,101,107	8,289,192	80,535,213
Expenditures						
Current expenditures:						
General government	5,311,372	-	1,174,262	5,268,700	849,068	12,603,402
Public safety	35,672,263	-	954,558	115,854	850,408	37,593,083
Public works	2,649,249	-	-	-	-	2,649,249
Highway and streets	-	6,141,227	-	-	5,643,299	11,784,526
Recreation	3,012,761	-	-	58,793	-	3,071,554
Community development	703,216	-	2,357,540	-	2,023,516	5,084,272
Inspections	-	-	-	-	856,847	856,847
Non-departmental	978,126	-	-	-	-	978,126
Debt service:						
Principal	357,460	-	-	-	2,458,300	2,815,760
Interest and other fiscal charges	27,635	-	-	-	1,018,967	1,046,602
Total expenditures	48,712,082	6,141,227	4,486,360	5,443,347	13,700,405	78,483,421
Revenue over (under) expenditures	3,756,408	2,692,530	(643,693)	1,657,760	(5,411,213)	2,051,792
Other financing sources (uses)						
Transfers in	100,528	-	299,348	-	6,866,238	7,266,114
Transfers out	(4,218,730)	(2,500,000)	(106,778)	(1,767,162)	(662,434)	(9,255,104)
Total other financing sources (uses)	(4,118,202)	(2,500,000)	192,570	(1,767,162)	6,203,804	(1,988,990)
Net change in fund balances	(361,794)	192,530	(451,123)	(109,402)	792,591	62,802
Fund balances, beginning of year	15,796,281	4,334,771	1,209,784	109,402	7,623,809	29,074,047
Fund balances, end of year	\$ 15,434,487	\$ 4,527,301	\$ 758,661	\$ -	\$ 8,416,400	\$ 29,136,849

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, 2023

Net change in fund balances - total governmental funds	\$ 62,802
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	8,265,132
Less: acquisition/construction of capital assets being accounted for in internal service funds	(3,490,018)
Depreciation expense	(12,719,219)
Less: depreciation expense being accounted for in internal service funds	2,407,229
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 unavailable revenues related to opioid settlement receivables	395,146
Change in long-term special assessments receivable	206,862
Change in unavailable revenues related to loans and grants receivable	580,000
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	2,815,760
Amount received from other entities for their share of debt principal	(580,000)
Amortization of bond premium	130,573
Amortization of bond discount	(8,657)
Amortization of deferred charge on refunding	(72,696)
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	365,612
Less: net operating income from business-type activities in internal service funds	(119,720)
Interest loss from governmental internal service funds	(120,982)
Loss on disposal of capital assets from governmental internal service funds	(31,520)
Transfers received in governmental internal service funds	1,150,796
Transfers made from governmental internal services funds	(790,992)
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	(174,644)
Change in the net pension liability and related deferred amounts	(8,635,125)
Change in net other postemployment benefit liability and related deferred amounts	4,467,479
Change in the accrual for compensated absences	<u>(143,625)</u>
Change in net position of governmental activities	<u><u>\$ (6,039,807)</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
City income	\$ 16,400,000	\$ 18,275,000	\$ 18,064,459	\$ (210,541)
Real estate	14,042,520	14,042,520	14,020,403	(22,117)
Personal property	2,172,645	2,172,645	1,994,580	(178,065)
Administration fees	740,292	740,292	751,894	11,602
Other	69,106	69,106	69,463	357
 Total taxes	 33,424,563	 35,299,563	 34,900,799	 (398,764)
 Licenses and permits	 937,912	 1,052,512	 1,105,180	 52,668
 Intergovernmental:				
Federal	40,000	40,000	15,230	(24,770)
State	7,883,515	8,615,515	8,554,923	(60,592)
Local	2,317,092	2,317,092	2,469,912	152,820
 Total intergovernmental	 10,240,607	 10,972,607	 11,040,065	 67,458
 Charges for services:				
Recreation	2,106,049	2,206,049	2,526,468	320,419
Police services	1,351,595	1,351,595	1,255,403	(96,192)
 Total charges for services	 3,457,644	 3,557,644	 3,781,871	 224,227
 Fines and forfeitures	 80,000	 80,000	 64,408	 (15,592)
 Investment earnings	 140,000	 380,000	 940,518	 560,518
 Contributions	 -	 -	 2,650	 2,650
 Rent and leases	 49,573	 49,573	 35,425	 (14,148)
 Other	 241,394	 422,708	 597,574	 174,866
 Total revenues	 48,571,693	 51,814,607	 52,468,490	 653,883

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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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
General government:				
Administration:				
Mayor and city commission	\$ 145,172	\$ 145,172	\$ 140,554	\$ (4,618)
City clerk and elections	704,471	634,471	614,386	(20,085)
City manager	1,287,087	1,137,087	1,027,815	(109,272)
Neighborhood code compliance	348,370	362,194	338,434	(23,760)
Labor relations	291,962	226,962	113,060	(113,902)
Human resources	507,903	497,903	419,923	(77,980)
Legal department	1,129,018	1,129,018	1,123,079	(5,939)
Civil service	76,940	76,940	78,109	1,169
Administrative reimbursements	(2,391,218)	(2,391,218)	(2,391,114)	104
Total administration	<u>2,099,705</u>	<u>1,818,529</u>	<u>1,464,246</u>	<u>(354,283)</u>
Revenue services:				
Finance	1,252,506	1,224,506	1,203,921	(20,585)
Purchasing	396,869	346,869	336,789	(10,080)
Treasurer's office	444,024	444,024	432,034	(11,990)
Assessing	591,410	618,410	627,433	9,023
City hall maintenance	636,338	683,768	692,829	9,061
Income tax division	535,361	560,361	554,120	(6,241)
Total revenue services	<u>3,856,508</u>	<u>3,877,938</u>	<u>3,847,126</u>	<u>(30,812)</u>
Total general government	<u>5,956,213</u>	<u>5,696,467</u>	<u>5,311,372</u>	<u>(385,095)</u>
Public safety:				
Police department	22,900,494	22,976,344	21,986,167	(990,177)
Fire department	12,685,003	12,887,811	12,555,402	(332,409)
Dispatch	1,200,000	1,131,000	1,130,694	(306)
Total public safety	<u>36,785,497</u>	<u>36,995,155</u>	<u>35,672,263</u>	<u>(1,322,892)</u>

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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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Public works -				
Street and storm sewers	\$ 3,133,302	\$ 2,886,732	\$ 2,649,249	\$ (237,483)
Recreation	2,920,696	2,920,696	3,012,761	92,065
Community development	663,336	788,807	703,216	(85,591)
Non-departmental:				
Special projects	102,500	182,414	365,351	182,937
AccessVision	321,404	321,404	320,522	(882)
Retiree health contributions	292,253	292,253	292,253	-
Total non-departmental	716,157	796,071	978,126	182,055
Debt service:				
Principal	210,000	210,000	357,460	147,460
Interest and other fiscal charges	27,635	27,635	27,635	-
Total debt service	237,635	237,635	385,095	147,460
Total expenditures	50,412,836	50,321,563	48,712,082	(1,609,481)
Revenue over (under) expenditures	(1,841,143)	1,493,044	3,756,408	2,263,364
Other financing sources (uses)				
Transfers in	2,500,000	2,500,000	100,528	(2,399,472)
Transfers out	(4,253,532)	(4,457,686)	(4,218,730)	(238,956)
Total other financing sources (uses)	(1,753,532)	(1,957,686)	(4,118,202)	2,160,516
Net change in fund balance	(3,594,675)	(464,642)	(361,794)	102,848
Fund balance, beginning of year	15,796,281	15,796,281	15,796,281	-
Fund balance, end of year	\$ 12,201,606	\$ 15,331,639	\$ 15,434,487	\$ 102,848

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state	\$ 8,024,000	\$ 8,024,000	\$ 8,708,933	\$ 684,933
Investment earnings	-	-	62,670	62,670
Rents and leases	21,000	21,000	22,347	1,347
Other	-	-	39,807	39,807
Total revenues	8,045,000	8,045,000	8,833,757	788,757
Expenditures				
Current -				
Highways and streets	8,018,071	8,024,459	6,141,227	(1,883,232)
Revenues over expenditures	26,929	20,541	2,692,530	2,671,989
Other financing uses				
Transfers out	(2,500,000)	(2,500,000)	(2,500,000)	-
Net change in fund balance	(2,473,071)	(2,479,459)	192,530	2,671,989
Fund balance, beginning of year	4,334,771	4,334,771	4,334,771	-
Fund balance, end of year	\$ 1,861,700	\$ 1,855,312	\$ 4,527,301	\$ 2,671,989

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal	\$ 45,000	\$ 8,145,232	\$ 2,521,944	\$ (5,623,288)
State	-	1,011,531	820,559	(190,972)
Contributions	-	567,300	485,003	(82,297)
Other	-	12,237	15,161	2,924
Total revenues	45,000	9,736,300	3,842,667	(5,893,633)
Expenditures				
Current:				
General government	6,465	1,615,202	1,174,262	(440,940)
Public safety	175,014	4,241,110	954,558	(3,286,552)
Recreation	-	23,043	-	(23,043)
Community development	415,588	5,568,406	2,357,540	(3,210,866)
Total expenditures	597,067	11,447,761	4,486,360	(6,961,401)
Revenues under expenditures	(552,067)	(1,711,461)	(643,693)	1,067,768
Other financing sources (uses)				
Transfers in	-	1,524,427	299,348	(1,225,079)
Transfers out	-	(74,580)	(106,778)	32,198
Total other financing sources (uses)	-	1,449,847	192,570	(1,192,881)
Net change in fund balance	(552,067)	(261,614)	(451,123)	(189,509)
Fund balance, beginning of year	1,209,784	1,209,784	1,209,784	-
Fund balance, end of year	\$ 657,717	\$ 948,170	\$ 758,661	\$ (189,509)

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - federal	\$ 3,173,316	\$ 3,173,316	\$ 6,313,067	\$ 3,139,751
Investment earnings	40,000	40,000	788,040	748,040
Total revenues	<u>3,213,316</u>	<u>3,213,316</u>	<u>7,101,107</u>	<u>3,887,791</u>
Expenditures				
Current:				
General government	83,316	16,940,276	5,268,700	(11,671,576)
Public safety	-	811,993	115,854	(696,139)
Recreation	-	649,349	58,793	(590,556)
Total expenditures	<u>83,316</u>	<u>18,401,618</u>	<u>5,443,347</u>	<u>(12,958,271)</u>
Revenues over (under) expenditures	3,130,000	(15,188,302)	1,657,760	16,846,062
Other financing uses				
Transfers out	(3,090,000)	(3,090,000)	(1,767,162)	(1,322,838)
Net change in fund balance	40,000	(18,278,302)	(109,402)	18,168,900
Fund balance, beginning of year	109,402	109,402	109,402	-
Fund balance (deficit), end of year	<u>\$ 149,402</u>	<u>\$ (18,168,900)</u>	<u>\$ -</u>	<u>\$ 18,168,900</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, 2023

	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	
Assets							
Current assets:							
Pooled cash and investments	\$ 36,636,247	\$ -	\$ 589,595	\$ 2,721,767	\$ 39,947,609	\$ 8,891,810	
Receivables:							
Interest	-	-	16,167	10,415	26,582	92,158	
Accounts, net	4,361,193	9,014	143,485	1,017,601	5,531,293	668,707	
Special assessments	275,680	-	-	-	275,680	-	
Due from other governments	-	2,013,428	-	-	2,013,428	-	
Leases, current portion	153,490	-	-	-	153,490	-	
Loans, current portion	-	-	-	1,077,400	1,077,400	-	
Inventories	2,265,936	121,133	-	-	2,387,069	552,982	
Prepaid items	4,493	-	110	286	4,889	5,010	
Total current assets	<u>43,697,039</u>	<u>2,143,575</u>	<u>749,357</u>	<u>4,827,469</u>	<u>51,417,440</u>	<u>10,210,667</u>	
Noncurrent assets:							
Leases receivable, long-term portion	1,827,131	-	-	-	1,827,131	-	
Loans receivable, long-term portion	-	-	-	6,222,079	6,222,079	-	
Capital assets not being depreciated	2,717,346	160,463	1,821,005	1,505,125	6,203,939	75,467	
Capital assets being depreciated, net	75,202,026	1,533,001	10,605,215	1,328,273	88,668,515	9,309,441	
Total noncurrent assets	<u>77,919,372</u>	<u>1,693,464</u>	<u>12,426,220</u>	<u>9,055,477</u>	<u>101,094,533</u>	<u>9,384,908</u>	
Total assets	123,443,542	3,837,039	13,175,577	13,882,946	154,339,104	19,595,575	
Deferred outflows of resources							
Deferred pension amounts	3,967,005	1,266,658	431,498	55,678	5,720,839	-	
Deferred other postemployment benefit amounts	942,447	272,609	73,994	-	1,289,050	-	
Total deferred outflows of resources	4,909,452	1,539,267	505,492	55,678	7,009,889	-	
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	978,338	113,170	74,795	678,880	1,845,183	938,695	
Retentions, deposits and other liabilities	243,713	-	-	98,005	341,718	-	
Accrued interest payable	58,313	-	-	-	58,313	-	
Interfund payable	-	1,070,223	-	387,608	1,457,831	-	
Unearned revenue	220,348	6,553	97,671	5,500	330,072	140,599	
Compensated absences, current portion	570,766	76,725	80,745	41,635	769,871	211,484	
Claims payable, current portion	-	-	-	-	-	1,074,801	
Installment obligations payable, current portion	-	-	-	-	-	30,256	
Bonds payable, current portion	898,584	-	-	-	898,584	-	
Total current liabilities	<u>2,970,062</u>	<u>1,266,671</u>	<u>253,211</u>	<u>1,211,628</u>	<u>5,701,572</u>	<u>2,395,835</u>	
Noncurrent liabilities:							
Compensated absences	63,419	8,526	8,974	4,627	85,546	-	
Claims payable	-	-	-	-	-	321,802	
Installment obligations payable	-	-	-	-	-	49,573	
Bonds payable	21,230,232	-	-	-	21,230,232	-	
Net pension liability	23,879,095	7,624,553	2,597,375	335,145	34,436,168	-	
Net other postemployment benefit liability	4,754,753	1,375,342	373,307	-	6,503,402	-	
Total noncurrent liabilities	<u>49,927,499</u>	<u>9,008,421</u>	<u>2,979,656</u>	<u>339,772</u>	<u>62,255,348</u>	<u>371,375</u>	
Total liabilities	52,897,561	10,275,092	3,232,867	1,551,400	67,956,920	2,767,210	
Deferred inflows of resources							
Deferred lease amounts	1,980,621	-	-	-	1,980,621	-	
Deferred pension amounts	163,154	52,095	17,746	2,290	235,285	-	
Deferred other postemployment benefit amounts	5,462,917	1,580,183	428,907	-	7,472,007	-	
Total deferred inflows of resources	7,606,692	1,632,278	446,653	2,290	9,687,913	-	
Net position							
Net investment in capital assets	55,790,556	1,693,464	12,426,220	2,833,398	72,743,638	9,278,435	
Unrestricted (deficit)	12,058,185	(8,224,528)	(2,424,671)	9,551,536	10,960,522	7,549,930	
Total net position (deficit)	\$ 67,848,741	\$ (6,531,064)	\$ 10,001,549	\$ 12,384,934	\$ 83,704,160	\$ 16,828,365	

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, 2023

Net position - total enterprise funds \$ 83,704,160

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.

4,794,493

Net position of business-type activities \$ 88,498,653

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, 2023

	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	
Operating revenues							
Charges for services	\$ 31,693,051	\$ 273,927	\$ 222,356	\$ 4,612,778	\$ 36,802,112	\$ 22,078,187	
Rents and leases	236,763	-	1,327,130	101,208	1,665,101	1,824,100	
Other	296,750	161,693	70,974	171,409	700,826	532,675	
Total operating revenues	32,226,564	435,620	1,620,460	4,885,395	39,168,039	24,434,962	
Operating expenses							
Personnel services	11,007,412	3,378,789	1,298,169	982,405	16,666,775	4,124,238	
Materials and supplies	3,084,277	654,579	157,438	79,806	3,976,100	2,460,676	
Contractual and other	10,259,760	545,773	870,363	5,289,421	16,965,317	15,077,207	
Depreciation	6,722,891	279,163	941,653	360,449	8,304,156	2,407,229	
Total operating expenses	31,074,340	4,858,304	3,267,623	6,712,081	45,912,348	24,069,350	
Operating income (loss)	1,152,224	(4,422,684)	(1,647,163)	(1,826,686)	(6,744,309)	365,612	
Nonoperating revenues (expenses)							
Property taxes	-	-	-	320,000	320,000	-	
Intergovernmental subsidies:							
Federal	20,131	2,246,868	-	-	2,266,999	-	
State	-	1,964,730	-	382,442	2,347,172	-	
Local	-	25,306	52,925	170,000	248,231	-	
Investment earnings (loss)	465,529	-	(18,646)	(45,106)	401,777	(120,982)	
Interest expense	(315,196)	-	-	-	(315,196)	-	
Loss on disposal of capital assets	(122,954)	-	-	-	(122,954)	(31,520)	
Total nonoperating revenues (expenses)	47,510	4,236,904	34,279	827,336	5,146,029	(152,502)	
Income (loss) before transfers	1,199,734	(185,780)	(1,612,884)	(999,350)	(1,598,280)	213,110	
Transfers in	16,120	288,946	824,137	675,000	1,804,203	1,150,796	
Transfers out	(175,000)	-	-	(17)	(175,017)	(790,992)	
Change in net position	1,040,854	103,166	(788,747)	(324,367)	30,906	572,914	
Net position (deficit), beginning of year	66,807,887	(6,634,230)	10,790,296	12,709,301	83,673,254	16,255,451	
Net position (deficit), end of year	\$ 67,848,741	\$ (6,531,064)	\$ 10,001,549	\$ 12,384,934	\$ 83,704,160	\$ 16,828,365	

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, 2023

Change in net position - total enterprise funds	\$ 30,906
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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.

119,720

Change in net position of business-type activities	<u>\$ 150,626</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, 2023

	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	
Cash flows from operating activities							
Receipts from customers and users	\$ 32,724,954	\$ 286,443	\$ 1,603,972	\$ 4,888,366	\$ 39,503,735	\$ -	\$ -
Loans collected from borrowers	-	-	-	419,071	419,071	-	-
Receipts from interfund services	-	-	-	-	-	24,434,962	-
Payments to suppliers and contractors	(13,716,862)	(1,122,452)	(1,030,339)	(5,366,610)	(21,236,263)	(17,105,192)	-
Payments to employees	(11,271,627)	(3,438,197)	(1,256,965)	(883,241)	(16,850,030)	(4,128,983)	-
Payments for interfund services	(101,908)	(12,526)	(3,818)	(1,468)	(119,720)	-	-
Net cash provided by (used in) operating activities	7,634,557	(4,286,732)	(687,150)	(943,882)	1,716,793	3,200,787	
Cash flows from noncapital financing activities							
Transfers in	16,120	288,946	824,137	675,000	1,804,203	1,150,796	-
Transfers out	(175,000)	-	-	(17)	(175,017)	(790,992)	-
Property taxes	-	-	-	320,000	320,000	-	-
Intergovernmental subsidies	20,131	4,448,812	52,925	552,442	5,074,310	-	-
Net cash provided by (used in) noncapital financing activities	(138,749)	4,737,758	877,062	1,547,425	7,023,496	359,804	
Cash flows from capital and related financing activities							
Principal and interest paid on debt	(1,082,654)	-	-	-	(1,082,654)	-	-
Bond issuance premium	149,226	-	-	-	149,226	-	-
Issuance of revenue bonds	10,000,000	-	-	-	10,000,000	-	-
Principal paid on installment obligations payable	-	-	-	-	-	(29,506)	-
Purchase of capital assets	(3,814,999)	(451,026)	(87,844)	-	(4,353,869)	(3,490,018)	-
Net cash provided by (used in) capital and related financing activities	5,251,573	(451,026)	(87,844)	-	4,712,703	(3,519,524)	
Cash flows from investing activities							
Investment earnings (loss)	465,529	-	(18,600)	45,072	492,001	(119,129)	-
Net change in pooled cash and investments	13,212,910	-	83,468	648,615	13,944,993	(78,062)	
Pooled cash and investments, beginning of year	23,423,337	-	506,127	2,073,152	26,002,616	8,969,872	-
Pooled cash and investments, end of year	\$ 36,636,247	\$ -	\$ 589,595	\$ 2,721,767	\$ 39,947,609	\$ 8,891,810	

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2023

	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	
Cash flows from operating activities							
Operating income (loss)	\$ 1,152,224	\$ (4,422,684)	\$ (1,647,163)	\$ (1,826,686)	\$ (6,744,309)	\$ 365,612	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	6,722,891	279,163	941,653	360,449	8,304,156	2,407,229	
Changes in assets and liabilities:							
Accounts receivable	542,103	(5,730)	(49,433)	(2,029)	484,911	11,601	
Special assessments receivable	41,516	-	-	-	41,516	-	
Due from other governments	3,223	-	-	-	3,223	-	
Leases receivable	142,876	-	11,057,625	-	11,200,501	-	
Loans receivable	-	-	-	419,071	419,071	-	
Inventories	(411,706)	14,768	-	-	(396,938)	(29,734)	
Prepaid items	18,056	-	-	(286)	17,770	271,496	
Accounts payable and accrued liabilities	2,681	67,486	(6,356)	5,764	69,575	(210,547)	
Compensated absences	17,650	5,222	22,962	2,293	48,127	(4,745)	
Retentions, deposits and other liabilities	(83,764)	-	-	1,718	(82,046)	-	
Claims payable	-	-	-	-	-	394,839	
Interfund payable	-	(40,060)	-	72,101	32,041	-	
Unearned revenue	(88,452)	(143,447)	32,945	5,000	(193,954)	(4,964)	
Deferred lease amounts	(142,876)	-	(11,057,625)	-	(11,200,501)	-	
Net pension liability	4,523,227	1,444,258	492,000	63,484	6,522,969	-	
Deferred outflows related to the net pension liability	(1,175,078)	(375,200)	(127,815)	(16,494)	(1,694,587)	-	
Deferred inflows related to the net pension liability	(2,013,975)	(643,059)	(219,064)	(28,267)	(2,904,365)	-	
Net other postemployment benefit liability	(374,820)	(108,419)	(29,428)	-	(512,667)	-	
Deferred outflows related to the net other postemployment benefit liability	542,568	156,941	42,598	-	742,107	-	
Deferred inflows related to the net other postemployment benefit liability	(1,783,787)	(515,971)	(140,049)	-	(2,439,807)	-	
Net cash provided by (used in) operating activities	\$ 7,634,557	\$ (4,286,732)	\$ (687,150)	\$ (943,882)	\$ 1,716,793	\$ 3,200,787	

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, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Assets		
Pooled cash and investments	\$ -	\$ 356,679
Cash and cash equivalents	5,240,910	-
Investments:		
Fixed income:		
Corporate bonds	9,868,795	-
Foreign bonds	1,633,390	-
Private placements	122,802	-
U.S. government securities	11,003,282	-
Asset backed securities	1,754,462	-
Collateralized mortgage obligations	4,386,594	-
Mortgage backed securities	9,030,400	-
Mutual funds	125,498,372	-
MERS total market portfolio	8,904,187	-
Interest receivable	291,806	-
Pension contributions receivable	242,236	-
Delinquent taxes receivable	-	440,769
Total assets	<u>177,977,236</u>	<u>797,448</u>
Liabilities		
Due to other governments	274,417	-
Undistributed receipts	-	607,776
Total liabilities	<u>274,417</u>	<u>607,776</u>
Net position		
Restricted for:		
Pension	168,447,809	-
Other postemployment healthcare benefits	9,255,010	-
Individuals, organizations, and other governments	-	189,672
Total net position	<u>\$ 177,702,819</u>	<u>\$ 189,672</u>

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, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Additions		
Investment income:		
Net change in fair value of investments	\$ 12,928,149	\$ -
Interest and dividends	4,485,384	-
Less investment expenses	<u>(138,495)</u>	<u>-</u>
 Total net investment income	 <u>17,275,038</u>	 <u>-</u>
Contributions:		
Employer	7,572,448	-
Employee	<u>2,353,981</u>	<u>-</u>
 Total contributions	 <u>9,926,429</u>	 <u>-</u>
Fire insurance collections	-	130,936
Taxes collected for other governments	<u>-</u>	<u>73,184,273</u>
 Total additions	 <u>27,201,467</u>	 <u>73,315,209</u>
 Deductions		
Benefit payments and refunds	15,151,501	-
Administrative expenses	211,806	-
Fire insurance distributions	-	121,452
Payments of taxes to other governments	<u>-</u>	<u>73,184,273</u>
 Total deductions	 <u>15,363,307</u>	 <u>73,305,725</u>
 Change in net position	 <u>11,838,160</u>	 <u>9,484</u>
Net position, beginning of year	<u>165,864,659</u>	<u>180,188</u>
 Net position, end of year	 <u>\$ 177,702,819</u>	 <u>\$ 189,672</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, 2023

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Assets				
Pooled cash and investments	\$ 2,189,470	\$ 903,493	\$ 8,754,723	\$ 2,652,715
Receivables, net	371,645	3,060	79,706	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Leases receivable:				
Due within one year	30,149	19,916	26,747	-
Due in more than one year	63,840	136,762	-	-
Loans receivable:				
Due within one year	98,600	-	-	-
Due in more than one year	450,539	-	4,299,862	-
Capital assets not being depreciated	-	-	15,217,635	-
Capital assets being depreciated, net	-	-	7,481,116	-
Total assets	<u>3,204,243</u>	<u>1,063,231</u>	<u>35,859,789</u>	<u>2,652,715</u>
Deferred outflows of resources				
Deferred charge on refunding	<u>847,066</u>	<u>-</u>	<u>24,345</u>	<u>-</u>
Liabilities				
Accounts payable and accrued liabilities	14,935	749,720	4,024,279	367,226
Accrued interest payable	152,022	-	13,237	-
Unearned revenue	3,442	-	-	-
Long-term liabilities:				
Due within one year	1,809,484	-	540,000	-
Due in more than one year	22,379,484	-	4,665,000	2,749,862
Total liabilities	<u>24,359,367</u>	<u>749,720</u>	<u>9,242,516</u>	<u>3,117,088</u>
Deferred inflows of resources				
Deferred lease amounts	<u>93,989</u>	<u>156,678</u>	<u>26,747</u>	<u>-</u>
Net position				
Investment in capital assets	-	-	22,698,751	-
Restricted for capital projects	-	-	1,761,331	-
Restricted for loan commitments and lending activity	1,235,668	-	-	-
Unrestricted (deficit)	<u>(21,637,715)</u>	<u>156,833</u>	<u>2,154,789</u>	<u>(464,373)</u>
Total net position (deficit)	<u>\$ (20,402,047)</u>	<u>\$ 156,833</u>	<u>\$ 26,614,871</u>	<u>\$ (464,373)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Component Units

June 30, 2023

	Local Development Finance Authority	Cereal City Development Corporation	Total
Assets			
Pooled cash and investments	\$ 433,633	\$ 337,553	\$ 15,271,587
Receivables, net	-	61,110	515,521
Inventories	-	28,632	28,632
Prepaid items	-	15,616	15,616
Leases receivable:			
Due within one year	-	-	76,812
Due in more than one year	-	-	200,602
Loans receivable:			
Due within one year	-	-	98,600
Due in more than one year	-	-	4,750,401
Capital assets not being depreciated	-	-	15,217,635
Capital assets being depreciated, net	-	19,859	7,500,975
Total assets	433,633	462,770	43,676,381
Deferred outflows of resources			
Deferred charge on refunding	-	-	871,411
Liabilities			
Accounts payable and accrued liabilities	167,738	52,960	5,376,858
Accrued interest payable	-	-	165,259
Unearned revenue	-	33,753	37,195
Long-term liabilities:			
Due within one year	-	-	2,349,484
Due in more than one year	1,550,000	-	31,344,346
Total liabilities	1,717,738	86,713	39,273,142
Deferred inflows of resources			
Deferred lease amounts	-	-	277,414
Net position			
Investment in capital assets	-	19,859	22,718,610
Restricted for capital projects	-	-	1,761,331
Restricted for loan commitments and lending activity	-	-	1,235,668
Unrestricted (deficit)	(1,284,105)	356,198	(20,718,373)
Total net position (deficit)	\$ (1,284,105)	\$ 376,057	\$ 4,997,236

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, 2023

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Expenses				
Community development	\$ 2,749,959	\$ 2,023,301	\$ 3,230,615	\$ 309,943
Program revenues				
Charges for services	74,512	25,000	50,999	-
Operating grants and contributions	2,859,263	-	-	124,734
Capital grants and contributions	-	-	1,425,830	-
Total program revenues	2,933,775	25,000	1,476,829	124,734
Net program revenues (expenses)	183,816	(1,998,301)	(1,753,786)	(185,209)
General revenues				
Property taxes	1,609,239	1,994,655	1,284,967	607,632
Unrestricted investment earnings	126,625	23,330	418,894	91,024
Total general revenues	1,735,864	2,017,985	1,703,861	698,656
Change in net position	1,919,680	19,684	(49,925)	513,447
Net position (deficit), beginning of year	(22,321,727)	137,149	26,664,796	(977,820)
Net position (deficit), end of year	\$ (20,402,047)	\$ 156,833	\$ 26,614,871	\$ (464,373)

continued..

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended June 30, 2023

	Local Development Finance Authority	Cereal City Development Corporation	Total
Expenses			
Community development	\$ 239,103	\$ 1,746,908	\$ 10,299,829
Program revenues			
Charges for services	-	489,685	640,196
Operating grants and contributions	-	1,078,714	4,062,711
Capital grants and contributions	-	-	1,425,830
Total program revenues	-	1,568,399	6,128,737
Net program revenues (expenses)	(239,103)	(178,509)	(4,171,092)
General revenues			
Property taxes	162,458	-	5,658,951
Unrestricted investment earnings	23,722	-	683,595
Total general revenues	186,180	-	6,342,546
Change in net position	(52,923)	(178,509)	2,171,454
Net position (deficit), beginning of year	(1,231,182)	554,566	2,825,782
Net position (deficit), end of year	\$ (1,284,105)	\$ 376,057	\$ 4,997,236

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. This fund is used to control the expenditures of motor fuel taxes which are earmarked by law for major street and highway purposes.

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 noncancellable 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. Inventories of governmental funds are recorded using the consumption method and include the cost of inventory in fund balance.

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 and accounts receivable. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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.

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, 2023, the City incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Amended Budget	Actual	Over Budget
General fund			
General government:			
Administration -			
Civil service	\$ 76,940	\$ 78,109	\$ 1,169
Revenue services:			
Assessing	618,410	627,433	9,023
City hall maintenance	683,768	692,829	9,061
Recreation	2,920,696	3,012,761	92,065
Non-departmental -			
Special projects	182,414	365,351	182,937
Debt service -			
Principal	210,000	357,460	147,460
Special grants fund			
Transfers out	74,580	106,778	32,198

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, 2023:

	Primary Government	Component Units	Total
Statement of net position			
Pooled cash and investments	\$ 74,511,795	\$ 15,271,587	\$ 89,783,382
Restricted cash and investments	18,392,294	-	18,392,294
Statement of fiduciary net position			
Pooled cash and investments -			
Custodial funds	356,679	-	356,679
Cash and cash equivalents - pension	5,240,910	-	5,240,910
Investments	172,202,284	-	172,202,284
Total	\$ 270,703,962	\$ 15,271,587	\$ 285,975,549

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Deposits and investments:

Bank deposits:

Checking and savings	\$ 36,127,137
Certificates of deposit (due within one year)	250,000
Portfolio cash - pension	5,240,910

Investments in securities, mutual funds and similar vehicles:

Pool	71,889,510
Pension	163,298,097
Other employee benefits	8,904,187
Cash on deposit with third party	252,603
Cash on hand	<u>13,105</u>

Total

\$ 285,975,549

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, 2023, \$34,091,535 of the City's total bank balance of \$34,929,088 (total book balance was \$36,377,137) 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, 2023:

U.S. treasury notes, bonds, and bills	\$ 31,306,134
U.S. agencies	1,033,404
Municipal bonds	40,000
Money market funds	<u>39,509,972</u>
Total investments	<u>\$ 71,889,510</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, 2023, 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, 2023, \$1,033,404 of the City's investments in securities of U.S. agencies were rated AAA by Standard and Poor's and \$31,306,134 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 funds, 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, 2023, the investment portfolio was concentrated as follows:

	% of portfolio
U.S. agencies	
Federal National Mortgage Association	51.3%
Federal Home Loan Mortgage Corporation	31.7%
Governmental National Mortgage Association	17.0%

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

Interest Rate Risk. As of June 30, 2023, maturities of the City's investments in the debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. treasury notes, bonds, and bills	\$ 31,306,134	\$ 27,481,446	\$ 3,824,688	\$ -	\$ -
U.S. agencies	1,033,404	-	-	98,046	935,358
Municipal bonds	40,000	-	40,000	-	-
	<u>\$ 32,379,538</u>	<u>\$ 27,481,446</u>	<u>\$ 3,864,688</u>	<u>\$ 98,046</u>	<u>\$ 935,358</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, 2023 for its investments in the money market funds 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	\$ 9,868,795
Foreign bonds	1,633,390
Private placements	122,802
U.S. government securities	11,003,282
Asset backed securities	1,754,462
Collateralized mortgage obligations	4,386,594
Mortgage backed securities	<u>9,030,400</u>
	37,799,725

Mutual funds	<u>125,498,372</u>
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Total investments	<u><u>\$ 163,298,097</u></u>
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In addition to the above, the System and the other employee benefits trust funds had short-term investments of \$5,240,910 held in money market accounts as of June 30, 2023. Also, the Retiree Health Funding Vehicle fund, one of the other employee benefits trust funds, had \$8,904,187 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	\$ 14,018,662
Aa1	14,608
Aa2	29,893
Aa3	308,774
A1	2,193,358
A2	1,393,776
A3	1,603,637
Baa1 and below	5,816,060
Not rated	<u>12,420,957</u>
Totals	<u><u>\$ 37,799,725</u></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, 2023, the System's investment portfolio was concentrated as follows:

	% of portfolio
Fidelity - mutual funds	39.7%
Hartford - mutual funds	7.9%
Europac growth - mutual funds	7.7%
PIMCO - mutual funds	7.3%

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, 2023, maturities of the System's fixed income securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	\$ 9,868,795	\$ 436,887	\$ 3,509,196	\$ 3,309,285	\$ 2,613,427
Foreign bonds	1,633,390	-	1,068,891	426,456	138,043
Private placements	122,802	74,618	48,184	-	-
U.S. government securities	11,003,282	-	6,064,886	501,478	4,436,918
Asset backed securities	1,754,462	-	1,712,486	41,976	-
Collateralized mortgage obligations	4,386,594	-	712,959	116,864	3,556,771
Mortgage backed securities	<u>9,030,400</u>	<u>-</u>	<u>828</u>	<u>93,564</u>	<u>8,936,008</u>
	<u><u>\$ 37,799,725</u></u>	<u><u>\$ 511,505</u></u>	<u><u>\$ 13,117,430</u></u>	<u><u>\$ 4,489,623</u></u>	<u><u>\$ 19,681,167</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, 2023, the actual weighted average maturity was 15.96 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 \$1,633,390; 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, 2023, the annual money-weighted rate of return on plan investments, net of investment expenses, was 11.06%. 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, 2023:

	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	\$ -	\$ 9,868,795	\$ -	\$ 9,868,795
Foreign bonds	-	1,633,390	-	1,633,390
Private placements	-	122,802	-	122,802
U.S. government securities	11,003,282	-	-	11,003,282
Asset backed securities	-	1,754,462	-	1,754,462
Collateralized mortgage obligations	-	4,386,594	-	4,386,594
Mortgage backed securities	-	9,030,400	-	9,030,400
Mutual funds	<u>125,498,372</u>	<u>-</u>	<u>-</u>	<u>125,498,372</u>
	<u>\$ 136,501,654</u>	<u>\$ 26,796,443</u>	<u>\$ -</u>	<u>\$ 163,298,097</u>

The City's recurring fair value measurements as of June 30, 2023 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, 2023 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	\$ 112,684	\$ 26,582
Accounts	2,574,570	6,584,071
Special assessments, due within one year	377,091	275,680
Due from other governments	5,463,271	2,013,428
Taxes	1,473,307	-
Leases, due within one year	101,627	153,490
Leases	727,892	1,827,131
Loans, due within a year	-	1,077,400
Allowance for uncollectible accounts	(1,219,187)	(1,052,778)
Subtotal	9,611,255	10,905,004
Loans, long-term portion	11,595,440	6,222,079
	<u>\$ 21,206,695</u>	<u>\$ 17,127,083</u>

7. LEASES

The City and its component units are involved in 30 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, 2023 was \$450,763.

Asset Type	Remaining Term of Agreements
Land	1 year
Buildings	1-3 years
Billboard	6 years
Baseball stadium	9 years
Cell towers	6-15 years

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Regulated lease agreements - In accordance with GASB No. 87, the City's Airport (the "Airport") does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and aeronautical users. The leasing operations of the Airport consist principally of the leasing of land, hangars, and office space. The Airport has seven lease agreements that consist of noncancelable agreements and permit the Airport to periodically adjust rents and maximize operational flexibility. Leased land and buildings are leased on an exclusive basis.

Asset Type	Remaining Terms of Agreement	
Land	1-22 years	
Buildings	10-22 years	
Minimum future rentals under such noncancelable regulated lease agreements as of June 30, 2023 are as follows:		
Year Ended June 30,		Amount
2024	\$ 793,364	
2025	770,514	
2026	782,962	
2027	808,002	
2028	821,207	
2029-2033	4,416,366	
2034-2038	4,463,595	
2039-2043	1,724,742	
2044-2045	<u>313,335</u>	
		\$ <u>14,894,087</u>

The Airport recognized \$780,614 of rental income for the year ended June 30, 2023.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

8. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 2,339,211	\$ -	\$ -	\$ -	\$ 2,339,211
Construction in progress	1,218,621	755,098	-	(7,392)	1,966,327
	<u>3,557,832</u>	<u>755,098</u>	<u>-</u>	<u>(7,392)</u>	<u>4,305,538</u>
Capital assets being depreciated:					
Land improvements	25,812,611	424,500	-	7,392	26,244,503
Buildings	74,419,089	587,423	-	-	75,006,512
Vehicles	21,741,228	3,346,794	(1,024,446)	-	24,063,576
Equipment	28,790,258	951,131	(17,315)	-	29,724,074
Infrastructure	311,146,407	2,200,186	-	-	313,346,593
	<u>461,909,593</u>	<u>7,510,034</u>	<u>(1,041,761)</u>	<u>7,392</u>	<u>468,385,258</u>
Less accumulated depreciation for:					
Land improvements	(19,139,150)	(1,677,610)	-	-	(20,816,760)
Buildings	(38,093,486)	(1,726,755)	-	-	(39,820,241)
Vehicles	(13,576,837)	(2,168,100)	992,926	-	(14,752,011)
Equipment	(25,889,528)	(901,834)	17,315	-	(26,774,047)
Infrastructure	(156,684,025)	(6,244,920)	-	-	(162,928,945)
	<u>(253,383,026)</u>	<u>(12,719,219)</u>	<u>1,010,241</u>	<u>-</u>	<u>(265,092,004)</u>
Total capital assets being depreciated, net	<u>208,526,567</u>	<u>(5,209,185)</u>	<u>(31,520)</u>	<u>7,392</u>	<u>203,293,254</u>
Governmental activities capital assets, net	\$ 212,084,399	\$ (4,454,087)	\$ (31,520)	\$ -	\$ 207,598,792

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

Governmental activities:	
General government	\$ 410,446
Public safety	1,132,224
Public works, including depreciation of general infrastructure assets	7,589,251
Recreation	1,180,069
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,407,229</u>
Total depreciation expense - governmental activities	\$ 12,719,219

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 3,560,454	\$ -	\$ -	\$ -	\$ 3,560,454
Construction in progress	502,984	2,284,010	(86,331)	(57,178)	2,643,485
	<u>4,063,438</u>	<u>2,284,010</u>	<u>(86,331)</u>	<u>(57,178)</u>	<u>6,203,939</u>
Capital assets being depreciated:					
Land improvements	6,966,587	-	(1,775)	-	6,964,812
Buildings	96,408,959	71,073	(74,345)	-	96,405,687
Vehicles	4,521,639	357,064	(559,029)	-	4,319,674
Equipment	14,740,179	224,799	(535,886)	-	14,429,092
Systems	210,707,816	1,416,923	(239,555)	57,178	211,942,362
	<u>333,345,180</u>	<u>2,069,859</u>	<u>(1,410,590)</u>	<u>57,178</u>	<u>334,061,627</u>
Less accumulated depreciation for:					
Land improvements	(5,410,379)	(131,301)	1,775	-	(5,539,905)
Buildings	(61,223,950)	(1,974,844)	74,345	-	(63,124,449)
Vehicles	(3,592,790)	(206,350)	559,029	-	(3,240,111)
Equipment	(13,762,402)	(233,037)	535,886	-	(13,459,553)
Systems	(154,473,402)	(5,758,624)	202,932	-	(160,029,094)
	<u>(238,462,923)</u>	<u>(8,304,156)</u>	<u>1,373,967</u>	<u>-</u>	<u>(245,393,112)</u>
Total capital assets being depreciated, net	<u>94,882,257</u>	<u>(6,234,297)</u>	<u>(36,623)</u>	<u>57,178</u>	<u>88,668,515</u>
Business-type activities					
capital assets, net	<u>\$ 98,945,695</u>	<u>\$ (3,950,287)</u>	<u>\$ (122,954)</u>	<u>\$ -</u>	<u>\$ 94,872,454</u>
Business-type activities:					
Wastewater				\$ 4,906,334	
Water				1,816,557	
Public transit				279,163	
Airport				941,653	
Parking				330,475	
Intermodal facility				<u>29,974</u>	
Total depreciation expense - business-type activities				<u>\$ 8,304,156</u>	

At June 30, 2023, the City had outstanding commitments through construction contracts of approximately \$15.3 million in relation to the various building, street and equipment improvements.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Capital asset activity for the TIFA for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - TIFA					
Capital assets not being depreciated:					
Land	\$ 13,238,577	\$ -	\$ -	\$ -	\$ 13,238,577
Construction in progress	1,495,664	483,394	-	-	1,979,058
	<u>14,734,241</u>	<u>483,394</u>	<u>-</u>	<u>-</u>	<u>15,217,635</u>
Capital assets being depreciated:					
Land improvements	8,458,179	-	-	-	8,458,179
Equipment	388,323	-	-	-	388,323
	<u>8,846,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,846,502</u>
Less accumulated depreciation for:					
Land improvements	(830,555)	(170,979)	-	-	(1,001,534)
Equipment	(354,064)	(9,788)	-	-	(363,852)
	<u>(1,184,619)</u>	<u>(180,767)</u>	<u>-</u>	<u>-</u>	<u>(1,365,386)</u>
Total capital assets being depreciated, net	<u>7,661,883</u>	<u>(180,767)</u>	<u>-</u>	<u>-</u>	<u>7,481,116</u>
TIFA capital assets, net	<u>\$ 22,396,124</u>	<u>\$ 302,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,698,751</u>

Capital asset activity for the CCDC for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - CCDC					
Capital assets being depreciated -					
Equipment	\$ 53,149	\$ -	\$ -	\$ -	\$ 53,149
Less accumulated depreciation for -					
Equipment	(23,956)	(9,334)	-	-	(33,290)
CCDC capital assets, net	<u>\$ 29,193</u>	<u>\$ (9,334)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,859</u>

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	\$ 3,250,975	\$ 1,845,183
Accrued interest payable	955,937	58,313
Accrued payroll	2,795,898	-
Retentions, deposits and other liabilities	157,736	341,718
Claims payable, current portion	1,074,801	-
Claims payable, long-term portion	<u>321,802</u>	<u>-</u>
	<u>\$ 8,557,149</u>	<u>\$ 2,245,214</u>

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2023, the following interfund balances were outstanding:

Receivable Fund	Payable Funds					Total
	Special Grants Fund	Nonmajor Governmental Funds	Battle Creek Transit System Fund	Nonmajor Enterprise Funds		
General fund	\$ 184,147	\$ 491,222	\$ 1,070,223	\$ 387,608	\$ 2,133,200	

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, 2023, interfund transfers consisted of the following:

Transfers Out	Transfers In				
	General Fund	Special Grants Fund	Nonmajor Governmental Funds	Water and Wastewater Fund	Battle Creek Transit System
General fund	\$ -	\$ 299,348	\$ 1,969,142	\$ -	\$ 288,946
Major street and trunkline maintenance fund	-	-	2,500,000	-	-
Special grants fund	528	-	1,508	16,103	-
ARPA fund	100,000	-	997,162	-	-
Nonmajor governmental funds	-	-	662,434	-	-
Water and wastewater fund	-	-	-	-	-
Nonmajor enterprise funds	-	-	-	17	-
Internal service funds	-	-	735,992	-	-
	<u>\$ 100,528</u>	<u>\$ 299,348</u>	<u>\$ 6,866,238</u>	<u>\$ 16,120</u>	<u>\$ 288,946</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Transfers Out	Transfers In				Total
	Battle Creek Executive Airport / FAA	Nonmajor Enterprise Funds	Internal Service Funds		
General fund	\$ 824,137	\$ -	\$ 837,157	\$ 4,218,730	
Major street and trunkline maintenance fund	-	-	-	2,500,000	
Special grants fund	-	-	88,639	106,778	
ARPA fund	-	670,000	-	1,767,162	
Nonmajor governmental funds	-	-	-	662,434	
Water and wastewater fund			175,000	175,000	
Nonmajor enterprise funds	-	-	-	17	
Internal service funds	-	5,000	50,000	790,992	
	<u>\$ 824,137</u>	<u>\$ 675,000</u>	<u>\$ 1,150,796</u>	<u>\$ 10,221,113</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. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

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 five 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
Governmental activities				
2009 building authority - golf course refunding	2025	3.000% - 4.200%	\$ 2,240,000	\$ 450,000
2011 building authority limited tax refunding	2026	3.000% - 4.125%	6,725,000	1,270,000
2016 capital improvement - refunding	2033	2.500% - 4.000%	12,605,000	8,670,000
2016 general obligation limited tax bonds	2042	4.000% - 5.000%	15,265,000	<u>12,805,000</u>
Total governmental activities				<u>\$ 23,195,000</u>
Discretely presented component units				
2021 tax increment - refunding airport	2029	1.350%	\$ 1,765,000	\$ 1,525,000
2022 tax increment - refunding airport hangar	2030	1.500%	1,560,000	1,280,000
2022 tax increment - airport hangar	2037	4.980%	2,500,000	<u>2,400,000</u>
Total component units				<u>\$ 5,205,000</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
2024	\$ 1,835,000	\$ 940,166	\$ 540,000	\$ 157,233
2025	1,920,000	865,691	555,000	145,191
2026	1,735,000	787,456	570,000	132,759
2027	1,345,000	723,406	580,000	119,970
2028	1,400,000	676,031	595,000	106,824
2029-2033	7,885,000	2,476,607	1,505,000	357,273
2034-2038	3,560,000	1,281,625	860,000	109,560
2039-2042	<u>3,515,000</u>	<u>362,375</u>	<u>-</u>	<u>-</u>
	<u>\$ 23,195,000</u>	<u>\$ 8,113,357</u>	<u>\$ 5,205,000</u>	<u>\$ 1,128,810</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
Business-type activities				
2016A water and wastewater system	2036	4.000% - 5.000%	\$ 7,725,000	\$ 5,600,000
2016B water and wastewater system	2036	1.660% - 4.460%	8,890,000	5,845,000
2023 water and wastewater system	2043	4.000% - 5.000%	10,000,000	10,000,000
Total business-type activities				<u>\$ 21,445,000</u>
Discretely presented component units				
2017 downtown development refunding	2034	2.836% - 3.984%	\$ 22,260,000	\$ 21,690,000
2018 downtown development refunding	2025	2.000% - 5.000%	9,260,000	2,260,000
Total component units				<u>\$ 23,950,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
2024	\$ 850,000	\$ 911,854	\$ 1,690,000	\$ 912,131
2025	895,000	902,467	1,760,000	839,413
2026	915,000	867,861	1,970,000	762,703
2027	940,000	827,830	2,040,000	697,023
2028	965,000	786,181	2,110,000	626,969
2029-2033	5,265,000	3,245,398	11,750,000	1,917,569
2034-2038	5,650,000	1,936,395	2,630,000	104,779
2039-2043	5,965,000	752,901	-	-
	<u>\$ 21,445,000</u>	<u>\$ 10,230,887</u>	<u>\$ 23,950,000</u>	<u>\$ 5,860,587</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 and \$10,000,000 in water and wastewater system revenue bonds issued May 2023. 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 2043. Annual principal and interest payments on the bonds are expected to require approximately 16% of net revenues. The total principal and interest remaining to be paid on the bonds is \$31,675,887. Principal and interest paid for the current year and total customer net revenues were \$1,275,779 and \$7,895,246, 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
Governmental activities				
2021 police equipment	2025	n/a	\$ 737,299	\$ 294,920
2021 city hall copiers	2026	2.500%	149,882	<u>79,829</u>
Total governmental activities				
				<u><u>\$ 374,749</u></u>

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 177,716	\$ 1,664
2025	178,487	893
2026	<u>18,546</u>	<u>229</u>
	<u><u>\$ 374,749</u></u>	<u><u>\$ 2,786</u></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, 2023, 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, 2023, 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. As of June 30, 2023, \$1,550,000 is outstanding. Accordingly, this balance is reported as long-term liabilities 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
Discretely presented component units				
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>1,550,000</u>
Total component units				
				\$ 4,299,862

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, 2023, 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
Governmental Activities				
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
2024	\$ -	\$ -
2025	1,005,107	1,238,286
2026	1,005,107	150,766
2027	1,005,107	130,664
2028	1,005,107	110,562
2029-2033	<u>5,025,535</u>	<u>251,280</u>
	<u>\$ 9,045,963</u>	<u>\$ 1,881,558</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Changes in bonds, notes and other long-term liabilities. Bonds, notes and other long-term liability activity for fiscal year 2023 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 25,680,000	\$ -	\$ (2,485,000)	\$ 23,195,000	\$ 1,835,000
Notes from direct borrowings and direct placements:					
Installment obligations	735,015	-	(360,266)	374,749	177,716
Promissory note	9,045,963	-	-	9,045,963	-
Compensated absences	3,332,700	1,874,670	(1,735,790)	3,471,580	3,145,574
Deferred amounts:					
For issuance premiums	1,823,639	-	(130,573)	1,693,066	130,573
For issuance discounts	(70,353)	-	8,657	(61,696)	(6,169)
Total governmental activities debt	\$ 40,546,964	\$ 1,874,670	\$ (4,702,972)	\$ 37,718,662	\$ 5,282,694
Business-type activities					
Revenue bonds	\$ 12,185,000	\$ 10,000,000	\$ (740,000)	\$ 21,445,000	\$ 850,000
Compensated absences	807,290	860,773	(812,646)	855,417	769,871
Deferred amounts -					
For issuance premiums	575,713	149,226	(41,123)	683,816	48,584
Total business-type activities debt	\$ 13,568,003	\$ 11,009,999	\$ (1,593,769)	\$ 22,984,233	\$ 1,668,455
Component units					
DDA					
Revenue bonds	\$ 25,570,000	\$ -	\$ (1,620,000)	\$ 23,950,000	\$ 1,690,000
Deferred amounts -					
For issuance premiums	358,452	-	(119,484)	238,968	119,484
Total DDA debt	\$ 25,928,452	\$ -	\$ (1,739,484)	\$ 24,188,968	\$ 1,809,484
TIFA					
General obligation bonds	\$ 3,215,000	\$ 2,500,000	\$ (510,000)	\$ 5,205,000	\$ 540,000
Brownfield					
Loans payable	\$ 2,749,862	\$ -	\$ -	\$ 2,749,862	\$ -
LDFA					
Loans payable	\$ 1,700,000	\$ -	\$ (150,000)	\$ 1,550,000	\$ -

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 \$144.6 million, which significantly exceeds the City's outstanding general obligation debt subject to limitation of \$68.0 million.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

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, 2023, the net loss on investments of donor-restricted endowments was \$16,485. 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 \$6,825 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, 2023, the net earnings on investments of donor-restricted endowments was \$5,935. 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 \$70,006 is reported in restricted fund balance/net position; the nonspendable endowment balance is \$623,533.

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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, 2023, the balance of the City's member retention fund was \$252,603.

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:

	2023	2022
Estimated liability, beginning of year	\$ 1,001,764	\$ 1,409,023
Estimated claims incurred, including		
changes in estimates	7,453,983	6,326,930
Claim payments	<u>(7,059,144)</u>	<u>(6,734,189)</u>
Estimated liability, end of year	<u>\$ 1,396,603</u>	<u>\$ 1,001,764</u>

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 2022 levy, including industrial facilities and neighborhood enterprise zone properties, but net of renaissance zones, was \$1,361,195,863. The government's general operating tax rate for fiscal 2022-23 was 9.487 mills with an additional 5.516 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

16. TAX ABATEMENTS

The City received reduced property tax revenues during 2023 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 \$117,094 in reduced City tax revenues for 2023.

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 \$196,709 in reduced City tax revenues for 2023.

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.

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 2023. 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 \$261,000 in taxable value. The City is vigorously defending all litigation.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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.

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, 2022 the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	288
Terminated employees entitled to but not yet receiving benefits	10
Vested and non-vested active participants	<u>161</u>
 Total membership	 <u>459</u>

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.

Contributions. Plan members are required to contribute between 10.25% and 13.22% 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, 2023 represented 45.02% of the annual covered payroll.

Rate of Return. For the year ended June 30, 2023, the annual money-weighted rate of return on plan investments, net of investment expenses, was 11.06%. 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

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
2023	\$ 1,840,339	\$ 972,812	\$ 30,635	\$ 1,075,482	\$ 1,768,304

Net Pension Liability of the City. The City's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (rolled forward to June 30, 2023). The components of the net pension liability of the City were as follows:

Total pension liability	\$ 236,518,564
Plan fiduciary net position	<u>(168,798,632)</u>
City's net pension liability	<u>\$ 67,719,932</u>
Plan fiduciary net position as percentage of total pension liability	71.37%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.50%
Salary increases	4.25 to 15.75%, 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 2022 valuation.

PubS-2010 Mortality Tables with projected mortality improvements using scale MP-2021.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2021. 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).

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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, 2023 (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	32.00%	1.10%	0.35%
Domestic corporate securities	38.00%	4.65%	1.77%
Domestic equities	11.50%	4.90%	0.56%
American depositary receipts	3.00%	-0.30%	-0.01%
International equities	<u>15.50%</u>	<u>3.93%</u>	<u>0.61%</u>
	<u><u>100.00%</u></u>		
Inflation		2.60%	
Administrative expenses netted above		<u>0.37%</u>	
Investment rate of return		<u><u>6.25%</u></u>	

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	\$ 97,054,624	\$ 67,719,932	\$ 43,065,132

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, 2022	\$ 229,945,587	\$ 157,926,951	\$ 72,018,636
Changes for the year:			
Service cost	4,315,718	-	4,315,718
Interest on total pension liability	14,082,332	-	14,082,332
Benefit changes	(33,713)	-	(33,713)
Differences between expected and actual experience	1,780,898	-	1,780,898
Employer contributions	-	6,323,009	(6,323,009)
Employee contributions	-	1,922,364	(1,922,364)
Net investment income	-	16,666,426	(16,666,426)
Benefit payments	(13,572,258)	(13,572,258)	-
Administrative expense	-	(196,493)	196,493
Medical insurance premiums	-	(271,367)	271,367
Net changes	<u>6,572,977</u>	<u>10,871,681</u>	<u>(4,298,704)</u>
Balances at June 30, 2023	\$ 236,518,564	\$ 168,798,632	\$ 67,719,932

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, 2023, the City recognized pension expense of \$12,200,832. At June 30, 2023, 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	\$ 1,657,762	\$ 1,183,665	\$ 474,097
Changes in assumptions	7,896,690	47,327	7,849,363
Net difference between projected and actual earnings on pension plan investments	<u>5,426,717</u>	<u>-</u>	<u>5,426,717</u>
Total	\$ 14,981,169	\$ 1,230,992	\$ 13,750,177

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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
2024	\$ 4,834,517
2025	4,237,234
2026	6,072,146
2027	<u>(1,393,720)</u>
Total	<u>\$ 13,750,177</u>

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.

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 158.56% of annual payroll, or monthly amounts ranging from \$6,550 to \$132,175 depending on division/bargaining unit.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2022, 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	\$ 170,059,654
Plan fiduciary net position	<u>(86,273,357)</u>
City's net pension liability	<u>\$ 83,786,297</u>
Plan fiduciary net position as percentage of total pension liability	50.73%

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2022 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 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, 2022 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Employees Covered by Benefit Terms. At the December 31, 2022 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	443
Inactive employees entitled to but not yet receiving benefits	169
Active employees	<u>328</u>
Total membership	<u>940</u>

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>	<u>7.00%</u>	<u>1.40%</u>
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.25%</u>

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, 2022 was 7.25%. 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, 2021	\$ 168,344,519	\$ 100,429,194	\$ 67,915,325
Changes for the year:			
Service cost	2,126,033	-	2,126,033
Interest	11,855,263	-	11,855,263
Changes in benefits	(60,553)	-	(60,553)
Differences between expected and actual experience	(432,249)	-	(432,249)
Employer contributions	-	6,978,264	(6,978,264)
Employee contributions	-	1,125,745	(1,125,745)
Net investment loss	-	(10,304,735)	10,304,735
Benefit payments, including refunds of employee contributions	(11,773,359)	(11,773,359)	-
Administrative expense	-	(181,752)	181,752
Net changes	<u>1,715,135</u>	<u>(14,155,837)</u>	<u>15,870,972</u>
Balances at December 31, 2022	\$ 170,059,654	\$ 86,273,357	\$ 83,786,297

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%)
\$ 101,924,828	\$ 83,786,297	\$ 68,439,363

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

For the year ended June 30, 2023, the City recognized pension expense of \$12,650,628. 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	\$ -	\$ 572,470	\$ (572,470)
Changes in assumptions	1,882,635	-	1,882,635
Net difference between projected and actual earnings on pension plan investments	<u>7,936,294</u>	<u>-</u>	<u>7,936,294</u>
Contributions subsequent to the measurement date	9,818,929	572,470	9,246,459
	<u>4,100,383</u>	<u>-</u>	<u>4,100,383</u>
Total	<u>\$ 13,919,312</u>	<u>\$ 572,470</u>	<u>\$ 13,346,842</u>

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, 2024. 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
2024	\$ 2,077,320
2025	1,357,910
2026	2,321,980
2027	<u>3,489,249</u>
Total	<u>\$ 9,246,459</u>

Payable to the Pension Plan. At June 30, 2023, the City had \$1,296,688 payable for contributions to the pension plan.

Summary of Pension Plans

	MERS	Police and Fire Retirement System	Total
Net pension liability (NPL)	\$ 83,786,297	\$ 67,719,932	\$ 151,506,229
Deferred outflows related to the NPL	13,919,312	14,981,169	28,900,481
Deferred inflows related to the NPL	572,470	1,230,992	1,803,462
Pension expense	12,650,628	12,200,832	24,851,460

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 \$271,367 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>
Total membership	<u>621</u>

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, 2023, plan participant and City contributions towards the cost of benefits and funding the plan were \$431,617 and \$1,249,439, respectively.

The components of the net OPEB liability of the City at June 30, 2023, were as follows:

Total OPEB liability	\$ 28,551,927
Plan fiduciary net position	<u>8,904,187</u>
Net OPEB liability	<u>\$ 19,647,740</u>

Plan fiduciary net position as a percentage of the total OPEB liability	31.19%
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Actuarial Assumptions. The City's net OPEB liability was measured as of June 30, 2023, 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	4.13%
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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 3.95%. 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

Long-term Expected Rate of Return. 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, 2023 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>
Investment rate of return			<u><u>7.00%</u></u>

Discount Rate. A single discount rate of 5.70% was used to measure the total OPEB liability. This was an increase over the single discount rate of 5.36% at June 30, 2022. 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 4.13%. 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 2050. 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, 2022	\$ 29,134,290	\$ 7,937,708	\$ 21,196,582
Changes for the year:			
Service cost	508,405	-	508,405
Interest	1,553,798	-	1,553,798
Differences between expected and actual experience	(314,481)	-	(314,481)
Changes in assumptions	(1,022,209)	-	(1,022,209)
Employer contributions	-	1,249,439	(1,249,439)
Employee contributions	-	431,617	(431,617)
Net investment income	-	608,612	(608,612)
Benefit payments, including refunds of employee contributions	(1,307,876)	(1,307,876)	-
Administrative expense	-	(15,313)	15,313
Net changes	(582,363)	966,479	(1,548,842)
Balances at June 30, 2023	\$ 28,551,927	\$ 8,904,187	\$ 19,647,740

Changes in assumptions. In 2023, amounts reported as changes of assumptions resulted from trend rates being updated to those prescribed by PA 202 for year 2023 and the discount rate was increased from 5.36% to 5.70%.

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 5.70%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.70%) or 1% higher (6.70%) than the current rate:

1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
\$ 23,026,697	\$ 19,647,740	\$ 16,840,510

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:

	Current Healthcare Cost Trend Rate (7.25% graded down to 4.50%)	1% Increase (8.25% graded down to 5.50%)
1% Decrease (6.25% graded down to 3.50%)	\$ 18,947,673	\$ 19,647,740

\$ 20,319,250

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$(5,428,408). 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	\$ -	\$ 10,006,270	\$ (10,006,270)
Changes in assumptions	3,593,410	12,567,765	(8,974,355)
Net difference between projected and actual earnings on OPEB plan investments	300,998	-	300,998
Total	\$ 3,894,408	\$ 22,574,035	\$ (18,679,627)

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
2024	\$ (5,813,964)
2025	(3,775,851)
2026	(4,955,007)
2027	(4,028,950)
2028	(105,855)
Total	<u>\$ (18,679,627)</u>

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
Assets		
Investments -		
MERS total market portfolio	\$ 8,904,187	
Net position		
Restricted for postemployment healthcare benefits	<u>\$ 8,904,187</u>	

Statement of Changes in Fiduciary Net Position

		Other Postemployment Benefit Plan Trust
Additions		
Investment income -		
Investment earnings and dividends	<u>\$ 608,612</u>	
Contributions:		
Employer	1,249,439	
Employee	<u>431,617</u>	
Total contributions	<u>1,681,056</u>	
Total additions		<u>2,289,668</u>
Deductions		
Benefit payments	1,307,876	
Administrative expenses	<u>15,313</u>	
Total deductions		<u>1,323,189</u>
Net change to net position		966,479
Net position, beginning of year		<u>7,937,708</u>
Net position, end of year	<u>\$ 8,904,187</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	\$ 4,305,538	\$ 6,203,939
Capital assets being depreciated	<u>203,293,254</u>	<u>88,668,515</u>
	<u>207,598,792</u>	<u>94,872,454</u>
Long-term debt related to capital assets:		
General obligation bonds	23,195,000	-
Revenue bonds	-	21,445,000
Notes from direct borrowings and direct placements	374,749	-
Deferred amounts:		
For issuance premiums	1,693,066	683,816
For issuance discounts	(61,696)	-
Deferred charge on refunding	<u>(589,973)</u>	<u>-</u>
Net long-term debt related to capital assets	<u>24,611,146</u>	<u>22,128,816</u>
Net investment in capital assets	\$ 182,987,646	\$ 72,743,638

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 Funds	Total Governmental
Nonspendable:						
Inventories	\$ 136,061	\$ -	\$ -	\$ -	\$ -	\$ 136,061
Prepaid items	234,152	207	374	-	2,540	237,273
Endowments	-	-	-	-	879,909	879,909
	<u>370,213</u>	<u>207</u>	<u>374</u>	<u>-</u>	<u>882,449</u>	<u>1,253,243</u>
Restricted for:						
Major streets	-	4,527,094	-	-	-	4,527,094
Local streets	-	-	-	-	1,217,132	1,217,132
Michigan justice training	-	-	-	-	37,492	37,492
Narcotics forfeiture	-	-	-	-	522,046	522,046
Building inspection	-	-	-	-	1,378,265	1,378,265
Youth center	-	-	-	-	6,825	6,825
Kellogg arena	-	-	-	-	70,006	70,006
Special projects	454,175	-	-	-	-	454,175
Opioid settlement	118,211	-	-	-	-	118,211
	<u>572,386</u>	<u>4,527,094</u>	<u>-</u>	<u>-</u>	<u>3,231,766</u>	<u>8,331,246</u>
Committed for:						
Special grants	-	-	758,287	-	-	758,287
Debt service	-	-	-	-	62,614	62,614
Capital projects	-	-	-	-	2,705,923	2,705,923
Special projects	1,425,626	-	-	-	-	1,425,626
	<u>1,425,626</u>	<u>-</u>	<u>758,287</u>	<u>-</u>	<u>2,768,537</u>	<u>4,952,450</u>
Assigned for:						
Departmental appropriations	-	-	-	-	1,533,648	1,533,648
Capital outlay and projects (encumbrances)	199,525	-	-	-	-	199,525
	<u>199,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,533,648</u>	<u>1,733,173</u>
Unassigned	12,866,737	-	-	-	-	12,866,737
Total fund balances, governmental funds	\$ 15,434,487	\$ 4,527,301	\$ 758,661	\$ -	\$ 8,416,400	\$ 29,136,849

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

23. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$29,798 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$88,413 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.1977% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$513,885 and \$118,116 from the Distributors and Janssen, respectively.

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2023 is \$395,146.

Additional settlements with pharmacies and manufacturers were entered into during 2022 and 2023, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of June 30, 2023, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

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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,				
	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 4,315,718	\$ 4,153,430	\$ 3,784,164	\$ 4,041,341	\$ 4,068,824
Interest on total pension liability	14,082,332	13,460,908	12,950,656	12,839,189	12,286,062
Benefit changes	(33,713)	(26,483)	(23,512)	(108,003)	405,223
Difference between expected and actual experience	1,780,898	676,786	(2,568,605)	(3,167,079)	2,789,999
Assumption changes	-	12,871,400	5,687,254	(336,475)	-
Benefit payments	(13,572,258)	(12,409,271)	(11,919,837)	(10,931,209)	(10,617,625)
Net change in total pension liability	6,572,977	18,726,770	7,910,120	2,337,764	8,932,483
Total pension liability, beginning of year	<u>229,945,587</u>	<u>211,218,817</u>	<u>203,308,697</u>	<u>200,970,933</u>	<u>192,038,450</u>
Total pension liability, end of year	<u>236,518,564</u>	<u>229,945,587</u>	<u>211,218,817</u>	<u>203,308,697</u>	<u>200,970,933</u>
Plan fiduciary net position					
Employer contributions	6,323,009	6,368,077	6,353,070	5,869,972	5,544,586
Employee contributions	1,922,364	1,725,254	1,593,679	1,580,109	1,473,592
Net investment income (loss)	16,666,426	(23,240,398)	35,530,257	8,960,637	9,782,101
Benefit payments and refunds	(13,572,258)	(12,409,271)	(11,919,837)	(10,931,209)	(10,617,625)
Administrative expense	(196,493)	(231,962)	(164,187)	(203,023)	(177,368)
Medical insurance premiums	(271,367)	(304,595)	(331,308)	(428,009)	(484,052)
Net change in plan fiduciary net position	10,871,681	(28,092,895)	31,061,674	4,848,477	5,521,234
Plan fiduciary net position, beginning of year	<u>157,926,951</u>	<u>186,019,846</u>	<u>154,958,172</u>	<u>150,109,695</u>	<u>144,588,461</u>
Plan fiduciary net position, end of year	<u>168,798,632</u>	<u>157,926,951</u>	<u>186,019,846</u>	<u>154,958,172</u>	<u>150,109,695</u>
Net pension liability	<u>\$ 67,719,932</u>	<u>\$ 72,018,636</u>	<u>\$ 25,198,971</u>	<u>\$ 48,350,525</u>	<u>\$ 50,861,238</u>
Plan fiduciary net position as a percentage of total pension liability	71.37%	68.68%	88.07%	76.22%	74.69%
Covered payroll	<u>\$ 14,045,794</u>	<u>\$ 13,766,610</u>	<u>\$ 14,616,125</u>	<u>\$ 14,766,506</u>	<u>\$ 14,897,135</u>
Net pension liability as a percentage of covered payroll	482.14%	523.14%	172.41%	327.43%	341.42%

Fiscal Year Ended June 30,

2018	2017	2016	2015	2014
\$ 4,070,388	\$ 3,637,644	\$ 3,649,198	\$ 3,460,667	\$ 3,152,919
11,769,474	11,630,004	11,317,045	10,533,430	10,227,546
1,505,727	1,062,436	704,651	2,043,014	-
1,955,535	(5,040,576)	(119,463)	-	-
6,224,926	-	4,988,871	4,476,291	-
(10,066,683)	(10,375,906)	(9,444,578)	(9,381,779)	(8,947,330)
15,459,367	913,602	11,095,724	11,131,623	4,433,135
<u>176,579,083</u>	<u>175,665,481</u>	<u>164,569,757</u>	<u>153,438,134</u>	<u>149,004,999</u>
<u>192,038,450</u>	<u>176,579,083</u>	<u>175,665,481</u>	<u>164,569,757</u>	<u>153,438,134</u>
5,180,487	4,746,323	4,664,957	4,612,446	4,316,203
1,478,257	1,215,059	1,077,632	1,076,523	984,463
10,201,971	11,593,876	2,617,277	4,868,622	17,087,045
(10,066,683)	(10,375,906)	(9,444,578)	(9,381,779)	(8,947,330)
(214,905)	(219,010)	(216,729)	(181,572)	(213,462)
(500,000)	(500,000)	(500,000)	(1,040,952)	(356,758)
6,079,127	6,460,342	(1,801,441)	(46,712)	12,870,161
<u>138,509,334</u>	<u>132,048,992</u>	<u>133,850,433</u>	<u>133,897,145</u>	<u>121,026,984</u>
<u>144,588,461</u>	<u>138,509,334</u>	<u>132,048,992</u>	<u>133,850,433</u>	<u>133,897,145</u>
<u>\$ 47,449,989</u>	<u>\$ 38,069,749</u>	<u>\$ 43,616,489</u>	<u>\$ 30,719,324</u>	<u>\$ 19,540,989</u>
75.29%	78.44%	75.17%	81.33%	87.26%
<u>\$ 14,718,606</u>	<u>\$ 14,043,138</u>	<u>\$ 14,069,533</u>	<u>\$ 13,495,955</u>	<u>\$ 11,700,630</u>
322.38%	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%
2023	6,323,009	6,323,009	-	14,045,794	45.02%

CITY OF BATTLE CREEK, MICHIGAN

■ Required Supplementary Information

Police and Fire Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
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%
2023	11.06%

⁽¹⁾ 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,				
	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 2,126,033	\$ 1,902,272	\$ 2,020,330	\$ 2,050,623	\$ 2,056,135
Interest on total pension liability	11,855,263	11,899,966	11,338,841	11,458,164	11,210,574
Benefit changes	(60,553)	(145,429)	(95,157)	(47,708)	(25,969)
Difference between expected and actual experience	(432,249)	(852,912)	154,694	(829,069)	533,140
Assumption changes	-	5,647,905	5,342,989	4,356,282	-
Benefit payments and refunds	(11,773,359)	(11,469,313)	(11,169,576)	(10,840,207)	(10,512,334)
Net change in total pension liability	1,715,135	6,982,489	7,592,121	6,148,085	3,261,546
Total pension liability, beginning of year	<u>168,344,519</u>	<u>161,362,030</u>	<u>153,769,909</u>	<u>147,621,824</u>	<u>144,360,278</u>
Total pension liability, end of year	<u>170,059,654</u>	<u>168,344,519</u>	<u>161,362,030</u>	<u>153,769,909</u>	<u>147,621,824</u>
Plan fiduciary net position					
Employer contributions	6,978,264	6,632,649	5,881,291	5,530,584	5,598,951
Employee contributions	1,125,745	1,053,757	828,777	999,077	701,481
Net investment income (loss)	(10,304,735)	12,656,350	10,450,840	10,596,861	(3,297,646)
Benefit payments and refunds	(11,773,359)	(11,469,313)	(11,169,576)	(10,840,207)	(10,512,334)
Administrative expense	(181,752)	(145,187)	(169,019)	(182,419)	(166,380)
Net change in plan fiduciary net position	(14,155,837)	8,728,256	5,822,313	6,103,896	(7,675,928)
Plan fiduciary net position, beginning of year	<u>100,429,194</u>	<u>91,700,938</u>	<u>85,878,625</u>	<u>79,774,729</u>	<u>87,450,657</u>
Plan fiduciary net position, end of year	<u>86,273,357</u>	<u>100,429,194</u>	<u>91,700,938</u>	<u>85,878,625</u>	<u>79,774,729</u>
Net pension liability	<u>\$ 83,786,297</u>	<u>\$ 67,915,325</u>	<u>\$ 69,661,092</u>	<u>\$ 67,891,284</u>	<u>\$ 67,847,095</u>
Plan fiduciary net position as a percentage of total pension liability	50.73%	59.66%	56.83%	55.85%	54.04%
Covered payroll	<u>\$ 20,097,332</u>	<u>\$ 19,426,766</u>	<u>\$ 19,314,680</u>	<u>\$ 19,515,143</u>	<u>\$ 19,275,745</u>
Net pension liability as a percentage of covered payroll	416.90%	349.60%	360.66%	347.89%	351.98%

STATEMENT OF CASH FLOWS

Fiscal Year Ended June 30,				
2018	2017	2016	2015	
\$ 1,998,171	\$ 1,934,782	\$ 1,843,040	\$ 1,869,998	
10,978,431	10,808,541	10,393,511	10,141,309	
(17,297)	(2,988)	(11,965)	-	
194,046	(833,627)	(626,575)	-	
-	-	6,823,847	-	
(10,048,722)	(9,580,787)	(9,105,154)	(8,776,472)	
3,104,629	2,325,921	9,316,704	3,234,835	
<u>141,255,649</u>	<u>138,929,728</u>	<u>129,613,024</u>	<u>126,378,189</u>	
<u>144,360,278</u>	<u>141,255,649</u>	<u>138,929,728</u>	<u>129,613,024</u>	
5,382,451	4,375,156	4,104,291	3,776,983	
546,534	521,222	495,986	618,872	
10,481,265	8,589,468	(1,203,250)	5,143,720	
(10,048,722)	(9,580,787)	(9,105,154)	(8,776,472)	
(166,302)	(169,762)	(178,504)	(188,145)	
6,195,226	3,735,297	(5,886,631)	574,958	
<u>81,255,431</u>	<u>77,520,134</u>	<u>83,406,765</u>	<u>82,831,807</u>	
<u>87,450,657</u>	<u>81,255,431</u>	<u>77,520,134</u>	<u>83,406,765</u>	
<u>\$ 56,909,621</u>	<u>\$ 60,000,218</u>	<u>\$ 61,409,594</u>	<u>\$ 46,206,259</u>	
60.58%	57.52%	55.80%	64.35%	
<u>\$ 18,317,097</u>	<u>\$ 17,452,775</u>	<u>\$ 17,263,618</u>	<u>\$ 17,200,636</u>	
310.69%	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%
2023	7,630,946	8,111,998	(481,052)	20,491,941	39.59%

CITY OF BATTLE CREEK, MICHIGAN

Required Supplementary Information

Single-Employer Other Postemployment Benefit Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ended June 30,			
	2023	2022	2021	2020
Total OPEB liability				
Service cost	\$ 508,405	\$ 1,763,720	\$ 1,624,371	\$ 1,217,385
Interest on total OPEB liability	1,553,798	1,703,634	1,903,031	2,024,859
Benefit changes	-	(17,240,898)	-	-
Difference between expected and actual experience	(314,481)	(14,402,629)	(190,185)	(271,616)
Assumption changes	(1,022,209)	(14,205,569)	2,464,152	5,092,881
Benefit payments	(1,307,876)	(1,582,598)	(1,572,949)	(1,875,778)
Net change in total OPEB liability	<u>(582,363)</u>	<u>(43,964,340)</u>	<u>4,228,420</u>	<u>6,187,731</u>
Total OPEB liability, beginning of year	<u>29,134,290</u>	<u>73,098,630</u>	<u>68,870,210</u>	<u>62,682,479</u>
Total OPEB liability, end of year	<u>28,551,927</u>	<u>29,134,290</u>	<u>73,098,630</u>	<u>68,870,210</u>
Plan fiduciary net position				
Employer contributions	1,249,439	1,605,523	1,334,149	1,410,390
Employee contributions	431,617	437,388	370,676	390,550
Net investment income (loss)	608,612	(710,476)	1,772,773	147,822
Benefit payments and refunds	(1,307,876)	(1,582,598)	(1,572,949)	(1,875,778)
Administrative expense	(15,313)	(15,160)	(13,816)	(11,266)
Net change in plan fiduciary net position	<u>966,479</u>	<u>(265,323)</u>	<u>1,890,833</u>	<u>61,718</u>
Plan fiduciary net position, beginning of year	<u>7,937,708</u>	<u>8,203,031</u>	<u>6,312,198</u>	<u>6,250,480</u>
Plan fiduciary net position, end of year	<u>8,904,187</u>	<u>7,937,708</u>	<u>8,203,031</u>	<u>6,312,198</u>
Net OPEB liability	<u>\$ 19,647,740</u>	<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	31.19%	27.25%	11.22%	9.17%
Covered payroll	<u>\$ 27,665,341</u>	<u>\$ 25,809,821</u>	<u>\$ 25,614,713</u>	<u>\$ 25,494,729</u>
Net OPEB liability as a percentage of covered payroll	71.02%	82.13%	253.35%	245.38%

STATEMENT OF CASH FLOWS

Fiscal Year Ended June 30,		
2019	2018	2017
\$ 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)
(1,920,528)	(2,178,985)	(1,600,811)
<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
(1,920,528)	(2,178,985)	(1,600,811)
<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>\$ 56,431,999</u>	<u>\$ 50,230,961</u>	<u>\$ 70,650,843</u>
 9.97%	11.05%	7.70%
 <u>\$ 29,984,686</u>	<u>\$ 28,970,711</u>	<u>\$ 30,761,954</u>
 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%
2023	2,700,340	1,249,439	1,450,901	27,665,341	4.52%

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 ⁽¹⁾
2017	12.99%
2018	6.59%
2019	2.67%
2020	2.15%
2021	28.17%
2022	-8.67%
2023	3.95%

⁽¹⁾ 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

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.

Assumption Changes 2023: Changes include trend rates were updated to those prescribed by PA 202 for year 2023 and discount rate was increased from 5.36% to 5.70%.

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	Market value
Inflation	2.50%
Salary increases	4.00%
Investment rate of return	7.00%
Discount rate	5.36% for 2023 contribution; 5.70% for June 30, 2023 liability and 2024 contribution

CITY OF BATTLE CREEK, MICHIGAN

Notes to Required Supplementary Information

Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
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, 2023

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 2,958,934	\$ 60,294	\$ 4,449,177	\$ 949,150	\$ 8,417,555
Receivables:					
Interest	11,681	-	-	7,590	19,271
Accounts	22,795	73,849	1,061	-	97,705
Special assessments	-	11,097	-	-	11,097
Due from other governments	1,032,568	-	-	-	1,032,568
Leases, current portion	-	-	33,860	-	33,860
Leases, long-term portion	-	-	279,087	-	279,087
Loans, long-term portion	2,767,621	-	-	-	2,767,621
Prepaid items	2,540	-	-	-	2,540
Total assets	\$ 6,796,139	\$ 145,240	\$ 4,763,185	\$ 956,740	\$ 12,661,304
Liabilities					
Accounts payable	\$ 286,433	\$ 447	\$ 210,667	\$ -	\$ 497,547
Retentions, deposits and other liabilities	157,736	-	-	-	157,736
Interfund payable	418,876	72,346	-	-	491,222
Unearned revenue	2,775,619	-	-	-	2,775,619
Total liabilities	3,638,664	72,793	210,667	-	3,922,124
Deferred inflows of resources					
Unavailable revenue:					
Special assessments	-	9,833	-	-	9,833
Deferred lease amounts	-	-	312,947	-	312,947
Total deferred inflows of resources	-	9,833	312,947	-	322,780
Fund balances					
Nonspendable	2,540	-	-	879,909	882,449
Restricted	3,154,935	-	-	76,831	3,231,766
Committed	-	62,614	2,705,923	-	2,768,537
Assigned	-	-	1,533,648	-	1,533,648
Total fund balances	3,157,475	62,614	4,239,571	956,740	8,416,400
Total liabilities, deferred inflows of resources and fund balances	\$ 6,796,139	\$ 145,240	\$ 4,763,185	\$ 956,740	\$ 12,661,304

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Taxes	\$ -	\$ -	\$ 1,910,095	\$ -	\$ 1,910,095
Intergovernmental:					
Federal	1,982,915	-	-	-	1,982,915
State	2,129,365	-	-	-	2,129,365
Local	-	857,774	-	-	857,774
Charges for services	976,890	-	-	-	976,890
Investment earnings (loss)	157,063	4,566	-	(10,550)	151,079
Contributions	-	-	153,300	-	153,300
Rents and leases	-	-	48,166	-	48,166
Other	65,978	-	13,630	-	79,608
Total revenues	5,312,211	862,340	2,125,191	(10,550)	8,289,192
Expenditures					
Current:					
General government	48,690	-	800,378	-	849,068
Public safety	-	-	850,408	-	850,408
Highway and streets	3,898,898	-	1,744,401	-	5,643,299
Community development	2,023,516	-	-	-	2,023,516
Inspections	856,847	-	-	-	856,847
Debt service:					
Principal	-	2,458,300	-	-	2,458,300
Interest and other fiscal charges	-	1,018,967	-	-	1,018,967
Total expenditures	6,827,951	3,477,267	3,395,187	-	13,700,405
Revenues under expenditures	(1,515,740)	(2,614,927)	(1,269,996)	(10,550)	(5,411,213)
Other financing sources (uses)					
Transfers in	2,000,000	2,618,666	2,247,572	-	6,866,238
Transfers out	-	(4,810)	(657,624)	-	(662,434)
Total other financing sources (uses)	2,000,000	2,613,856	1,589,948	-	6,203,804
Net change in fund balances	484,260	(1,071)	319,952	(10,550)	792,591
Fund balances, beginning of year	2,673,215	63,685	3,919,619	967,290	7,623,809
Fund balances, end of year	\$ 3,157,475	\$ 62,614	\$ 4,239,571	\$ 956,740	\$ 8,416,400

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2023

	Community Development	Local Street	HOME Program	Michigan Justice Training
Assets				
Pooled cash and investments	\$ -	\$ 878,878	\$ -	\$ 37,492
Receivables:				
Interest	-	10,781	-	-
Accounts	-	-	-	-
Due from other governments	378,247	348,922	305,399	-
Loans, long-term portion	2,709,908	-	57,713	-
Prepaid items	-	207	-	-
Total assets	\$ 3,088,155	\$ 1,238,788	\$ 363,112	\$ 37,492
Liabilities				
Accounts payable	\$ 98,611	\$ 21,449	\$ 158,161	\$ -
Retentions, deposits and other liabilities	-	-	-	-
Interfund payable	279,636	-	139,240	-
Unearned revenue	2,709,908	-	65,711	-
Total liabilities	3,088,155	21,449	363,112	-
Fund balances				
Nonspendable	-	207	-	-
Restricted	-	1,217,132	-	37,492
Total fund balances	-	1,217,339	-	37,492
Total liabilities and fund balances	\$ 3,088,155	\$ 1,238,788	\$ 363,112	\$ 37,492

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2023

	Narcotics Forfeiture	Building Inspection	Total
Assets			
Pooled cash and investments	\$ 658,964	\$ 1,383,600	\$ 2,958,934
Receivables:			
Interest	900	-	11,681
Accounts	22,795	-	22,795
Due from other governments	-	-	1,032,568
Loans, long-term portion	-	-	2,767,621
Prepaid items	-	2,333	2,540
Total assets	<u>\$ 682,659</u>	<u>\$ 1,385,933</u>	<u>\$ 6,796,139</u>
Liabilities			
Accounts payable	\$ 2,877	\$ 5,335	\$ 286,433
Retentions, deposits and other liabilities	157,736	-	157,736
Interfund payable	-	-	418,876
Unearned revenue	-	-	2,775,619
Total liabilities	<u>160,613</u>	<u>5,335</u>	<u>3,638,664</u>
Fund balances			
Nonspendable	-	2,333	2,540
Restricted	522,046	1,378,265	3,154,935
Total fund balances	<u>522,046</u>	<u>1,380,598</u>	<u>3,157,475</u>
Total liabilities and fund balances	<u>\$ 682,659</u>	<u>\$ 1,385,933</u>	<u>\$ 6,796,139</u>

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, 2023

	Community Development	Local Street	HOME Program	Michigan Justice Training
Revenues				
Intergovernmental:				
Federal	\$ 1,556,728	\$ -	\$ 426,187	\$ -
State	-	2,056,119	-	22,135
Charges for services	-	-	-	-
Investment earnings	-	115,015	-	-
Other	30,166	1,870	10,435	-
Total revenues	1,586,894	2,173,004	436,622	22,135
Expenditures				
Current:				
General government	-	-	-	1,900
Highways and streets	-	3,898,898	-	-
Community development	1,586,894	-	436,622	-
Inspections	-	-	-	-
Total expenditures	1,586,894	3,898,898	436,622	1,900
Revenues over (under) expenditures	-	(1,725,894)	-	20,235
Other financing sources				
Transfers in	-	2,000,000	-	-
Net change in fund balances	-	274,106	-	20,235
Fund balances, beginning of year	-	943,233	-	17,257
Fund balances, end of year	\$ -	\$ 1,217,339	\$ -	\$ 37,492

continued...

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, 2023

	Narcotics Forfeiture	Building Inspection	Total
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ 1,982,915
State	51,111	-	2,129,365
Charges for services	-	976,890	976,890
Investment earnings	8,243	33,805	157,063
Other	22,795	712	65,978
Total revenues	82,149	1,011,407	5,312,211
Expenditures			
Current:			
General government	46,790	-	48,690
Highways and streets	-	-	3,898,898
Community development	-	-	2,023,516
Inspections	-	856,847	856,847
Total expenditures	46,790	856,847	6,827,951
Revenues over (under) expenditures	35,359	154,560	(1,515,740)
Other financing sources			
Transfers in	-	-	2,000,000
Net change in fund balances	35,359	154,560	484,260
Fund balances, beginning of year	486,687	1,226,038	2,673,215
Fund balances, end of year	\$ 522,046	\$ 1,380,598	\$ 3,157,475

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, 2023

	Community Development		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 2,879,775	\$ 1,556,728	\$ (1,323,047)
State	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Other	900	30,166	29,266
Total revenues	2,880,675	1,586,894	(1,293,781)
Expenditures			
Current:			
General government	-	-	-
Highways and streets	-	-	-
Community development	2,884,491	1,586,894	(1,297,597)
Inspections	-	-	-
Total expenditures	2,884,491	1,586,894	(1,297,597)
Revenues over (under) expenditures	(3,816)	-	3,816
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	(3,816)	-	3,816
Fund balances, beginning of year	-	-	-
Fund balances (deficits), end of year	\$ (3,816)	\$ -	\$ 3,816

continued...

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, 2023

	Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	2,135,000	2,056,119	(78,881)
Charges for services	-	-	-
Investment earnings	-	115,015	115,015
Other	-	1,870	1,870
Total revenues	2,135,000	2,173,004	38,004
Expenditures			
Current:			
General government	-	-	-
Highways and streets	4,426,975	3,898,898	(528,077)
Community development	-	-	-
Inspections	-	-	-
Total expenditures	4,426,975	3,898,898	(528,077)
Revenues over (under) expenditures	(2,291,975)	(1,725,894)	566,081
Other financing sources			
Transfers in	2,000,000	2,000,000	-
Net change in fund balances	(291,975)	274,106	566,081
Fund balances, beginning of year	943,233	943,233	-
Fund balances (deficits), end of year	\$ 651,258	\$ 1,217,339	\$ 566,081

continued...

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, 2023

	HOME Program Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 547,116	\$ 426,187	\$ (120,929)
State	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Other	-	10,435	10,435
Total revenues	547,116	436,622	(110,494)
Expenditures			
Current:			
General government	-	-	-
Highways and streets	-	-	-
Community development	547,116	436,622	(110,494)
Inspections	-	-	-
Total expenditures	547,116	436,622	(110,494)
Revenues over (under) expenditures	-	-	-
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances (deficits), end of year	\$ -	\$ -	\$ -

continued...

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, 2023

Michigan Justice Training Fund			
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	20,000	22,135	2,135
Charges for services	-	-	-
Investment earnings	-	-	-
Other	-	-	-
Total revenues	20,000	22,135	2,135
Expenditures			
Current:			
General government	19,220	1,900	(17,320)
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	19,220	1,900	(17,320)
Revenues over (under) expenditures	780	20,235	19,455
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	780	20,235	19,455
Fund balances, beginning of year	17,257	17,257	-
Fund balances (deficits), end of year	\$ 18,037	\$ 37,492	\$ 19,455

continued...

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, 2023

	Narcotics Forfeiture Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	110,000	51,111	(58,889)
Charges for services	-	-	-
Investment earnings	-	8,243	8,243
Other	-	22,795	22,795
Total revenues	110,000	82,149	(27,851)
Expenditures			
Current:			
General government	119,470	46,790	(72,680)
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	119,470	46,790	(72,680)
Revenues over (under) expenditures	(9,470)	35,359	44,829
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	(9,470)	35,359	44,829
Fund balances, beginning of year	486,687	486,687	-
Fund balances (deficits), end of year	\$ 477,217	\$ 522,046	\$ 44,829

continued...

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, 2023

Building Inspection Fund			
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	- -	- -	- -
Charges for services	795,900	976,890	180,990
Investment earnings	- 33,805	33,805	33,805
Other	- 712	712	712
Total revenues	795,900	1,011,407	215,507
Expenditures			
Current:			
General government	- -	- -	- -
Highways and streets	- -	- -	- -
Community development	- -	- -	- -
Inspections	963,938	856,847	(107,091)
Total expenditures	963,938	856,847	(107,091)
Revenues over (under) expenditures	(168,038)	154,560	322,598
Other financing sources			
Transfers in	- -	- -	- -
Net change in fund balances	(168,038)	154,560	322,598
Fund balances, beginning of year	1,226,038	1,226,038	-
Fund balances (deficits), end of year	\$ 1,058,000	\$ 1,380,598	\$ 322,598

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2023

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
Assets				
Pooled cash and investments	\$ 1,209	\$ 59,085	\$ -	\$ -
Receivables:				
Accounts	-	-	-	73,849
Special assessments	-	11,097	-	-
Total assets	\$ 1,209	\$ 70,182	\$ -	\$ 73,849
Liabilities				
Accounts payable	\$ -	\$ 447	\$ -	\$ -
Interfund payable	-	-	-	72,346
Total liabilities	-	447	-	72,346
Deferred inflows of resources				
Unavailable revenue -				
Special assessments	-	9,833	-	-
Fund balances				
Committed	1,209	59,902	-	1,503
Total liabilities, deferred inflows of resources and fund balances	\$ 1,209	\$ 70,182	\$ -	\$ 73,849

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2023

	Building Authority Bonds	Police Station Bonds	Total
Assets			
Pooled cash and investments	\$ -	\$ -	\$ 60,294
Receivables:			
Accounts	-	-	73,849
Special assessments	-	-	11,097
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,240</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 447
Interfund payable	-	-	72,346
Total liabilities	-	-	72,793
Deferred inflows of resources			
Unavailable revenue -			
Special assessments	-	-	9,833
Fund balances			
Committed	-	-	62,614
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,240</u>

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, 2023

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
Revenues				
Intergovernmental - local	\$ -	\$ -	\$ -	\$ 253,849
Investment earnings	-	4,566	-	-
Total revenues	-	4,566	-	253,849
Expenditures				
Debt service:				
Principal	390,000	-	183,300	855,000
Interest and other fiscal charges	59,415	-	2,845	331,381
Total expenditures	449,415	-	186,145	1,186,381
Revenues over (under) expenditures	(449,415)	4,566	(186,145)	(932,532)
Other financing sources (uses)				
Transfers in	449,150	-	186,145	932,471
Transfers out	-	-	-	-
Total other financing sources (uses)	449,150	-	186,145	932,471
Net change in fund balances	(265)	4,566	-	(61)
Fund balances, beginning of year	1,474	55,336	-	1,564
Fund balances, end of year	\$ 1,209	\$ 59,902	\$ -	\$ 1,503

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, 2023

	Building Authority Bonds	Police Station Bonds	Total
Revenues			
Intergovernmental - local	\$ 603,925	\$ -	\$ 857,774
Investment earnings	-	-	4,566
Total revenues	<u>603,925</u>	<u>-</u>	<u>862,340</u>
Expenditures			
Debt service:			
Principal	580,000	450,000	2,458,300
Interest and other fiscal charges	24,426	600,900	1,018,967
Total expenditures	<u>604,426</u>	<u>1,050,900</u>	<u>3,477,267</u>
Revenues over (under) expenditures	(501)	(1,050,900)	(2,614,927)
Other financing sources (uses)			
Transfers in	-	1,050,900	2,618,666
Transfers out	(4,810)	-	(4,810)
Total other financing sources (uses)	<u>(4,810)</u>	<u>1,050,900</u>	<u>2,613,856</u>
Net change in fund balances	(5,311)	-	(1,071)
Fund balances, beginning of year	<u>5,311</u>	<u>-</u>	<u>63,685</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,614</u>

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds
June 30, 2023

	Street Projects	General Capital Improvement	Total
Assets			
Pooled cash and investments	\$ 2,855,162	\$ 1,594,015	\$ 4,449,177
Receivables:			
Accounts	-	1,061	1,061
Leases, current portion	-	33,860	33,860
Leases, long-term portion	-	279,087	279,087
Total assets	<u>\$ 2,855,162</u>	<u>\$ 1,908,023</u>	<u>\$ 4,763,185</u>
Liabilities			
Accounts payable	<u>\$ 149,239</u>	<u>\$ 61,428</u>	<u>\$ 210,667</u>
Deferred inflows of resources			
Deferred lease amounts	-	312,947	312,947
Fund balances			
Committed	2,705,923	-	2,705,923
Assigned	-	1,533,648	1,533,648
Total fund balances	<u>2,705,923</u>	<u>1,533,648</u>	<u>4,239,571</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,855,162</u>	<u>\$ 1,908,023</u>	<u>\$ 4,763,185</u>

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, 2023

	Street Projects	General Capital Improvement	Total
Revenue			
Taxes	\$ 1,910,095	\$ -	\$ 1,910,095
Contributions	-	153,300	153,300
Rents and leases	-	48,166	48,166
Other	4,130	9,500	13,630
Total revenue	1,914,225	210,966	2,125,191
Expenditures			
Current expenditures:			
General government	-	800,378	800,378
Public safety	-	850,408	850,408
Highways and streets	1,744,401	-	1,744,401
Total expenditures	1,744,401	1,650,786	3,395,187
Revenue over (under) expenditures	169,824	(1,439,820)	(1,269,996)
Other financing sources (uses)			
Transfers in	1,100,000	1,147,572	2,247,572
Transfers out	(157,624)	(500,000)	(657,624)
Total other financing sources (uses)	942,376	647,572	1,589,948
Net change in fund balances	1,112,200	(792,248)	319,952
Fund balances, beginning of year	1,593,723	2,325,896	3,919,619
Fund balances, end of year	\$ 2,705,923	\$ 1,533,648	\$ 4,239,571

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2023

	Youth Center Endowment	Kellogg Arena Endowment	Total
Assets			
Pooled cash and investments	\$ 258,498	\$ 690,652	\$ 949,150
Interest receivable	4,703	2,887	7,590
Total assets	\$ 263,201	\$ 693,539	\$ 956,740
Fund balances			
Nonspendable	\$ 256,376	\$ 623,533	\$ 879,909
Restricted	6,825	70,006	76,831
Total fund balances	\$ 263,201	\$ 693,539	\$ 956,740

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds
For the Year Ended June 30, 2023

	Youth Center Endowment	Kellogg Arena Endowment	Total
Revenues			
Investment earnings (loss)	\$ (16,485)	\$ 5,935	\$ (10,550)
Fund balances, beginning of year	<u>279,686</u>	<u>687,604</u>	<u>967,290</u>
Fund balances, end of year	<u>\$ 263,201</u>	<u>\$ 693,539</u>	<u>\$ 956,740</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2023

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Assets				
Current assets:				
Pooled cash and investments	\$ 266,769	\$ -	\$ 2,017,562	\$ 437,436
Receivables:				
Interest	-	-	10,415	-
Accounts	-	931,100	-	1,918
Loans, current portion	-	-	1,077,400	-
Prepaid items	-	276	-	10
Total current assets	266,769	931,376	3,105,377	439,364
Noncurrent assets:				
Loans receivable, net	-	-	6,222,079	-
Capital assets not being depreciated	1,505,125	-	-	-
Capital assets being depreciated, net	1,115,008	-	-	-
Total noncurrent assets	2,620,133	-	6,222,079	-
Total assets	2,886,902	931,376	9,327,456	439,364
Deferred outflows of resources				
Deferred pension amounts	-	55,678	-	-
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	70,321	309,291	277,084	16,025
Retentions, deposits and other liabilities	-	97,555	-	450
Interfund payable	-	312,393	-	-
Unearned revenue	5,000	-	-	-
Compensated absences, current portion	880	17,470	-	23,285
Total current liabilities	76,201	736,709	277,084	39,760
Noncurrent liabilities:				
Compensated absences	98	1,941	-	2,588
Net pension liability	-	335,145	-	-
Total noncurrent liabilities	98	337,086	-	2,588
Total liabilities	76,299	1,073,795	277,084	42,348
Deferred inflows of resources				
Deferred pension amounts	-	2,290	-	-
Net position				
Net investment in capital assets	2,620,133	-	-	-
Unrestricted (deficit)	190,470	(89,031)	9,050,372	397,016
Total net position (deficit)	\$ 2,810,603	\$ (89,031)	\$ 9,050,372	\$ 397,016

Intermodal Facility

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

\$ -	\$ 2,721,767
-	10,415
84,583	1,017,601
-	1,077,400
-	286
<u>84,583</u>	<u>4,827,469</u>

-	6,222,079
-	1,505,125
<u>213,265</u>	<u>1,328,273</u>
<u>213,265</u>	<u>9,055,477</u>
<u>297,848</u>	<u>13,882,946</u>

<u>-</u>	<u>55,678</u>
----------	---------------

6,159	678,880
-	98,005
75,215	387,608
500	5,500
-	41,635
<u>81,874</u>	<u>1,211,628</u>

-	4,627
-	<u>335,145</u>
-	<u>339,772</u>
<u>81,874</u>	<u>1,551,400</u>

<u>-</u>	<u>2,290</u>
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213,265	2,833,398
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<u>2,709</u>	<u>9,551,536</u>
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<u>\$ 215,974</u>	<u>\$ 12,384,934</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, 2023

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Operating revenues				
Charges for services	\$ 501,126	\$ 4,084,477	\$ -	\$ -
Rents and leases	-	-	-	1,850
Other	-	1,474	157,935	12,000
Total operating revenues	501,126	4,085,951	157,935	13,850
Operating expenses				
Personnel services	10,068	527,331	-	440,448
Materials and supplies	-	66,560	-	12,547
Contractual and other	946,521	3,752,217	106,170	346,086
Depreciation	330,475	-	-	-
Total operating expenses	1,287,064	4,346,108	106,170	799,081
Operating income (loss)	(785,938)	(260,157)	51,765	(785,231)
Nonoperating revenues (expenses)				
Property taxes	-	-	-	320,000
Intergovernmental subsidies:				
State	-	-	-	382,442
Local	-	-	-	120,000
Investment earnings (loss)	4,329	(19,020)	(37,504)	7,944
Total nonoperating revenues (expenses)	4,329	(19,020)	(37,504)	830,386
Income (loss) before transfers	(781,609)	(279,177)	14,261	45,155
Transfers in	456,000	214,000	-	-
Transfers out	-	(17)	-	-
Change in net position	(325,609)	(65,194)	14,261	45,155
Net position (deficit), beginning of year	3,136,212	(23,837)	9,036,111	351,861
Net position (deficit), end of year	\$ 2,810,603	\$ (89,031)	\$ 9,050,372	\$ 397,016

INTERMODAL FACILITY RENTALS

Intermodal Facility	Total
\$ 27,175	\$ 4,612,778
99,358	101,208
-	<u>171,409</u>
<u>126,533</u>	<u>4,885,395</u>
4,558	982,405
699	79,806
138,427	5,289,421
29,974	<u>360,449</u>
<u>173,658</u>	<u>6,712,081</u>
<u>(47,125)</u>	<u>(1,826,686)</u>
-	320,000
-	382,442
50,000	170,000
(855)	<u>(45,106)</u>
<u>49,145</u>	<u>827,336</u>
2,020	(999,350)
5,000	675,000
-	<u>(17)</u>
7,020	(324,367)
<u>208,954</u>	<u>12,709,301</u>
<u>\$ 215,974</u>	<u>\$ 12,384,934</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2023

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Cash flows from operating activities				
Receipts from customers and users	\$ 517,502	\$ 4,064,995	\$ 157,935	\$ 13,850
Loans collected from borrowers	-	-	419,071	-
Payments to suppliers and contractors	(915,219)	(3,827,138)	(91,911)	(348,671)
Payments to employees	(9,642)	(431,352)	-	(437,689)
Payments for interfund services	-	(1,468)	-	-
Net cash provided by (used in) operating activities	(407,359)	(194,963)	485,095	(772,510)
Cash flows from noncapital financing activities				
Transfers in	456,000	214,000	-	-
Transfers out	-	(17)	-	-
Property taxes	-	-	-	320,000
Intergovernmental subsidies	-	-	-	502,442
Net cash provided by noncapital financing activities	456,000	213,983	-	822,442
Cash flows from investing activities				
Investment earnings (loss)	4,329	(19,020)	52,674	7,944
Net change in pooled cash and investments	52,970	-	537,769	57,876
Pooled cash and investments, beginning of year	213,799	-	1,479,793	379,560
Pooled cash and investments, end of year	\$ 266,769	\$ -	\$ 2,017,562	\$ 437,436
Cash flows from operating activities				
Operating income (loss)	\$ (785,938)	\$ (260,157)	\$ 51,765	\$ (785,231)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	330,475	-	-	-
Changes in assets and liabilities:				
Accounts receivable	11,376	(20,956)	-	-
Loans receivable	-	-	419,071	-
Prepaid items	-	(276)	-	(10)
Accounts payable and accrued liabilities	31,302	(10,821)	14,259	9,522
Retentions, deposits and other liabilities	-	1,268	-	450
Compensated absences	426	(892)	-	2,759
Interfund payable	-	78,148	-	-
Unearned revenue	5,000	-	-	-
Net pension liability	-	63,484	-	-
Deferred outflows related to the net pension liability	-	(16,494)	-	-
Deferred inflows related to the net pension liability	-	(28,267)	-	-
Net cash provided by (used in) operating activities	\$ (407,359)	\$ (194,963)	\$ 485,095	\$ (772,510)

INTERMODAL FACILITY

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

\$ 134,084	\$ 4,888,366
-	419,071
(183,671)	(5,366,610)
(4,558)	(883,241)
<u>-</u>	<u>(1,468)</u>
<u>(54,145)</u>	<u>(943,882)</u>

5,000	675,000
-	(17)
-	320,000
<u>50,000</u>	<u>552,442</u>
<u>55,000</u>	<u>1,547,425</u>

<u>(855)</u>	<u>45,072</u>
-	648,615
<u>-</u>	<u>2,073,152</u>
<u>\$ -</u>	<u>\$ 2,721,767</u>

\$ (47,125) \$ (1,826,686)

29,974	360,449
7,551	(2,029)
-	419,071
-	(286)
(38,498)	5,764
-	1,718
-	2,293
(6,047)	72,101
-	5,000
-	63,484
-	(16,494)
<u>-</u>	<u>(28,267)</u>
<u>\$ (54,145)</u>	<u>\$ (943,882)</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2023

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Assets					
Current assets:					
Pooled cash and investments	\$ 50,198	\$ 6,994,738	\$ 1,832,737	\$ 14,137	\$ 8,891,810
Receivables:					
Interest	1,907	90,251	-	-	92,158
Accounts	165,275	502,419	1,013	-	668,707
Inventories	552,982	-	-	-	552,982
Prepaid items	-	5,010	-	-	5,010
Total current assets	770,362	7,592,418	1,833,750	14,137	10,210,667
Noncurrent assets:					
Capital assets not being depreciated	31,708	17,115	26,644	-	75,467
Capital assets being depreciated, net	8,669,782	-	592,196	47,463	9,309,441
Total noncurrent assets	8,701,490	17,115	618,840	47,463	9,384,908
Total assets	9,471,852	7,609,533	2,452,590	61,600	19,595,575
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	618,863	277,141	38,531	4,160	938,695
Unearned revenue	-	140,599	-	-	140,599
Compensated absences, current portion	83,529	36,753	85,801	5,401	211,484
Claims payable, current portion	-	1,074,801	-	-	1,074,801
Installment obligations payable, current portion	-	-	-	30,256	30,256
Total current liabilities	702,392	1,529,294	124,332	39,817	2,395,835
Noncurrent liabilities:					
Claims payable	-	321,802	-	-	321,802
Installment obligations payable	-	-	-	49,573	49,573
Total noncurrent liabilities	-	321,802	-	49,573	371,375
Total liabilities	702,392	1,851,096	124,332	89,390	2,767,210
Net position					
Net investment in capital assets	8,701,490	17,115	592,196	(32,366)	9,278,435
Unrestricted	67,970	5,741,322	1,736,062	4,576	7,549,930
Total net position (deficit)	\$ 8,769,460	\$ 5,758,437	\$ 2,328,258	\$ (27,790)	\$ 16,828,365

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, 2023

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Operating revenues					
Charges for services	\$ 6,134,061	\$ 13,917,585	\$ 1,776,208	\$ 250,333	\$ 22,078,187
Rents and leases	1,824,100	-	-	-	1,824,100
Other	364,070	157,233	11,372	-	532,675
Total operating revenues	8,322,231	14,074,818	1,787,580	250,333	24,434,962
Operating expenses					
Personnel services	1,445,522	1,236,440	1,320,894	121,382	4,124,238
Materials and supplies	2,077,747	12,780	295,039	75,110	2,460,676
Contractual and other	1,481,272	12,931,800	591,683	72,452	15,077,207
Depreciation	2,195,671	-	154,104	57,454	2,407,229
Total operating expenses	7,200,212	14,181,020	2,361,720	326,398	24,069,350
Operating income (loss)	1,122,019	(106,202)	(574,140)	(76,065)	365,612
Nonoperating revenues (expenses)					
Investment loss	(1,077)	(119,905)	-	-	(120,982)
Loss on sale of capital assets	(31,520)	-	-	-	(31,520)
Total nonoperating revenues (expenses)	(32,597)	(119,905)	-	-	(152,502)
Income (loss) before transfers	1,089,422	(226,107)	(574,140)	(76,065)	213,110
Transfers in	588,639	97,157	415,000	50,000	1,150,796
Transfers out	(449,150)	(341,842)	-	-	(790,992)
Change in net position	1,228,911	(470,792)	(159,140)	(26,065)	572,914
Net position (deficit), beginning of year	7,540,549	6,229,229	2,487,398	(1,725)	16,255,451
Net position (deficit), end of year	\$ 8,769,460	\$ 5,758,437	\$ 2,328,258	\$ (27,790)	\$ 16,828,365

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2023

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Cash flows from operating activities					
Receipts from interfund services	\$ 8,322,231	\$ 14,074,818	\$ 1,787,580	\$ 250,333	\$ 24,434,962
Payments to suppliers and contractors	(4,041,924)	(12,116,257)	(796,816)	(150,195)	(17,105,192)
Payments to employees	(1,448,888)	(1,238,975)	(1,310,789)	(130,331)	(4,128,983)
Net cash provided by (used in) operating activities	2,831,419	719,586	(320,025)	(30,193)	3,200,787
Cash flows from noncapital financing activities					
Transfers in	588,639	97,157	415,000	50,000	1,150,796
Transfers out	(449,150)	(341,842)	-	-	(790,992)
Net cash provided by (used in) noncapital financing activities	139,489	(244,685)	415,000	50,000	359,804
Cash flows from capital and related financing activities					
Principal paid on installment obligations payable	-	-	-	(29,506)	(29,506)
Purchase of capital assets	(3,346,794)	-	(143,224)	-	(3,490,018)
Net cash used in capital and related financing activities	(3,346,794)	-	(143,224)	(29,506)	(3,519,524)
Cash flows from investing activities					
Investment loss	(955)	(118,174)	-	-	(119,129)
Net change in pooled cash and investments	(376,841)	356,727	(48,249)	(9,699)	(78,062)
Pooled cash and investments, beginning of year	427,039	6,638,011	1,880,986	23,836	8,969,872
Pooled cash and investments, end of year	\$ 50,198	\$ 6,994,738	\$ 1,832,737	\$ 14,137	\$ 8,891,810
Cash flows from operating activities					
Operating income (loss)	\$ 1,122,019	\$ (106,202)	\$ (574,140)	\$ (76,065)	\$ 365,612
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	2,195,671	-	154,104	57,454	2,407,229
Changes in assets and liabilities:					
Accounts receivable	(131,481)	144,089	(1,013)	6	11,601
Inventories	(29,734)	-	-	-	(29,734)
Prepaid items	8,223	52,803	210,470	-	271,496
Accounts payable and accrued liabilities	(329,913)	241,556	(119,551)	(2,639)	(210,547)
Compensated absences	(3,366)	(2,535)	10,105	(8,949)	(4,745)
Claims payable	-	394,839	-	-	394,839
Interfund payable	-	-	-	-	-
Unearned revenue	-	(4,964)	-	-	(4,964)
Net cash provided by (used in) operating activities	\$ 2,831,419	\$ 719,586	\$ (320,025)	\$ (30,193)	\$ 3,200,787

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds
June 30, 2023

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Assets			
Cash and cash equivalents	\$ 5,240,910	\$ -	\$ 5,240,910
Investments:			
Fixed income:			
Corporate bonds	9,868,795	-	9,868,795
Foreign bonds	1,633,390	-	1,633,390
Private placements	122,802	-	122,802
U.S. government securities	11,003,282	-	11,003,282
Asset backed securities	1,754,462	-	1,754,462
Collateralized mortgage obligations	4,386,594	-	4,386,594
Mortgage backed securities	9,030,400	-	9,030,400
Mutual funds	125,498,372	-	125,498,372
MERS total market portfolio	-	8,904,187	8,904,187
Interest receivable	291,806	-	291,806
Pension contributions receivable	242,236	-	242,236
Total assets	<u>169,073,049</u>	<u>8,904,187</u>	<u>177,977,236</u>
Liabilities			
Due to other governments	<u>274,417</u>	<u>-</u>	<u>274,417</u>
Net position			
Restricted for pension and postemployment healthcare benefits	<u>\$ 168,798,632</u>	<u>\$ 8,904,187</u>	<u>\$ 177,702,819</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, 2023

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Additions			
Investment income:			
Net change in fair value of investments	\$ 12,928,149	\$ -	\$ 12,928,149
Investment earnings and dividends	3,876,772	608,612	4,485,384
Less investment expenses	(138,495)	-	(138,495)
 Total net investment income	 16,666,426	 608,612	 17,275,038
Contributions:			
Employer	6,323,009	1,249,439	7,572,448
Employee	1,922,364	431,617	2,353,981
 Total contributions	 8,245,373	 1,681,056	 9,926,429
 Total additions	 24,911,799	 2,289,668	 27,201,467
Deductions			
Benefit payments and refunds	13,843,625	1,307,876	15,151,501
Administrative expenses	196,493	15,313	211,806
 Total deductions	 14,040,118	 1,323,189	 15,363,307
 Net change to net position	 10,871,681	 966,479	 11,838,160
Net position, beginning of year	157,926,951	7,937,708	165,864,659
 Net position, end of year	 \$ 168,798,632	 \$ 8,904,187	 \$ 177,702,819

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2023

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Assets					
Pooled cash and investments	\$ 189,672	\$ 36,154	\$ 91,417	\$ 39,436	\$ 356,679
Delinquent taxes receivable	<u>-</u>	<u>440,769</u>	<u>-</u>	<u>-</u>	<u>440,769</u>
Total assets	189,672	476,923	91,417	39,436	797,448
Liabilities					
Undistributed receipts	<u>-</u>	<u>476,923</u>	<u>91,417</u>	<u>39,436</u>	<u>607,776</u>
Net position					
Restricted for individuals, organizations, and other governments	<u>\$ 189,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,672</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2023

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Additions					
Fire insurance collections	\$ 130,936	\$ -	\$ -	\$ -	\$ 130,936
Taxes collected for other governments	-	366,454	54,926,746	17,891,073	73,184,273
Total additions	130,936	366,454	54,926,746	17,891,073	73,315,209
Deductions					
Fire insurance distributions	121,452	-	-	-	121,452
Payments of taxes to other governments	-	366,454	54,926,746	17,891,073	73,184,273
Total deductions	121,452	366,454	54,926,746	17,891,073	73,305,725
Change in net position	9,484	-	-	-	9,484
Net position, beginning of year	180,188	-	-	-	180,188
Net position, end of year	\$ 189,672	\$ -	\$ -	\$ -	\$ 189,672

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.

	<u>Page</u>	
Financial Trends (Schedules 1-5)	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	158
Revenue Capacity (Schedules 6-28)	These schedules contain information to help the reader assess the government's most significant local revenue sources: property taxes and water and wastewater usage fees.	170
Debt Capacity (Schedules 29-32)	These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	214
Demographic and Economic Information (Schedules 33 & 34)	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	221
Operating Information (Schedules 35-38)	These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	224

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)

	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 213,803,703	\$ 212,763,742	\$ 209,385,180	\$ 204,289,221	\$ 202,996,774
Restricted	2,671,582	6,422,246	10,573,097	9,498,489	11,428,992
Unrestricted (deficit)	13,828,647	(39,592,709)	(56,384,540)	(66,228,790)	(108,310,558)
Total governmental activities	\$ 230,303,932	\$ 179,593,279	\$ 163,573,737	\$ 147,558,920	\$ 106,115,208
Business-type activities					
Net investment in capital assets	\$ 92,099,833	\$ 91,757,657	\$ 94,256,830	\$ 77,696,600	\$ 84,440,617
Unrestricted (deficit)	20,628,055	6,044,949	6,738,128	18,432,807	(13,736,110)
Total business-type activities	\$ 112,727,888	\$ 97,802,606	\$ 100,994,958	\$ 96,129,407	\$ 70,704,507
Primary government					
Net investment in capital assets	\$ 305,903,536	\$ 304,521,399	\$ 303,642,010	\$ 281,985,821	\$ 287,437,391
Restricted	2,671,582	6,422,246	10,573,097	9,498,489	11,428,992
Unrestricted (deficit)	34,456,702	(33,547,760)	(49,646,412)	(47,795,983)	(122,046,668)
Total primary government	\$ 343,031,820	\$ 277,395,885	\$ 264,568,695	\$ 243,688,327	\$ 176,819,715

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 1
Unaudited

Net Position by Component

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

	2019	2020	2021	2022	2023
Governmental activities					
Net investment in capital assets	\$ 196,784,239	\$ 191,520,117	\$ 185,862,504	\$ 184,578,767	\$ 182,987,646
Restricted	17,761,851	18,202,625	20,375,257	8,454,546	9,608,841
Unrestricted (deficit)	(120,784,656)	(122,403,144)	(114,958,702)	(105,831,745)	(111,434,726)
Total governmental activities	\$ 93,761,434	\$ 87,319,598	\$ 91,279,059	\$ 87,201,568	\$ 81,161,761
Business-type activities					
Net investment in capital assets	\$ 88,322,398	\$ 91,403,421	\$ 88,369,618	\$ 86,184,982	\$ 72,743,638
Unrestricted (deficit)	(13,127,722)	(12,750,203)	(8,716,059)	2,163,045	15,755,015
Total business-type activities	\$ 75,194,676	\$ 78,653,218	\$ 79,653,559	\$ 88,348,027	\$ 88,498,653
Primary government					
Net investment in capital assets	\$ 285,106,637	\$ 282,923,538	\$ 274,232,122	\$ 270,763,749	\$ 255,731,284
Restricted	17,761,851	18,202,625	20,375,257	8,454,546	9,608,841
Unrestricted (deficit)	(133,912,378)	(135,153,347)	(123,674,761)	(103,668,700)	(95,679,711)
Total primary government	\$ 168,956,110	\$ 165,972,816	\$ 170,932,618	\$ 175,549,595	\$ 169,660,414

concluded.

Source: City of Battle Creek Finance Department

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)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 12,208,561	\$ 8,841,596	\$ 13,522,067	\$ 13,804,561	\$ 12,298,063
Public safety	27,215,335	29,790,342	38,643,958	38,272,687	37,754,399
Public works	2,199,624	2,239,223	2,016,152	1,925,529	2,848,257
Highways and streets	9,731,567	14,960,926	11,759,289	12,962,951	14,614,111
Recreation	5,759,128	6,491,021	7,662,739	7,549,260	6,786,153
Community development	3,019,449	2,709,435	2,960,152	2,575,566	2,582,810
Interest on long-term debt	1,206,989	1,307,722	1,193,277	1,383,774	1,576,922
Total governmental activities	<u>61,340,653</u>	<u>66,340,265</u>	<u>77,757,634</u>	<u>78,474,328</u>	<u>78,460,715</u>
Business-type activities:					
Water and wastewater	23,572,816	23,714,281	25,024,426	29,865,464	27,208,769
Public transit	4,814,924	4,551,257	4,519,401	4,787,343	4,763,055
Solid waste collection	3,004,407	2,977,648	3,021,188	3,327,216	3,418,516
Airport	2,485,677	2,512,780	2,566,234	2,620,027	2,684,727
Parking	1,549,455	1,369,956	1,475,329	1,418,990	1,378,093
Economic development	130,400	124,121	183,616	296,334	593,984
Intermodal facility	-	-	-	-	-
Total business-type activities	<u>35,557,679</u>	<u>35,250,043</u>	<u>36,790,194</u>	<u>42,315,374</u>	<u>40,047,144</u>
Total primary government expenses	<u>96,898,332</u>	<u>101,590,308</u>	<u>114,547,828</u>	<u>120,789,702</u>	<u>118,507,859</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	2,824,535	3,442,117	3,598,573	3,188,666	4,404,461
Public safety	907,128	900,686	907,947	1,119,088	1,463,042
Public works	201,493	120,379	144,941	118,886	116,923
Highways and streets	27,929	13,953	6,932	4,559	2,494
Recreation	3,250,950	3,400,581	3,822,885	3,511,655	3,670,917
Community development	277,924	135,693	57,780	78,892	41,774
Operating grants and contributions	10,289,625	12,533,025	14,753,846	15,546,274	17,633,267
Capital grants and contributions	-	762,199	34,404	320,769	3,391,624
Total governmental activities	<u>17,779,584</u>	<u>21,308,633</u>	<u>23,327,308</u>	<u>23,888,789</u>	<u>30,724,502</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2019	2020	2021	2022	2023
Expenses					
Governmental activities:					
General government	\$ 13,560,047	\$ 10,686,689	\$ 10,896,106	\$ 10,649,011	\$ 16,608,276
Public safety	39,249,188	34,220,728	26,917,782	31,585,548	40,768,365
Public works	2,818,928	2,674,653	3,044,775	2,634,719	3,914,084
Highways and streets	14,773,886	15,801,903	15,516,910	16,442,194	17,094,295
Recreation	5,324,142	4,357,976	3,972,724	3,869,221	4,084,510
Community development	7,103,236	2,881,623	4,421,780	2,332,533	4,176,418
Interest on long-term debt	1,508,678	1,506,833	1,394,090	1,317,802	1,172,026
Total governmental activities	<u>84,338,105</u>	<u>72,130,405</u>	<u>66,164,167</u>	<u>68,831,028</u>	<u>87,817,974</u>
Business-type activities:					
Water and wastewater	26,135,213	26,172,350	28,255,466	23,892,416	31,410,582
Public transit	4,819,992	5,084,066	5,214,313	3,635,378	4,845,778
Solid waste collection	3,539,162	3,665,768	4,026,661	4,068,181	4,344,640
Airport	2,919,251	3,050,388	3,198,782	2,868,764	3,263,805
Parking	1,520,256	1,324,223	1,102,095	1,304,102	1,287,064
Economic development	698,406	950,621	1,235,819	839,017	905,251
Intermodal facility	-	114,057	463,037	355,384	173,658
Total business-type activities	<u>39,632,280</u>	<u>40,361,473</u>	<u>43,496,173</u>	<u>36,963,242</u>	<u>46,230,778</u>
Total primary government expenses	<u>123,970,385</u>	<u>112,491,878</u>	<u>109,660,340</u>	<u>105,794,270</u>	<u>134,048,752</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	4,661,434	4,601,421	4,678,274	4,969,411	5,204,440
Public safety	1,633,937	1,556,763	1,495,221	1,465,126	1,870,204
Public works	116,846	134,530	41,676	71,703	27,619
Highways and streets	749	5,921	12,805	10,670	6,000
Recreation	2,340,253	1,717,759	1,848,686	2,403,737	2,563,239
Community development	53,650	46,454	82,995	10,121	40,601
Operating grants and contributions	22,433,015	16,942,788	22,383,284	14,148,336	21,993,718
Capital grants and contributions	338,769	-	-	-	-
Total governmental activities	<u>31,578,653</u>	<u>25,005,636</u>	<u>30,542,941</u>	<u>23,079,104</u>	<u>31,705,821</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Business-type activities:					
Charges for services:					
Water and wastewater	\$ 25,051,611	\$ 26,556,368	\$ 28,161,891	\$ 26,479,609	\$ 25,613,729
Public transit	425,705	430,572	407,480	378,300	366,930
Solid waste collection	3,082,169	3,094,738	3,212,994	3,407,372	3,389,107
Airport	1,365,747	1,389,514	1,354,099	1,459,032	1,666,987
Parking	1,330,971	1,398,498	1,384,948	1,333,331	1,131,526
Economic development	91,571	55,703	7,636	6,270	-
Intermodal facility	-	-	-	-	-
Operating grants and contributions	3,571,072	3,987,451	4,336,403	3,698,755	4,664,524
Total business-type activities	<u>34,918,846</u>	<u>36,912,844</u>	<u>38,865,451</u>	<u>36,762,669</u>	<u>36,832,803</u>
 Total primary government					
Program revenues	<u>52,698,430</u>	<u>58,221,477</u>	<u>62,192,759</u>	<u>60,651,458</u>	<u>67,557,305</u>
 Net (expense)/revenue					
Government activities	(43,561,069)	(45,031,632)	(54,430,326)	(54,585,539)	(47,736,213)
Business-type activities	<u>(638,833)</u>	<u>1,662,801</u>	<u>2,075,257</u>	<u>(5,552,705)</u>	<u>(3,214,341)</u>
 Total primary government net expense	<u>(44,199,902)</u>	<u>(43,368,831)</u>	<u>(52,355,069)</u>	<u>(60,138,244)</u>	<u>(50,950,554)</u>
 General revenues					
Governmental activities:					
General revenues:					
Property taxes	16,258,935	16,028,806	16,189,320	16,457,014	17,109,789
Income taxes	16,093,707	16,475,837	16,414,572	16,581,118	16,718,592
Grants and contributions not restricted to specific programs	5,336,347	5,441,022	5,637,815	5,678,681	5,822,141
Unrestricted investment earnings (loss)	953,036	856,338	770,022	293,860	125,428
Transfers - internal activities	(396,516)	(453,061)	(600,945)	(439,951)	(631,231)
Total governmental activities	<u>38,245,509</u>	<u>38,348,942</u>	<u>38,410,784</u>	<u>38,570,722</u>	<u>39,144,719</u>
 Business-type activities:					
General revenues:					
Property taxes	-	-	-	-	321,410
Unrestricted investment earnings (loss)	96,548	74,665	269,643	49,396	8,976
Rents and leases	-	-	246,507	197,807	213,253
Transfers - internal activities	396,516	453,061	600,945	439,951	631,231
Total business-type activities	<u>493,064</u>	<u>527,726</u>	<u>1,117,095</u>	<u>687,154</u>	<u>1,174,870</u>
 Total primary government	<u>38,738,573</u>	<u>38,876,668</u>	<u>39,527,879</u>	<u>39,257,876</u>	<u>40,319,589</u>
 Change in net position					
Government activities	(5,315,560)	(6,682,690)	(16,019,542)	(16,014,817)	(8,591,494)
Business-type activities	<u>(145,769)</u>	<u>2,190,527</u>	<u>3,192,352</u>	<u>(4,865,551)</u>	<u>(2,039,471)</u>
 Total primary government	<u>\$ (5,461,329)</u>	<u>\$ (4,492,163)</u>	<u>\$ (12,827,190)</u>	<u>\$ (20,880,368)</u>	<u>\$ (10,630,965)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2019	2020	2021	2022	2023
Business-type activities:					
Charges for services:					
Water and wastewater	\$ 26,192,910	\$ 28,081,728	\$ 30,518,398	\$ 32,928,185	\$ 31,693,051
Public transit	339,299	288,168	251,862	277,628	273,927
Solid waste collection	3,512,255	3,641,860	3,769,920	3,899,425	4,084,477
Airport	1,309,971	141,486	168,459	208,766	222,356
Parking	1,171,483	1,063,764	776,968	628,973	501,126
Economic development	-	-	-	-	-
Intermodal facility	-	4,831	10,383	21,683	27,175
Operating grants and contributions	9,873,639	8,866,555	8,676,463	7,723,222	7,228,329
Total business-type activities	<u>42,399,557</u>	<u>42,088,392</u>	<u>44,172,453</u>	<u>45,687,882</u>	<u>44,030,441</u>
 Total primary government					
Program revenues	<u>73,978,210</u>	<u>67,094,028</u>	<u>74,715,394</u>	<u>68,766,986</u>	<u>75,736,262</u>
 Net (expense)/revenue					
Government activities	(52,759,452)	(47,124,769)	(35,621,226)	(45,751,924)	(56,112,153)
Business-type activities	<u>2,767,277</u>	<u>1,726,919</u>	<u>676,280</u>	<u>8,724,640</u>	<u>(2,200,337)</u>
 Total primary government net expense	<u>(49,992,175)</u>	<u>(45,397,850)</u>	<u>(34,944,946)</u>	<u>(37,027,284)</u>	<u>(58,312,490)</u>
 General revenues					
Governmental activities:					
General revenues:					
Property taxes	16,993,111	17,730,992	18,116,070	18,098,314	18,746,435
Income taxes	17,664,804	17,655,425	15,367,014	17,837,502	18,064,459
Grants and contributions not restricted to specific programs	6,116,033	5,801,172	6,647,453	7,184,032	13,649,313
Unrestricted investment earnings (loss)	366,154	304,794	(482,855)	(1,264,047)	1,241,325
Transfers - internal activities	<u>(734,424)</u>	<u>(809,450)</u>	<u>(66,995)</u>	<u>(181,368)</u>	<u>(1,629,186)</u>
Total governmental activities	<u>40,405,678</u>	<u>40,682,933</u>	<u>39,580,687</u>	<u>41,674,433</u>	<u>50,072,346</u>
 Business-type activities:					
General revenues:					
Property taxes	363,711	331,350	262,590	320,000	320,000
Unrestricted investment earnings (loss)	624,757	590,823	(5,524)	(531,540)	401,777
Rents and leases	-	-	-	-	-
Transfers - internal activities	<u>734,424</u>	<u>809,450</u>	<u>66,995</u>	<u>181,368</u>	<u>1,629,186</u>
Total business-type activities	<u>1,722,892</u>	<u>1,731,623</u>	<u>324,061</u>	<u>(30,172)</u>	<u>2,350,963</u>
 Total primary government	<u>42,128,570</u>	<u>42,414,556</u>	<u>39,904,748</u>	<u>41,644,261</u>	<u>52,423,309</u>
 Change in net position					
Government activities	(12,353,774)	(6,441,836)	3,959,461	(4,077,491)	(6,039,807)
Business-type activities	<u>4,490,169</u>	<u>3,458,542</u>	<u>1,000,341</u>	<u>8,694,468</u>	<u>150,626</u>
 Total primary government	<u>\$ (7,863,605)</u>	<u>\$ (2,983,294)</u>	<u>\$ 4,959,802</u>	<u>\$ 4,616,977</u>	<u>\$ (5,889,181)</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)

	2014	2015	2016	2017	2018
General fund					
Nonspendable	\$ 484,653	\$ 455,414	\$ 508,342	\$ 376,049	\$ 457,410
Restricted	147,134	103,499	384,726	241,186	229,368
Committed	844,624	891,241	936,502	1,313,835	1,347,241
Assigned	91,720	101,236	61,973	96,131	130,763
Unassigned	<u>6,580,891</u>	<u>6,417,328</u>	<u>6,181,573</u>	<u>5,958,796</u>	<u>5,958,796</u>
Total general fund	<u>\$ 8,149,022</u>	<u>\$ 7,968,718</u>	<u>\$ 8,073,116</u>	<u>\$ 7,985,997</u>	<u>\$ 8,123,578</u>
All other governmental funds					
Nonspendable	\$ 1,016,652	\$ 1,011,593	\$ 1,019,048	\$ 1,024,394	\$ 932,537
Restricted	11,477,425	6,468,777	4,791,668	16,317,974	7,278,525
Committed	2,436,895	2,418,119	1,727,350	2,504,157	805,359
Assigned	739,577	454,581	354,092	248,647	282,439
Unassigned (deficit)	<u>(131,387)</u>	<u>(9,922)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 15,539,162</u>	<u>\$ 10,343,148</u>	<u>\$ 7,892,158</u>	<u>\$ 20,095,172</u>	<u>\$ 9,298,860</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 3
 Unaudited

■ Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2019	2020	2021	2022	2023
General fund					
Nonspendable	\$ 183,770	\$ 241,416	\$ 192,313	\$ 260,977	\$ 370,213
Restricted	234,490	247,563	246,617	482,079	572,386
Committed	1,383,226	1,373,506	1,522,791	1,377,803	1,425,626
Assigned	117,019	390	109,498	123,348	199,525
Unassigned	6,221,349	7,784,247	12,193,420	13,552,074	12,866,737
Total general fund	<u>\$ 8,139,854</u>	<u>\$ 9,647,122</u>	<u>\$ 14,264,639</u>	<u>\$ 15,796,281</u>	<u>\$ 15,434,487</u>
All other governmental funds					
Nonspendable	\$ 879,909	\$ 885,303	\$ 892,407	\$ 984,939	\$ 883,030
Restricted	6,033,641	6,180,972	7,620,523	7,092,558	7,758,860
Committed	2,848,023	3,450,657	2,188,942	2,874,373	3,526,824
Assigned	473,038	492,747	423,846	2,325,896	1,533,648
Unassigned (deficit)	-	-	-	-	-
Total all other governmental funds	<u>\$ 10,234,611</u>	<u>\$ 11,009,679</u>	<u>\$ 11,125,718</u>	<u>\$ 13,277,766</u>	<u>\$ 13,702,362</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)

	2014	2015	2016	2017	2018
Revenues					
Income taxes	\$ 16,093,707	\$ 16,475,837	\$ 16,414,572	\$ 16,581,118	\$ 16,718,592
Property taxes	16,258,935	16,028,806	16,189,320	16,457,014	17,109,789
Licenses and permits	922,738	965,987	1,029,815	1,019,433	1,057,206
Intergovernmental	15,443,105	17,614,000	20,026,447	21,084,486	21,598,338
Charges for services	4,520,247	4,778,052	5,082,714	4,879,599	5,448,749
Fines and forfeitures	134,497	127,535	129,805	125,194	116,581
Investment earnings (loss)	559,839	555,685	501,922	157,485	3,800
Other	2,968,516	2,026,275	1,914,836	1,972,148	4,479,724
Total revenues	<u>56,901,584</u>	<u>58,572,177</u>	<u>61,289,431</u>	<u>62,276,477</u>	<u>66,532,779</u>
Expenditures					
General government	13,218,040	8,934,304	9,999,068	13,203,880	9,706,024
Public safety	25,587,422	26,469,518	27,427,085	29,417,044	41,320,776
Public works	2,152,726	2,103,888	2,571,981	2,463,778	2,873,537
Highway and streets	9,261,973	14,242,456	10,667,566	9,568,383	9,569,149
Recreation	4,784,815	5,438,183	5,495,002	5,012,445	5,220,992
Community development	1,725,369	1,452,582	1,853,905	1,126,055	1,987,820
Inspections	438,325	580,355	616,610	625,830	673,614
Non-departmental	1,272,866	1,350,777	1,286,389	1,330,575	1,323,813
Debt service:					
Principal retirement	1,960,721	2,342,497	2,539,826	2,072,734	2,701,249
Interest	1,183,898	1,346,762	1,207,672	1,367,461	1,649,639
Bond issuance costs	312,339	-	-	-	-
Total expenditures	<u>61,898,494</u>	<u>64,261,322</u>	<u>63,665,104</u>	<u>66,188,185</u>	<u>77,026,613</u>
Revenues over (under) expenditures	<u>(4,996,910)</u>	<u>(5,689,145)</u>	<u>(2,375,673)</u>	<u>(3,911,708)</u>	<u>(10,493,834)</u>
Other financing sources (uses)					
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	5,400,117	6,559,688	5,406,192	6,588,752	5,240,901
Transfers out	(5,445,954)	(6,246,861)	(5,294,437)	(7,315,611)	(5,405,798)
Total other financing sources (uses)	<u>15,707,829</u>	<u>312,827</u>	<u>29,081</u>	<u>16,027,604</u>	<u>(164,897)</u>
Net changes in fund balances	<u>\$ 10,710,919</u>	<u>\$ (5,376,318)</u>	<u>\$ (2,346,592)</u>	<u>\$ 12,115,896</u>	<u>\$ (10,658,731)</u>
Debt services as a percentage of noncapital expenditures	<u>6.0%</u>	<u>6.8%</u>	<u>6.5%</u>	<u>5.9%</u>	<u>7.1%</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)

	2019	2020	2021	2022	2023
Revenues					
Income taxes	\$ 17,664,804	\$ 17,655,425	\$ 15,367,014	\$ 17,837,502	\$ 18,064,459
Property taxes	16,993,111	17,730,992	18,116,070	18,098,314	18,746,435
Licenses and permits	1,197,941	1,207,799	1,097,170	1,248,324	1,105,180
Intergovernmental	22,537,392	22,041,015	26,556,969	32,305,053	34,374,622
Charges for services	4,479,349	3,995,008	4,064,133	4,702,993	4,758,761
Fines and forfeitures	118,908	88,956	58,055	70,956	64,408
Investment earnings (loss)	750,741	650,868	42,482	(570,061)	1,942,307
Other	1,800,126	1,276,232	1,301,942	1,295,953	1,479,041
Total revenues	<u>65,542,372</u>	<u>64,646,295</u>	<u>66,603,835</u>	<u>74,989,034</u>	<u>80,535,213</u>
Expenditures					
General government	8,671,057	5,908,695	6,318,790	11,335,087	12,603,402
Public safety	35,080,658	32,315,635	31,986,670	35,002,131	37,593,083
Public works	2,817,820	2,735,534	2,565,138	2,663,402	2,649,249
Highway and streets	9,312,518	9,371,605	9,356,150	11,699,016	11,784,526
Recreation	3,424,227	2,751,357	2,092,693	3,230,870	3,071,554
Community development	7,707,306	3,460,685	4,938,909	3,456,894	5,084,272
Inspections	725,683	782,807	840,235	923,756	856,847
Non-departmental	1,211,464	1,142,697	1,120,340	983,967	978,126
Debt service:					
Principal retirement	2,690,397	2,820,215	3,088,186	3,223,556	2,815,760
Interest	1,508,685	1,402,951	1,288,109	1,166,772	1,046,602
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>73,149,815</u>	<u>62,692,181</u>	<u>63,595,220</u>	<u>73,685,451</u>	<u>78,483,421</u>
Revenues over (under) expenditures	<u>(7,607,443)</u>	<u>1,954,114</u>	<u>3,008,615</u>	<u>1,303,583</u>	<u>2,051,792</u>
Other financing sources (uses)					
Issuance of bonds and notes	8,620,963	-	737,299	425,000	-
Premium on bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	5,693,706	5,817,544	5,826,413	8,274,784	7,266,114
Transfers out	(5,755,199)	(5,489,322)	(4,838,771)	(6,319,677)	(9,255,104)
Total other financing sources (uses)	<u>8,559,470</u>	<u>328,222</u>	<u>1,724,941</u>	<u>2,380,107</u>	<u>(1,988,990)</u>
Net changes in fund balances					
	<u>\$ 952,027</u>	<u>\$ 2,282,336</u>	<u>\$ 4,733,556</u>	<u>\$ 3,683,690</u>	<u>\$ 62,802</u>
Debt services as a percentage of noncapital expenditures	<u>6.3%</u>	<u>7.4%</u>	<u>7.4%</u>	<u>6.7%</u>	<u>5.2%</u>

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 5
 Unaudited

Changes in Fund Balance - General Fund

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2014	2015	2016	2017	2018
Revenues					
Income taxes	\$ 16,093,707	\$ 16,475,837	\$ 16,414,572	\$ 16,581,118	\$ 16,718,592
Property taxes	14,683,943	14,504,834	14,668,381	14,950,795	15,657,346
Licenses and permits	744,302	868,181	1,021,229	1,019,433	1,057,206
Intergovernmental	6,659,514	6,809,508	8,698,540	11,717,251	10,361,118
Charges for services	1,981,271	2,040,194	2,378,225	2,482,779	4,310,766
Fines and forfeitures	134,497	127,535	129,805	125,194	116,581
Investment earnings (loss)	511,395	516,880	426,096	145,145	(4,463)
Contributions	-	-	-	-	3,407
Rents and leases	-	-	-	-	213,991
Other	1,965,686	872,559	1,034,513	928,761	1,601,274
Total revenues	42,774,315	42,215,528	44,771,361	47,950,476	50,035,818
Expenditures					
General government	7,225,082	6,371,999	6,772,153	6,648,823	6,757,373
Public safety	25,303,386	25,835,041	27,204,080	29,009,596	30,488,624
Public works	2,152,726	2,103,888	2,571,981	2,463,778	2,873,537
Recreation	2,708,291	3,001,790	3,301,833	3,036,624	4,322,645
Community development	-	-	-	-	607,252
Non-departmental	1,272,866	1,350,777	1,286,389	1,330,575	1,323,813
Debt service:					
Principal	-	-	-	-	345,000
Interest	-	-	-	-	98,183
Total expenditures	38,662,351	38,663,495	41,136,436	42,489,396	46,816,427
Revenues over expenditures	4,111,964	3,552,033	3,634,925	5,461,080	3,219,391
Other financing sources (uses)					
Transfers in	16,600	-	106,731	21,113	201,565
Transfers out	(3,648,687)	(3,732,337)	(3,637,258)	(5,569,312)	(3,283,375)
Total other financing sources (uses)	(3,632,087)	(3,732,337)	(3,530,527)	(5,548,199)	(3,081,810)
Net changes in fund balances	\$ 479,877	\$ (180,304)	\$ 104,398	\$ (87,119)	\$ 137,581

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 5
 Unaudited

Changes in Fund Balance - General Fund

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2019	2020	2021	2022	2023
Revenues					
Income taxes	\$ 17,664,804	\$ 17,655,425	\$ 15,367,014	\$ 17,837,502	\$ 18,064,459
Property taxes	15,437,292	16,177,669	16,335,534	16,271,718	16,836,340
Licenses and permits	1,197,941	1,207,799	1,097,170	1,248,324	1,105,180
Intergovernmental	8,538,406	8,820,790	13,067,217	10,931,428	11,040,065
Charges for services	3,774,648	3,013,652	3,196,560	3,674,706	3,781,871
Fines and forfeitures	118,908	88,956	58,055	70,956	64,408
Investment earnings (loss)	596,605	464,299	45,958	(390,999)	940,518
Contributions	2,878	10,988	5,629	7,980	2,650
Rents and leases	160,897	54,001	56,261	34,569	35,425
Other	445,622	693,008	408,035	474,648	597,574
Total revenues	47,938,001	48,186,587	49,637,433	50,160,832	52,468,490
Expenditures					
General government	5,353,716	5,232,787	4,653,682	4,653,720	5,311,372
Public safety	31,208,161	31,502,922	31,253,817	33,832,162	35,672,263
Public works	2,817,820	2,735,534	2,565,138	2,663,402	2,649,249
Recreation	3,353,181	2,741,065	2,092,693	2,818,081	3,012,761
Community development	686,024	668,190	564,752	410,812	703,216
Non-departmental	1,211,464	1,142,697	1,120,340	983,967	978,126
Debt service:					
Principal	180,000	185,000	195,000	347,460	357,460
Interest	57,514	50,314	43,191	35,635	27,635
Total expenditures	44,867,880	44,258,509	42,488,613	45,745,239	48,712,082
Revenues over expenditures	3,070,121	3,928,078	7,148,820	4,415,593	3,756,408
Other financing sources (uses)					
Transfers in	-	-	62,711	-	100,528
Transfers out	(3,053,845)	(2,420,810)	(2,594,014)	(2,883,951)	(4,218,730)
Total other financing sources (uses)	(3,053,845)	(2,420,810)	(2,531,303)	(2,883,951)	(4,118,202)
Net changes in fund balances	\$ 16,276	\$ 1,507,268	\$ 4,617,517	\$ 1,531,642	\$ (361,794)

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)

Fiscal Year Ended June 30,	Tax Year	Valued as of December 31,	(1) Total Assessed Value (S.E.V.)	Taxable Value	
				Real Property	Personal Property
2023	2022	2021	\$ 1,445,989,341	\$ 1,214,530,872	\$ 132,542,460
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

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		
2023	\$ 24,114,003	\$ 156,965	\$ 1,371,344,300	\$ 2,891,978,682	15.5030
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

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			
2023	2022	9.4870	0.5000	5.5160	15.5030	25.5000	6.0000
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

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)
2023	6.1946	3.6109	2.0000	6.6611	65.4696	47.4696
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

(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, MICHIGANSchedule 8
Unaudited**Principal Property Taxpayers**

Current Year and Nine Years Ago

Taxpayer	2014		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 144,418,760	1	9.28%
Consumers Energy	31,107,136	5	2.00%
Semco Energy Inc.	12,723,631	9	0.82%
Denso Manufacturing MI Inc.	82,798,851	2	5.32%
Post Foods LLC	46,832,996	3	3.01%
Arbors of Battle Creek	-	-	0.00%
Edward Rose Development Co.	-	-	0.00%
Redwood Battle Creek Glen Cross	-	-	0.00%
Battle Creek Owner 1 LLC ET AL	-	-	0.00%
Prairie Farms Dairy Inc.	-	-	0.00%
Musashi Auto Parts-Michigan Inc.	36,207,169	4	2.33%
II Stanley Co Inc.	17,475,565	7	1.12%
TRMI Inc.	22,235,262	6	1.43%
Conagra Foods Inc.	14,408,274	8	0.93%
Graphic Packaging International	<u>10,776,445</u>	10	<u>0.69%</u>
	<u><u>\$ 418,984,089</u></u>		<u><u>26.93%</u></u>

continued...

CITY OF BATTLE CREEK, MICHIGANSchedule 8
Unaudited**Principal Property Taxpayers**

Current Year and Nine Years Ago

Taxpayer	2023			Percentage of Total City Taxable Value
	Taxable Value	Rank		
Kellogg Company	\$ 52,640,807	1		3.84%
Consumers Energy	48,077,535	2		3.51%
Semco Energy Inc.	17,847,416	3		1.30%
Denso Manufacturing MI Inc.	12,574,698	4		0.92%
Post Foods LLC	11,756,400	5		0.86%
Arbors of Battle Creek	11,586,257	6		0.84%
Edward Rose Development Co.	7,197,234	7		0.52%
Redwood Battle Creek Glen Cross	7,106,984	8		0.52%
Battle Creek Owner 1 LLC ET AL	6,462,315	9		0.47%
Prairie Farms Dairy Inc.	6,738,966	10		0.49%
Musashi Auto Parts-Michigan Inc.	-	-		0.00%
II Stanley Co Inc.	-	-		0.00%
TRMI Inc.	-	-		0.00%
Conagra Foods Inc.	-	-		0.00%
Graphic Packaging International	-	-		0.00%
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 181,988,612</u>			<u>13.27%</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		
2023	\$ 20,817,430	\$ 20,799,487	99.91%	\$ 1,355	\$ 20,800,842		99.92%	
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%	

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGANSchedule 10
Unaudited**■ Number of Water System Customers by User Class**

Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	14,791	14,765	14,757	14,771	14,754
Commercial (1)	1,628	1,617	1,619	1,634	1,646
Industrial	132	131	130	126	126
	<u>16,551</u>	<u>16,513</u>	<u>16,506</u>	<u>16,531</u>	<u>16,526</u>
Outside City					
Emmett Township	669	668	675	699	708
Bedford Township	430	426	420	428	428
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,099</u>	<u>1,094</u>	<u>1,095</u>	<u>1,127</u>	<u>1,136</u>
Totals	<u>17,650</u>	<u>17,607</u>	<u>17,601</u>	<u>17,658</u>	<u>17,662</u>

continued...

CITY OF BATTLE CREEK, MICHIGANSchedule 10
Unaudited**■ Number of Water System Customers by User Class**

Last Ten Fiscal Years

Type of User	2019	2020	2021	2022	2023
In-City					
Residential	14,791	14,806	14,967	14,979	14,973
Commercial (1)	1,671	1,650	1,511	1,562	1,519
Industrial	124	123	123	125	125
	<u>16,586</u>	<u>16,579</u>	<u>16,601</u>	<u>16,666</u>	<u>16,617</u>
Outside City					
Emmett Township	714	714	714	817	816
Bedford Township	429	430	429	437	439
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,143</u>	<u>1,144</u>	<u>1,144</u>	<u>1,254</u>	<u>1,255</u>
Totals	<u>17,729</u>	<u>17,723</u>	<u>17,745</u>	<u>17,920</u>	<u>17,872</u>

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	2014	2015	2016	2017	2018
In-City					
Residential	83.80%	83.86%	83.84%	83.65%	83.54%
Commercial	9.22%	9.18%	9.20%	9.25%	9.32%
Industrial	0.75%	0.74%	0.74%	0.71%	0.71%
	<u>93.77%</u>	<u>93.79%</u>	<u>93.78%</u>	<u>93.62%</u>	<u>93.57%</u>
Outside City					
Emmett Township	3.79%	3.79%	3.84%	3.96%	4.01%
Bedford Township	2.44%	2.42%	2.39%	2.42%	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>6.23%</u>	<u>6.21%</u>	<u>6.22%</u>	<u>6.38%</u>	<u>6.43%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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	2019	2020	2021	2022	2023
In-City					
Residential	83.43%	83.54%	84.35%	83.58%	83.77%
Commercial	9.43%	9.31%	8.52%	8.72%	8.50%
Industrial	0.70%	0.69%	0.69%	0.70%	0.70%
	<u>93.55%</u>	<u>93.54%</u>	<u>93.56%</u>	<u>93.00%</u>	<u>92.97%</u>
Outside City					
Emmett Township	4.03%	4.03%	4.02%	4.56%	4.57%
Bedford Township	2.42%	2.43%	2.42%	2.44%	2.46%
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>6.45%</u>	<u>6.46%</u>	<u>6.44%</u>	<u>7.00%</u>	<u>7.03%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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	2014	2015	2016	2017	2018
In-City					
Residential	\$ 3,403,962	\$ 3,478,565	\$ 3,575,598	\$ 3,724,145	\$ 3,826,075
Commercial (1)	2,092,311	2,028,652	2,243,876	2,124,857	2,102,968
Industrial	<u>2,133,970</u>	<u>2,179,161</u>	<u>2,367,369</u>	<u>1,939,402</u>	<u>1,579,649</u>
	<u>7,630,243</u>	<u>7,686,378</u>	<u>8,186,843</u>	<u>7,788,404</u>	<u>7,508,692</u>
Outside City					
Emmett Township	610,684	626,495	689,318	695,064	709,973
Bedford Township	92,695	98,325	100,731	99,809	105,058
East Leroy Township	19,460	12,481	13,024	11,817	11,156
Springfield City	333,441	272,671	266,165	290,922	224,405
Pennfield Township	<u>29,619</u>	<u>27,805</u>	<u>29,562</u>	<u>35,524</u>	<u>44,202</u>
	<u>1,085,899</u>	<u>1,037,776</u>	<u>1,098,800</u>	<u>1,133,136</u>	<u>1,094,794</u>
Totals	<u>\$ 8,716,142</u>	<u>\$ 8,724,154</u>	<u>\$ 9,285,643</u>	<u>\$ 8,921,540</u>	<u>\$ 8,603,486</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 12
Unaudited

■ Water System Revenues by User Class

Last Ten Fiscal Years

Type of User	2019	2020	2021	2022	2023
In-City					
Residential	\$ 3,871,053	\$ 3,953,830	\$ 4,172,430	\$ 4,081,396	\$ 3,833,235
Commercial (1)	2,150,138	2,140,818	2,300,744	2,403,260	2,282,560
Industrial	<u>1,651,605</u>	<u>1,777,862</u>	<u>1,882,016</u>	<u>1,926,006</u>	<u>1,600,765</u>
	<u>7,672,796</u>	<u>7,872,510</u>	<u>8,355,190</u>	<u>8,410,662</u>	<u>7,716,560</u>
Outside City					
Emmett Township	742,075	693,906	777,471	796,067	766,496
Bedford Township	107,763	108,217	113,524	112,871	100,141
East Leroy Township	12,989	13,086	15,133	14,923	14,558
Springfield City	228,116	162,726	285,116	259,948	279,830
Pennfield Township	<u>46,033</u>	<u>44,912</u>	<u>66,279</u>	<u>50,295</u>	<u>50,879</u>
	<u>1,136,976</u>	<u>1,022,847</u>	<u>1,257,523</u>	<u>1,234,104</u>	<u>1,211,904</u>
Totals	<u>\$ 8,809,772</u>	<u>\$ 8,895,357</u>	<u>\$ 9,612,713</u>	<u>\$ 9,644,766</u>	<u>\$ 8,928,464</u>

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	2014	2015	2016	2017	2018
In-City					
Residential	39.05%	39.87%	38.51%	41.74%	44.47%
Commercial (1)	24.01%	23.25%	24.17%	23.82%	24.44%
Industrial	24.48%	24.98%	25.49%	21.74%	18.36%
	<u>87.54%</u>	<u>88.10%</u>	<u>88.17%</u>	<u>87.30%</u>	<u>87.27%</u>
Outside City					
Emmett Township	7.01%	7.18%	7.42%	7.79%	8.25%
Bedford Township	1.06%	1.13%	1.08%	1.12%	1.22%
East Leroy Township	0.22%	0.14%	0.14%	0.13%	0.13%
Springfield City	3.83%	3.13%	2.87%	3.26%	2.61%
Pennfield Township	0.34%	0.32%	0.32%	0.40%	0.51%
	<u>12.46%</u>	<u>11.90%</u>	<u>11.83%</u>	<u>12.70%</u>	<u>12.73%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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	2019	2020	2021	2022	2023
In-City					
Residential	43.94%	44.45%	43.41%	42.32%	42.95%
Commercial (1)	24.41%	24.07%	23.93%	24.92%	25.56%
Industrial	18.75%	19.98%	19.57%	19.97%	17.93%
	<u>87.09%</u>	<u>88.50%</u>	<u>86.91%</u>	<u>87.21%</u>	<u>86.44%</u>
Outside City					
Emmett Township	8.42%	7.80%	8.09%	8.25%	8.58%
Bedford Township	1.22%	1.22%	1.18%	1.17%	1.12%
East Leroy Township	0.15%	0.15%	0.16%	0.15%	0.16%
Springfield City	2.59%	1.83%	2.97%	2.70%	3.13%
Pennfield Township	0.52%	0.50%	0.69%	0.52%	0.57%
	<u>12.91%</u>	<u>11.50%</u>	<u>13.09%</u>	<u>12.79%</u>	<u>13.56%</u>
Totals	<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, MICHIGANSchedule 14
Unaudited**■ Water System Sales Volume by User Class (Cubic Feet)**

Last Ten Fiscal Years

Type of User	2014	2015 (2)	2016 (2)	2017	2018
In-City					
Residential	113,821,573	105,232,458	96,499,847	109,281,509	106,630,876
Commercial (1)	101,258,848	91,052,374	95,356,781	90,252,021	89,941,367
Industrial	131,575,143	127,625,133	127,002,299	113,625,946	102,822,926
	<u>346,655,564</u>	<u>323,909,965</u>	<u>318,858,927</u>	<u>313,159,476</u>	<u>299,395,169</u>
Outside City					
Emmett Township	25,097,179	23,111,371	23,441,862	25,738,764	27,512,531
Bedford Township	3,281,149	3,127,698	2,888,704	2,820,489	3,110,360
Springfield City	18,474,474	16,888,944	16,888,943	17,389,269	17,243,502
Pennfield Township	2,223,900	2,123,500	2,164,000	2,199,500	2,255,800
	<u>49,076,702</u>	<u>45,251,513</u>	<u>45,383,509</u>	<u>48,148,022</u>	<u>50,122,193</u>
Totals	<u>395,732,266</u>	<u>369,161,478</u>	<u>364,242,436</u>	<u>361,307,498</u>	<u>349,517,362</u>

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	2019	2020	2021	2022	2023
In-City					
Residential	103,873,324	101,247,759	110,045,782	102,042,992	102,130,095
Commercial (1)	85,985,666	80,523,471	83,408,109	89,389,011	88,781,404
Industrial	104,534,592	110,750,621	117,380,631	116,848,702	101,531,548
	<u>294,393,582</u>	<u>292,521,851</u>	<u>310,834,522</u>	<u>308,280,705</u>	<u>292,443,047</u>
Outside City					
Emmett Township	29,987,370	23,612,244	25,784,938	27,049,787	28,709,198
Bedford Township	3,090,877	2,717,530	2,894,348	2,786,151	2,631,457
Springfield City	16,925,328	19,146,343	18,010,490	18,364,274	18,592,463
Pennfield Township	2,218,600	2,213,400	2,157,900	2,521,800	2,523,400
	<u>52,222,175</u>	<u>47,689,517</u>	<u>48,847,676</u>	<u>50,722,012</u>	<u>52,456,518</u>
Totals	<u>346,615,757</u>	<u>340,211,368</u>	<u>359,682,198</u>	<u>359,002,717</u>	<u>344,899,565</u>

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, MICHIGANSchedule 15
Unaudited**Water System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)**

Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	28.76%	28.51%	26.49%	30.25%	30.51%
Commercial (1)	25.59%	24.66%	26.18%	24.98%	25.73%
Industrial	33.25%	34.57%	34.87%	31.45%	29.42%
	<u>87.60%</u>	<u>87.74%</u>	<u>87.54%</u>	<u>86.67%</u>	<u>85.66%</u>
Outside City					
Emmett Township	6.34%	6.26%	6.44%	7.12%	7.87%
Bedford Township	0.83%	0.85%	0.79%	0.78%	0.89%
Springfield City	4.67%	4.57%	4.64%	4.81%	4.93%
Pennfield Township	0.56%	0.58%	0.59%	0.61%	0.65%
	<u>12.40%</u>	<u>12.26%</u>	<u>12.46%</u>	<u>13.33%</u>	<u>14.34%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

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

Last Ten Fiscal Years

Type of User	2019	2020	2021	2022	2023
In-City					
Residential	29.97%	29.76%	30.60%	28.42%	29.61%
Commercial (1)	24.81%	23.67%	23.19%	24.90%	25.74%
Industrial	30.16%	32.55%	32.63%	32.55%	29.44%
	<u>84.93%</u>	<u>85.98%</u>	<u>86.42%</u>	<u>85.87%</u>	<u>84.79%</u>
Outside City					
Emmett Township	8.65%	6.94%	7.17%	7.53%	8.32%
Bedford Township	0.89%	0.80%	0.80%	0.78%	0.76%
Springfield City	4.88%	5.63%	5.01%	5.12%	5.39%
Pennfield Township	0.64%	0.65%	0.60%	0.70%	0.73%
	<u>15.07%</u>	<u>14.02%</u>	<u>13.58%</u>	<u>14.13%</u>	<u>15.21%</u>
Totals	<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 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
2023	426,210,497	3.44%	344,899,565	-3.93%	80.92%
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%

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, 2023

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Post Foods	Breakfast Foods	30,366,431	8.80%	\$ 469,545	5.26%
Kellogg Company - Plant	Breakfast Foods	28,141,017	8.16%	422,629	4.73%
Firekeepers Casino	Gambling/Entertainment	9,760,100	2.83%	201,133	2.25%
Prairie Farms Dairy	Dairy Processing	11,713,021	3.40%	183,680	2.06%
Westrock California LLC	Paperboard	7,800,000	2.26%	79,547	0.89%
Denso Mfg - Michigan	Automotive Parts	5,079,475	1.47%	105,484	1.18%
VA Medical Center - Hospital	Medical Services	4,108,437	1.19%	103,618	1.16%
Bronson Battle Creek	Medical Services	4,028,800	1.17%	90,321	1.01%
City of Battle Creek - WWTP	Government	2,870,100	0.83%	48,239	0.54%
Rolling Hills Mobile Home Community	Mobile Home	2,863,500	0.83%	44,329	0.50%
Bowers Aluminum Co	Aluminum Parts	2,600,841	0.75%	39,451	0.44%
Calhoun County Justice Center	Government-Jails/Courts	2,407,483	0.70%	42,307	0.47%
Gallagher Laundry	Laundry	1,889,391	0.55%	33,040	0.37%
Silver Star Apts	Apartment Complex	1,615,158	0.47%	27,950	0.31%
Advantage Sintered Metals	Automotive Parts	1,541,079	0.45%	26,892	0.30%
GSA - Federal Center	Government	1,400,720	0.41%	36,259	0.41%
Pedcor Investments	Apartment Complex	1,357,900	0.39%	21,981	0.25%
Adient US LLC	Automotive Parts	1,255,265	0.36%	27,281	0.31%
Musashi Auto Parts Inc	Automotive Parts	1,189,500	0.34%	33,046	0.37%
Kellogg Company - Research	Food Research	1,185,534	0.34%	32,259	0.36%
Totals		123,173,752	35.71%	\$ 2,068,991	23.17%

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)									
	2014	2015	2016	2017 (4)	2018				
Inside City									
0 to 4,410,000	\$ 1.53	\$ 1.60	\$ 1.68	\$ 1.16	\$ 1.20				
4,410,001 to 11,000,000	0.74	0.78	0.82	1.16	1.20				
Over 11,000,000	1.12	1.18	1.24	1.16	1.20				
Outside City (bulk rate)									
Pennfield Township	1.11	1.17	1.23	1.78	1.78				
Springfield City	1.53	1.60	1.68	1.16	1.20				
Monthly Readiness-to-Serve Charge (2)									
(Fiscal Year Ending June 30)									
	2014	2015	2016	2017 (4)	2018				
Inside City									
5/8"	\$ 8.79	\$ 9.23	\$ 9.69	\$ 12.19	\$ 12.51				
3/4" or less	11.02	11.57	12.15	16.94	17.35				
1"	15.48	16.25	17.06	26.43	27.02				
1.5"	26.61	27.94	29.34	50.15	51.22				
2"	39.98	41.98	44.08	78.63	80.25				
3"	71.18	74.74	78.48	145.06	147.99				
4"	115.75	121.54	127.62	239.97	244.77				
6"	227.17	238.53	250.46	477.25	486.71				
8"	360.88	378.92	397.87	761.98	777.03				
10"	516.87	542.71	569.85	1,094.16	1,115.74				
Monthly Fire Sprinkler Charges (3)									
(Fiscal Year Ending June 30)									
	2014	2015	2016	2017 (4)	2018				
Inside City									
2"	\$ 6.56	\$ 6.89	\$ 7.24	\$ 7.60	\$ 7.98				
3"	12.29	12.91	13.55	14.23	14.94				
4"	20.51	21.54	22.62	23.75	24.94				
6"	40.99	43.04	45.19	47.45	49.82				
8"	65.61	68.89	72.34	75.96	79.75				
10"	94.32	99.04	103.99	109.19	114.65				

(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)

	2019	2020	2021	2022	2023
\$	1.24	\$ 1.27	\$ 1.31	\$ 1.45	\$ 1.45
	1.24	1.27	1.31	1.45	1.45
	1.24	1.27	1.31	1.45	1.45
	1.78	1.78	1.86	1.86	1.94
	1.24	1.31	1.39	1.39	1.45

Monthly Readiness-to-Serve Charge (2)

(Fiscal Year Ending June 30)

	2019	2020	2021	2022	2023
\$	12.62	\$ 12.82	\$ 13.15	\$ 13.27	\$ 13.28
	17.76	18.08	18.18	18.59	18.85
	27.62	28.76	28.23	28.82	29.98
	52.28	55.46	53.35	54.42	57.82
	81.87	87.50	83.50	85.13	91.22
	150.92	162.26	153.86	156.79	169.16
	249.56	269.06	254.36	259.16	280.50
	496.16	536.06	505.63	515.08	558.85
	792.08	856.46	807.14	822.20	892.86
	1,130.26	1,137.32	1,158.91	1,180.49	1,282.55

Monthly Fire Sprinkler Charges (3)

(Fiscal Year Ending June 30)

	2019	2020	2021	2022	2023
\$	8.38	\$ 8.80	\$ 9.24	\$ 9.97	\$ 10.39
	15.69	16.47	17.29	18.70	19.49
	26.19	27.49	28.87	31.16	32.48
	52.31	54.93	57.68	62.32	64.97
	83.74	87.93	92.33	99.71	103.95
	120.38	126.40	132.72	143.33	149.42

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

Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	15,785	15,745	15,734	15,740	15,707
Commercial (1)	1,576	1,570	1,580	1,583	1,613
Industrial	122	121	120	117	118
	<u>17,483</u>	<u>17,436</u>	<u>17,434</u>	<u>17,440</u>	<u>17,438</u>
Outside City					
Emmett Township	1,683	1,681	1,685	1,688	1,686
Bedford Township	553	549	543	551	551
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,236</u>	<u>2,230</u>	<u>2,228</u>	<u>2,239</u>	<u>2,237</u>
Totals	<u>19,719</u>	<u>19,666</u>	<u>19,662</u>	<u>19,679</u>	<u>19,675</u>

continued...

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

Last Ten Fiscal Years

Type of User	2019	2020	2021	2022	2023
In-City					
Residential	15,735	15,764	15,945	15,892	15,905
Commercial (1)	1,631	1,615	1,471	1,476	1,464
Industrial	116	116	116	117	117
	<u>17,482</u>	<u>17,495</u>	<u>17,532</u>	<u>17,485</u>	<u>17,486</u>
Outside City					
Emmett Township	1,690	1,688	1,687	1,797	1,804
Bedford Township	554	555	557	562	565
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,244</u>	<u>2,243</u>	<u>2,244</u>	<u>2,359</u>	<u>2,369</u>
Totals	<u>19,726</u>	<u>19,738</u>	<u>19,776</u>	<u>19,844</u>	<u>19,855</u>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGANSchedule 20
Unaudited**■ Wastewater System Customers by User Class as a Percent of Total**

Last Ten Fiscal Years Ended June 30, 2023

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	80.05%	80.06%	80.02%	79.98%	79.83%
Commercial (1)	7.99%	7.98%	8.04%	8.04%	8.20%
Industrial	0.62%	0.62%	0.61%	0.59%	0.60%
	<u>88.66%</u>	<u>88.66%</u>	<u>88.67%</u>	<u>88.62%</u>	<u>88.63%</u>
Outside City					
Emmett Township	8.53%	8.55%	8.57%	8.58%	8.57%
Bedford Township	2.80%	2.79%	2.76%	2.80%	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>11.34%</u>	<u>11.34%</u>	<u>11.33%</u>	<u>11.38%</u>	<u>11.37%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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, 2023

Type of User	2019	2020	2021	2022	2023
In-City					
Residential	79.77%	79.87%	80.63%	80.08%	80.11%
Commercial (1)	8.27%	8.18%	7.44%	7.44%	7.37%
Industrial	0.59%	0.59%	0.59%	0.59%	0.59%
	<u>88.62%</u>	<u>88.64%</u>	<u>88.65%</u>	<u>88.11%</u>	<u>88.07%</u>
Outside City					
Emmett Township	8.57%	8.55%	8.53%	9.06%	9.09%
Bedford Township	2.81%	2.81%	2.82%	2.83%	2.85%
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>11.38%</u>	<u>11.36%</u>	<u>11.35%</u>	<u>11.89%</u>	<u>11.93%</u>
Totals	<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, MICHIGANSchedule 21
Unaudited**■ Wastewater System Revenues by User Class**

Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	\$ 4,764,798	\$ 4,941,109	\$ 5,139,653	\$ 5,148,865	\$ 5,432,302
Commercial (1)	2,592,433	2,576,867	2,771,042	2,841,250	3,132,960
Industrial	<u>5,564,090</u>	<u>6,810,953</u>	<u>7,429,068</u>	<u>6,115,683</u>	<u>5,908,955</u>
	<u>12,921,321</u>	<u>14,328,929</u>	<u>15,339,763</u>	<u>14,105,798</u>	<u>14,474,217</u>
Outside City					
Emmett Township	1,087,836	1,137,984	1,221,559	1,090,616	1,026,430
Bedford Township	228,892	241,437	248,684	211,904	190,646
East Leroy Township	16,971	11,468	11,988	11,036	11,085
Springfield City	586,192	595,998	582,021	696,193	487,718
Pennfield Township	<u>551,887</u>	<u>570,497</u>	<u>621,812</u>	<u>550,298</u>	<u>489,705</u>
	<u>2,471,778</u>	<u>2,557,384</u>	<u>2,686,064</u>	<u>2,560,047</u>	<u>2,205,584</u>
Totals	<u>\$ 15,393,099</u>	<u>\$ 16,886,313</u>	<u>\$ 18,025,827</u>	<u>\$ 16,665,845</u>	<u>\$ 16,679,801</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 21
Unaudited

■ Wastewater System Revenues by User Class

Last Ten Fiscal Years

Type of User	2019	2020	2021	2022	2023
In-City					
Residential	\$ 5,637,868	\$ 5,869,353	\$ 6,238,700	\$ 6,712,516	\$ 6,327,997
Commercial (1)	2,961,203	3,242,680	3,490,002	3,894,797	3,760,162
Industrial	<u>5,833,930</u>	<u>7,136,176</u>	<u>7,775,654</u>	<u>8,257,019</u>	<u>6,138,476</u>
	<u>14,433,001</u>	<u>16,248,209</u>	<u>17,504,356</u>	<u>18,864,332</u>	<u>16,226,635</u>
Outside City					
Emmett Township	1,081,177	1,202,641	1,418,201	1,740,245	1,623,145
Bedford Township	229,160	259,229	279,514	348,949	312,469
East Leroy Township	13,613	13,978	16,936	19,172	18,867
Springfield City	573,952	502,982	714,152	873,456	970,142
Pennfield Township	<u>557,253</u>	<u>622,752</u>	<u>603,539</u>	<u>832,539</u>	<u>840,010</u>
	<u>2,455,155</u>	<u>2,601,582</u>	<u>3,032,342</u>	<u>3,814,361</u>	<u>3,764,633</u>
Totals	<u>\$ 16,888,156</u>	<u>\$ 18,849,791</u>	<u>\$ 20,536,698</u>	<u>\$ 22,678,693</u>	<u>\$ 19,991,268</u>

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	2014	2015	2016	2017	2018
In-City					
Residential	30.95%	29.26%	28.51%	30.89%	32.57%
Commercial (1)	16.84%	15.26%	15.37%	17.05%	18.78%
Industrial	36.15%	40.33%	41.21%	36.70%	35.43%
	<u>83.94%</u>	<u>84.86%</u>	<u>85.10%</u>	<u>84.64%</u>	<u>86.78%</u>
Outside City					
Emmett Township	7.07%	6.74%	6.78%	6.54%	6.15%
Bedford Township	1.49%	1.43%	1.38%	1.27%	1.14%
East Leroy Township	0.11%	0.07%	0.07%	0.07%	0.07%
Springfield City	3.81%	3.53%	3.23%	4.18%	2.92%
Pennfield Township	3.59%	3.38%	3.45%	3.30%	2.94%
	<u>16.06%</u>	<u>15.14%</u>	<u>14.90%</u>	<u>15.36%</u>	<u>13.22%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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	2019	2020	2021	2022	2023
In-City					
Residential	33.38%	31.14%	30.38%	29.60%	31.65%
Commercial (1)	17.53%	17.20%	16.99%	17.17%	18.81%
Industrial	34.54%	37.86%	37.86%	36.41%	30.71%
	<u>85.46%</u>	<u>86.20%</u>	<u>85.23%</u>	<u>83.18%</u>	<u>81.17%</u>
Outside City					
Emmett Township	6.40%	6.38%	6.91%	7.67%	8.12%
Bedford Township	1.36%	1.38%	1.36%	1.54%	1.56%
East Leroy Township	0.08%	0.07%	0.08%	0.08%	0.09%
Springfield City	3.40%	2.67%	3.48%	3.85%	4.85%
Pennfield Township	3.30%	3.30%	2.94%	3.67%	4.20%
	<u>14.54%</u>	<u>13.80%</u>	<u>14.77%</u>	<u>16.82%</u>	<u>18.83%</u>
Totals	<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

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CITY OF BATTLE CREEK, MICHIGANSchedule 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)
2023	19,855	2,233	2,951
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

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGANSchedule 24
Unaudited**Wastewater System Sales Volume by User Class (Cubic Feet)**

Last Ten Fiscal Years

Type of User	2014	2015 (2)	2016 (2)	2017	2018
In-City					
Residential	118,523,455	111,516,777	109,037,746	114,331,877	112,157,156
Commercial (1)	80,966,406	74,033,282	80,135,131	76,958,752	75,611,297
Industrial	37,475,733	43,364,117	41,786,764	33,223,800	33,052,416
	<u>236,965,594</u>	<u>228,914,176</u>	<u>230,959,641</u>	<u>224,514,429</u>	<u>220,820,869</u>
Outside City					
Emmett Township	32,620,458	30,937,747	31,523,803	32,901,531	33,767,468
Bedford Township	5,462,014	5,251,629	5,014,441	6,382,474	6,543,986
Springfield City	16,791,021	16,858,507	16,326,066	15,711,208	15,892,464
Pennfield Township	14,855,300	15,111,650	15,230,642	14,531,008	14,724,732
	<u>69,728,793</u>	<u>68,159,533</u>	<u>68,094,952</u>	<u>69,526,221</u>	<u>70,928,650</u>
Totals	<u>306,694,387</u>	<u>297,073,709</u>	<u>299,054,593</u>	<u>294,040,650</u>	<u>291,749,519</u>

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	2019	2020	2021	2022	2023
In-City					
Residential	109,764,654	107,918,337	116,380,311	108,527,081	108,405,336
Commercial (1)	75,207,462	68,801,690	67,770,882	76,004,504	76,800,372
Industrial	38,215,999	39,091,900	39,625,132	41,960,342	40,566,582
	<u>223,188,115</u>	<u>215,811,927</u>	<u>223,776,325</u>	<u>226,491,927</u>	<u>225,772,290</u>
Outside City					
Emmett Township	35,373,893	30,081,969	30,875,709	32,960,660	34,243,370
Bedford Township	6,883,023	6,543,615	6,860,185	6,705,906	7,060,210
Springfield City	14,779,666	15,207,078	15,058,012	15,930,846	16,039,772
Pennfield Township	14,576,875	14,487,868	14,289,260	16,437,000	15,364,300
	<u>71,613,457</u>	<u>66,320,530</u>	<u>67,083,166</u>	<u>72,034,412</u>	<u>72,707,652</u>
Totals	<u>294,801,572</u>	<u>282,132,457</u>	<u>290,859,491</u>	<u>298,526,339</u>	<u>298,479,942</u>

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, MICHIGANSchedule 25
Unaudited**Wastewater System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)**

Last Ten Fiscal Years Ended June 30, 2023

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	38.65%	37.54%	36.46%	38.88%	38.44%
Commercial (1)	26.40%	24.92%	26.80%	26.17%	25.92%
Industrial	12.22%	14.60%	13.97%	11.30%	11.33%
	<u>77.26%</u>	<u>77.06%</u>	<u>77.23%</u>	<u>76.35%</u>	<u>75.69%</u>
Outside City					
Emmett Township	10.64%	10.41%	10.54%	11.19%	11.57%
Bedford Township	1.78%	1.77%	1.68%	2.17%	2.24%
Springfield City	5.47%	5.67%	5.46%	5.34%	5.45%
Pennfield Township	4.84%	5.09%	5.09%	4.94%	5.05%
	<u>22.74%</u>	<u>22.94%</u>	<u>22.77%</u>	<u>23.65%</u>	<u>24.31%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

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

Last Ten Fiscal Years Ended June 30, 2023

Type of User	2019	2020	2021	2022	2023
In-City					
Residential	37.23%	38.25%	40.01%	36.34%	36.32%
Commercial (1)	25.51%	24.39%	23.30%	25.46%	25.73%
Industrial	12.96%	13.85%	13.62%	14.06%	13.59%
	<u>75.71%</u>	<u>76.49%</u>	<u>76.93%</u>	<u>75.86%</u>	<u>75.64%</u>
Outside City					
Emmett Township	12.00%	10.66%	10.62%	11.04%	11.47%
Bedford Township	2.33%	2.32%	2.36%	2.25%	2.37%
Springfield City	5.01%	5.39%	5.18%	5.34%	5.37%
Pennfield Township	4.94%	5.14%	4.91%	5.51%	5.15%
	<u>24.29%</u>	<u>23.51%</u>	<u>23.07%</u>	<u>24.14%</u>	<u>24.36%</u>
Totals	<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, 2023

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Post Foods	Breakfast Foods	21,961,457	7.36%	\$ 1,493,080	7.47%
Kellogg Company - Plant	Breakfast Foods	15,666,753	5.25%	1,012,431	5.06%
Westrock California LLC	Paperboard	13,858,205	4.64%	1,420,359	7.10%
Prairie Farms Dairy	Dairy Processing	11,713,021	3.92%	554,135	2.77%
Firekeepers Casino	Gambling/Entertainment	8,473,600	2.84%	397,596	1.99%
Denso Manufacturing	Automotive Parts	5,079,475	1.70%	201,597	1.01%
VA Medical Center - Hospital	Medical Services	4,108,437	1.38%	199,868	1.00%
Bronson Battle Creek Health Sys.	Medical Services	3,862,400	1.29%	157,425	0.79%
Rolling Hills Mobile Community	Mobile Home Park	2,793,000	0.94%	103,757	0.52%
Calhoun County Justice Center	Government-Jails/Courts	2,407,483	0.81%	96,955	0.48%
Bowers Aluminum	Aluminum Parts	2,600,841	0.87%	96,758	0.48%
Gallagher Laundry	Laundry Services	1,826,591	0.61%	71,347	0.36%
Federal Center	Government	1,400,720	0.47%	68,794	0.34%
Advantage Sintered Metals	Automotive Parts	1,541,079	0.52%	60,834	0.30%
Silver Star Apts	Apartment Complex	1,415,441	0.47%	56,168	0.28%
Adient US LLC	Automotive Parts	1,255,265	0.42%	54,732	0.27%
Ft Custer Training Center	Govt-Military Training	1,078,685	0.36%	52,307	0.26%
Pedcor Investments (Teal Run)	Apartment Complex	1,357,900	0.45%	51,225	0.26%
River Apartments BC LLC	Apartment Complex	1,126,731	0.38%	49,997	0.25%
Parkway Manor	Apartment Complex	1,068,500	0.36%	49,300	0.25%
Totals		104,595,584	35.04%	\$ 6,248,665	31.26%

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

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGANSchedule 27
Unaudited**Largest Wastewater Customers**

Last Ten Fiscal Years Ended June 30, 2023

Fiscal Year Ended June 30,	Kellogg Company - Plant		Graphic Packaging/ MI Paperboard		Post Foods	
	Consumption	Revenue	Consumption	Revenue	Consumption	Revenue
2023	15,666,753	\$ 1,012,431	21,961,457	\$ 1,493,080	13,858,205	\$ 1,420,359
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

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, 2013 to June 30, 2023

Commodity Charge

Date	Regular Commodity Rate (per ccf or 750 gallons)
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
July 1, 2022 – June 30, 2023	\$3.680

Monitoring Charge

Date	Monitoring Charge (per sample)
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
July 1, 2022 – June 30, 2023	\$318.85

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, 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	July 1, 2017 to June 30, 2018
5/8"	\$11.75	\$12.34	\$12.95	\$11.32	\$11.89
3/4"	\$15.50	\$16.28	\$17.08	\$16.01	\$16.83
1"	\$23.00	\$24.15	\$25.36	\$25.38	\$26.70
1.5"	\$41.76	\$43.84	\$46.04	\$48.80	\$51.37
2"	\$64.26	\$67.47	\$70.85	\$76.91	\$80.98
3"	\$116.77	\$122.61	\$128.74	\$142.50	\$150.07
4"	\$191.78	\$201.37	\$211.44	\$236.20	\$248.77
6"	\$379.32	\$398.28	\$418.20	\$470.45	\$495.52
8"	\$604.36	\$634.58	\$666.31	\$751.55	\$791.62
10"	\$866.91	\$910.26	\$955.77	\$1,079.50	\$1,137.07

Meter Size	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	July 1, 2022 to June 30, 2023
5/8"	\$12.46	\$13.03	\$13.60	\$15.63	\$16.29
3/4"	\$17.65	\$18.47	\$19.29	\$22.52	\$23.48
1"	\$28.02	\$29.34	\$30.66	\$36.30	\$37.84
1.5"	\$53.94	\$56.51	\$59.08	\$70.77	\$73.78
2"	\$85.05	\$89.12	\$93.19	\$112.12	\$116.89
3"	\$157.64	\$165.21	\$172.78	\$208.62	\$217.49
4"	\$261.34	\$273.91	\$286.48	\$346.47	\$361.19
6"	\$520.59	\$545.66	\$570.73	\$691.10	\$720.47
8"	\$831.69	\$871.76	\$911.83	\$1,104.65	\$1,151.60
10"	\$1,194.64	\$1,252.21	\$1,309.78	\$1,587.13	\$1,654.58

continued...

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Current Wastewater Rates

From July 1, 2013 to June 30, 2023

BOD and Suspended Solids Charges

Date	BOD Charge (per pound)	Suspended Solids Charge (per pound)
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
July 1, 2022 – June 30, 2023	\$0.2300	0.3800

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, 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
July 1, 2022 – June 30, 2023	\$0.00

continued...

Source: City of Battle Creek Finance Department

Outside City Performing Their Own Billing

Meter Size	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	July 1, 2017 to June 30, 2018
5/8"	\$7.50	\$7.88	\$8.27	n/a	n/a
3/4"	\$11.25	\$11.81	\$12.41	n/a	n/a
1"	\$18.75	\$19.69	\$20.68	n/a	n/a
1.5"	\$37.51	\$39.38	\$41.35	n/a	n/a
2"	\$60.01	\$63.01	\$66.16	n/a	n/a
3"	\$112.52	\$118.15	\$124.05	n/a	n/a
4"	\$187.54	\$196.91	\$206.76	n/a	n/a
6"	\$375.07	\$393.82	\$413.52	n/a	n/a
8"	\$600.11	\$630.12	\$661.62	n/a	n/a
10"	\$862.66	\$905.80	\$951.09	n/a	n/a

Meter Size	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	July 1, 2022 to June 30, 2023
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	
2023	\$ 24,826,370	\$ 374,749	\$ 9,045,963	\$ -	\$ 22,128,816	\$ -	\$ 56,375,898
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

(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
0.92%	\$ 1,069.33
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

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 29b
 Unaudited

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Year	General Bonded Debt Outstanding						% of Personal Income	% of Actual Taxable Value of Property	Per Capita			
	Governmental Activities		Business-type Activities		Net General Bonded Debt							
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds									
2023	\$ 24,826,370	\$ (8,348)	-	\$ 24,818,022	0.41%	1.81%	\$ 470.90					
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					

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, 2023

	(1) Net Debt Outstanding	Percentage Applicable to City of Battle Creek	Amount Applicable to City of Battle Creek
Direct:			
City issued bonded debt (2)	\$ 24,826,370	100.00%	\$ 24,826,370
Installment obligations	374,749	100.00%	374,749
Promissory note	9,045,963	100.00%	<u>9,045,963</u>
			<u>34,247,082</u>
Overlapping: (3)			
Lakeview School District	78,663,437	100.00%	78,663,437
Battle Creek Public Schools	78,050,000	68.31%	53,315,955
Calhoun County	114,439,950	32.41%	37,089,988
Kellogg Community College	7,860,000	32.24%	2,534,064
Pennfield School District	52,847,246	3.63%	1,918,355
Climax-Scotts School District	10,095,365	3.56%	359,395
Harper Creek School District	50,088,326	0.25%	125,221
Kalamazoo Valley Community College	5,130,000	0.05%	<u>2,565</u>
			<u>174,008,980</u>
Total direct and overlapping debt			<u>\$ 208,256,062</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	\$ 1,420,749,456
State Equalized Value - tax abated property:	
Industrial Facilities	25,082,920
Neighborhood Enterprise Zone	<u>156,965</u>
Total State Equalized Value (SEV)	\$ <u>1,445,989,341</u>
Legal debt limit (10% of SEV)	\$ 144,598,934
Outstanding debt subject to limitation	\$ 73,795,000
Less exempt obligations	<u>(5,845,000)</u>
	<u>67,950,000</u>
Legal debt margin	\$ <u>76,648,934</u>
Debt subject to limitation as a percent of SEV	<u>4.70%</u>

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
2023	\$ 144,598,934	\$ 67,950,000	\$ 76,648,934	46.99%
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%

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
2023	\$ 32,246,695	\$ 24,351,449	\$ 7,895,246	\$ 1,275,779	6.19
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

(1) Includes operating and nonoperating revenue, excluding investment earnings, 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
2023	52,721	\$ 6,128,915	\$ 45,800	4.90%
2022	52,721	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%

(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	2014		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,300	2	10.38%
Kellogg Company	2,500	1	11.28%
Firekeepers Casino	1,800	3	8.12%
Veterans Administration Med Center	1,400	4	6.32%
Hart-Doyle-Inouye Federal Center	1,206	7	5.44%
Bronson Battle Creek	1,400	4	6.32%
Fort Custer Training Center	-	-	0.00%
Duncan Aviation	620	13	2.80%
Kellogg Community College	920	9	4.15%
Michigan Air National Guard	1,300	6	5.87%
TRMI	-	-	0.00%
Calhoun County Government	618	14	2.79%
II Stanley Company Inc.	750	10	3.38%
Post Consumer Brands	740	11	3.34%
Battle Creek Public Schools	1,089	8	4.91%
Family Fare	700	12	3.16%
	<u><u>17,343</u></u>		<u><u>78.24%</u></u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers

Current Year and Nine Years Ago

Employer	2023		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,500	1	11.87%
Kellogg Company	2,000	2	9.50%
Firekeepers Casino	1,730	3	8.22%
Veterans Administration Med Center	1,670	4	7.93%
Hart-Doyle-Inouye Federal Center	1,500	5	7.12%
Bronson Battle Creek	1,360	6	6.46%
Fort Custer Training Center	825	7	3.92%
Duncan Aviation	761	8	3.61%
Kellogg Community College	709	9	3.37%
Michigan Air National Guard	650	10	3.09%
TRMI	617	11	2.93%
Calhoun County Government	614	12	2.92%
II Stanley Company Inc.	609	13	2.89%
Post Consumer Brands	600	14	2.85%
Battle Creek Public Schools	-	-	0.00%
Family Fare	-	-	0.00%
	<u>16,145</u>		<u>76.67%</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	2014	2015	2016	2017	2018
General Fund and Special Revenue Funds					
Revenue Funds					
Administration	18	18	21	19	20
Community development	28	29	29	27	32
Finance	22	23	23	23	24
Police department	122	126	123	127	128
Fire department	78	80	83	81	79
Public works	60	59	58	60	59
Recreation	10	10	8	9	9
	<u>338</u>	<u>345</u>	<u>345</u>	<u>346</u>	<u>351</u>
Enterprise Funds					
Battle Creek executive airport	10	10	8	10	10
Battle Creek transit system	36	37	36	35	43
Sewer and wastewater plant	56	55	55	56	52
Water	38	39	38	39	38
Economic Development	-	-	-	-	-
	<u>140</u>	<u>141</u>	<u>137</u>	<u>140</u>	<u>143</u>
Internal Service Funds					
Information systems	13	13	11	11	9
Equipment center	14	14	15	15	15
Self insurance	3	3	2	3	2
Reproduction and stores	3	3	3	3	3
	<u>33</u>	<u>33</u>	<u>31</u>	<u>32</u>	<u>29</u>
Total	<u>511</u>	<u>519</u>	<u>513</u>	<u>518</u>	<u>523</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 35
 Unaudited

Full-Time Equivalent Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2019	2020	2021	2022	2023
General Fund and Special Revenue Funds					
Revenue Funds					
Administration	20	22	22	22	25
Community development	33	34	30	25	26
Finance	24	24	18	19	21
Police department	127	123	113	119	132
Fire department	79	77	71	73	79
Public works	62	54	58	54	61
Recreation	7	8	5	6	6
	<u>352</u>	<u>342</u>	<u>316</u>	<u>318</u>	<u>350</u>
Enterprise Funds					
Battle Creek executive airport	11	11	11	9	10
Battle Creek transit system	38	39	38	35	38
Sewer and wastewater plant	58	51	55	60	60
Water	39	33	38	42	43
Economic Development	-	4	3	2	3
	<u>146</u>	<u>138</u>	<u>145</u>	<u>148</u>	<u>154</u>
Internal Service Funds					
Information systems	8	8	9	14	15
Equipment center	15	13	14	13	15
Self insurance	2	2	2	3	3
Reproduction and stores	3	3	2	2	2
	<u>28</u>	<u>26</u>	<u>27</u>	<u>32</u>	<u>35</u>
Total	<u>526</u>	<u>506</u>	<u>488</u>	<u>498</u>	<u>539</u>

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	2014	2015	2016	2017	2018
Public Safety					
Police					
Number of incidents	44,599	44,686	54,569	56,688	59,736
Number of crash reports	2,004	1,980	1,903	1,886	1,911
Fire					
Number of incidents	6,441	6,940	7,086	7,222	7,271
Number of medical calls	4,149	4,847	5,197	5,308	4,871
Number of structural fires	48	47	61	68	67
Public Works					
Major street miles maintained	90	90	89	89	89
Local street miles maintained	205	205	205	205	205
Culture & Recreation					
Participation:					
Softball	840	734	624	1,020	1,080
Soccer	735	948	951	873	1,012
Baseball	1,019	1,265	1,132	1,359	709
Basketball	54	198	202	345	172
Floor hockey	608	655	641	852	1,022
Football	149	223	160	164	180
Tennis	106	56	58	55	44
Volleyball	91	78	119	76	97
Other	814	891	1,001	2,072	2,185
Aquatic center participation	24,796	27,919	30,397	26,944	28,059
Rounds of golf	40,935	41,684	36,430	37,512	40,257
Parks maintained	24	24	29	29	29
Number of linear park trail miles	25	25	25	25	25
Building Permits					
Commercial and Industrial					
Number of permits	177	236	233	137	98
Dollar value	\$ 12,174,483	\$ 15,739,032	\$ 4,967,026	\$ 4,539,512	\$ 3,938,030
Residential					
Number of permits	740	634	797	802	799
Dollar value	\$ 9,863,788	\$ 4,151,057	\$ 7,277,474	\$ 6,995,271	\$ 6,655,015
Totals					
Number of permits	917	870	1,030	939	897
Dollar value	\$ 22,038,271	\$ 19,890,089	\$ 12,244,500	\$ 11,534,783	\$ 10,593,045

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 36
Unaudited

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2019	2020	2021	2022	2023
Public Safety					
Police					
Number of incidents	53,668	46,091	36,114	35,138	41,794
Number of crash reports	1,778	1,663	1,786	1,870	1,892
Fire					
Number of incidents	7,578	7,683	7,692	8,559	8,949
Number of medical calls	5,002	4,869	5,580	5,745	6,323
Number of structural fires	69	55	68	50	65
Public Works					
Major street miles maintained	89	89	89	89	91
Local street miles maintained	205	206	206	206	206
Culture & Recreation					
Participation:					
Softball	1,212	348	150	576	588
Soccer	859	281	342	532	581
Baseball	758	-	50	291	252
Basketball	162	153	-	147	172
Floor hockey	961	922	-	756	829
Football	194	108	-	208	235
Tennis	-	-	-	-	-
Volleyball	68	25	55	88	61
Other	2,296	571	586	2,201	6,353
Aquatic center participation	31,621	17,364	6,563	23,094	21,811
Rounds of golf	43,479	41,739	47,165	43,221	46,915
Parks maintained	29	29	29	29	29
Number of linear park trail miles	25	25	25	25	25
Building Permits					
Commercial and Industrial					
Number of permits	221	322	197	244	160
Dollar value	\$ 45,737,925	\$ 49,894,540	\$ 51,262,015	\$ 106,117,761	\$ 138,189,610
Residential					
Number of permits	858	3,627	1,187	908	677
Dollar value	\$ 7,388,726	\$ 35,565,683	\$ 18,882,576	\$ 20,301,287	\$ 13,715,832
Totals					
Number of permits	1,079	3,949	1,384	1,152	837
Dollar value	\$ 53,126,651	\$ 85,460,223	\$ 70,144,591	\$ 126,419,048	\$ 151,905,442

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	2014	2015	2016	2017	2018
Police - vehicle patrol units					
Police patrol	40	40	40	39	41
Detective	20	20	20	22	25
Other	21	21	31	33	32
SIU	10	10	8	8	9
Fire					
Fire vehicle units:					
Trucks	2	2	2	1	2
Engines	8	8	7	8	10
Other	11	11	14	15	15
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	-	-	-	-	2
Recreation					
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	29	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
Public Works					
Major street miles maintained	90.11	90.11	89.46	89.28	89.28
Local street miles maintained	204.52	204.52	204.52	204.55	204.55
Vehicles:					
Dump trucks	46	46	44	47	50
Heavy equipment	28	28	33	34	34
Other	211	211	208	203	210

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 37
 Unaudited

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2019	2020	2021	2022	2023
Police - vehicle patrol units					
Police patrol	46	43	38	42	43
Detective	26	21	23	21	25
Other	25	22	20	21	21
SIU	8	7	7	7	6
Fire					
Fire vehicle units:					
Trucks	1	1	1	1	1
Engines	10	7	8	7	8
Other	15	15	14	13	14
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	2	2	2	2	2
Recreation					
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	-	-	-	-
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
Public Works					
Major street miles maintained	89.28	89.41	89.41	89.41	90.95
Local street miles maintained	204.55	205.88	205.88	205.88	205.88
Vehicles:					
Dump trucks	49	48	45	46	43
Heavy equipment	35	34	30	28	30
Other	222	213	227	233	252

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 38

Unaudited

Schedule of Insurance

As of June 30, 2023

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Airport Liability	7/1/24	\$24,991	\$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 Vehicle Physical Damage	7/1/24	\$160,591	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.
Data Breach, Privacy Electronic Media	7/1/24	Included in Liability Insurance	\$5 million aggregate/\$25 million all members - Data Breach and Privacy Liability/\$25,000 deductible.
Fiduciary (Designated Benefit Plan)	7/1/24	\$8,289	Coverage for Self Funded Health Plan. \$2,000,000.00 limit. \$25,000 SIR
Liquor Liability Binder Park Golf	3/8/24	\$1,591.00 (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, 2023

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Property/Liability Insurance	7/1/24	\$474,140	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	7/1/24	Included in Liability Insurance	See Excess Liability , for losses above \$1 million SIR.
Worker's Comp. (Primary)	7/1/24	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)	7/1/24	\$83,485	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	7/1/24	\$3,702	Coverage for employee tools Limit \$500,000 per occurrence, \$10,000 per item. \$1,000 deductible

concluded.

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CONTINUING DISCLOSURES FILING (UNAUDITED)

City of Battle Creek
Total Taxable Value
Fiscal Years Ended or Ending June 30, 2019 Through 2023

Assessed Value as of <u>December 31</u>	Year of State Equalization <u>And Tax Levy</u>	City's Fiscal Year Ended <u>June 30</u>	Equivalent				Percent Increase Over <u>Prior Year</u>
			Ad Valorem	Taxable Value	Taxable Value of Property Granted Under Act 198 (1)	Total Taxable Value	
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
2021	2022	2023	1,333,011,772	12,057,002	1,345,068,774		4.58

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2023 (2)..... \$ 25,512.96

(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, 2023, the Taxable Value of property located in the Zone totaled \$1,446,935. 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, 2023 the Taxable Value of the property located in the NEZ totaled \$156,965.

(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, 2019 Through 2023

Use	Fiscal Year Ended or Ending June 30				
	2019	2020	2021	2022	2023
Agricultural.....	0.19 %	0.18 %	0.19 %	0.19 %	0.18 %
Commercial.....	24.64	24.48	24.62	24.45	24.03
Industrial	15.36	13.77	12.24	11.55	11.96
Residential	56.27	57.55	58.81	59.58	59.45
Utility.....	<u>3.54</u>	<u>4.02</u>	<u>4.14</u>	<u>4.23</u>	<u>4.38</u>
Total	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>
Class	2019	2020	2021	2022	2023
Real Property	86.16 %	87.54 %	87.41 %	90.10 %	89.94 %
Personal Property	<u>13.84</u>	<u>12.46</u>	<u>10.59</u>	<u>9.90</u>	<u>10.06</u>
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, 2019 Through 2023

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	Granted Tax Abatement Under Act 198 (1)	Total SEV	
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
2021	2022	2023	1,538,237,252	25,082,920	1,563,320,172	5.20

Per Capita Total SEV for the Fiscal Year Ending June 30, 2023 (2).....\$ 29,652.70

(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, 2023, the SEV of property located in the Zone totaled \$2,954,418. 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, 2023 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, 2019 Through 2023

Levy July 1	Fiscal Year Ended or Ending June 30	Operating (1)				Total
		General Operating	Capital Projects	Streets/ Drainage	Police & Fire Pension (2)	
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
2022	2023	7.9870	0.5000	1.5000	5.5160	15.5030

(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, 2019 Through 2023

<u>Governmental Unit</u>	Fiscal Years Ended or Ending June 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Battle Creek.....	15.7490	15.9340	15.9340	15.7650	15.5030
County of Calhoun	6.4713	6.4713	6.4713	6.6713	6.6611
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	7.5000
Calhoun ISD	6.2057	6.2057	6.2057	6.2057	6.1946
Kellogg Community College.....	3.6136	3.6136	3.6136	3.6136	3.6109
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>46.2246</u>	<u>46.2246</u>	<u>46.4556</u>	<u>47.4696</u>

City of Battle Creek
Non-Homestead (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2019 Through 2023

<u>Governmental Unit</u>	Fiscal Years Ended or Ending June 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Battle Creek.....	15.7490	15.9340	15.9340	15.7650	15.5030
County of Calhoun	6.4713	6.4713	6.6713	6.6713	6.6611
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	25.5000
Calhoun ISD	6.2057	6.2057	6.2057	6.2057	6.1946
Kellogg Community College.....	3.6136	3.6136	3.6136	3.6136	3.6109
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>64.2246</u>	<u>64.4246</u>	<u>64.2556</u>	<u>65.4696</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, 2023 ranged from 25.00 to 28.60.

Source: City of Battle Creek

City of Battle Creek
Property Tax Collections
Fiscal Years Ended or Ending June 30, 2019 Through 2023

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>
2018	2019	\$ 19,568,359	\$ 19,568,359	99.76%
2019	2020	20,052,215	20,013,011	99.80
2020	2021	20,150,624	20,158,194	99.80
2021	2022	20,223,428	20,226,792	99.90
2022	2023	20,799,487	20,800,842	99.91

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
2019	\$19,454,034	\$1,789,230	\$17,664,804	0.8%
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	16.08
2023	20,097,241	2,032,782	18,064,459	1.3

City of Battle Creek
State Shared Revenues
Fiscal Years Ended or Ending June 30, 2019 Through 2023

	Fiscal Years Ended or Ending June 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Constitutional	\$ 4,498,185	\$ 4,493,812	\$ 5,095,491	\$ 5,597,381	\$ 5,657,431
Statutory/CVTRS	<u>1,478,448</u>	<u>1,260,375</u>	<u>1,512,452</u>	<u>1,542,701</u>	<u>1,635,263</u>
Total State Shared Revenues	<u>\$ 5,976,633</u>	<u>\$ 5,754,187</u>	<u>\$ 6,607,943</u>	<u>\$ 7,140,082</u>	<u>\$ 7,292,694</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, 2023.

Debt Limit (1).....	\$ 144,598,934
Debt Outstanding (2).....	\$73,795,000
Less: Exempt Debt (3).....	<u>5,845,000</u> <u>67,950,000</u>
Legal Debt Margin	<u>\$ 76,648,934</u>

(1) 10% of \$1,445,989,341 which is the City's Total SEV for the fiscal year ending June 30, 2023. 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), and Water and Wastewater System Revenue Bonds, Series 2023.

(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, 2023, 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>
Building Authority Bonds:			
Dated December 29, 2009 (LT).....	\$ 450,000	\$ 450,000	\$ -0-
Subtotal	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ -0-</u>
Downtown Development Authority Bonds:			
Dated February 27, 2018 (LT).....	\$ 2,260,000	\$ 2,260,000	\$ -0-
Dated March 21, 2017 (LT).....	<u>21,690,000</u>	<u>21,690,000</u>	<u>-0-</u>
Subtotal	<u>\$ 23,950,000</u>	<u>\$ 23,950,000</u>	<u>\$ -0-</u>
Tax Increment Finance Authority Bonds:			
Dated October 12, 2022 (LT).....	\$ 2,400,000	\$ 2,400,000	\$ -0-
Dated January 13, 2022 (LT).....	1,280,000	1,280,000	-0-
Dated December 29, 2021 (LT).....	<u>1,525,000</u>	<u>1,525,000</u>	<u>-0-</u>
Subtotal	<u>\$ 5,205,000</u>	<u>\$ 5,205,000</u>	<u>\$ -0-</u>
Water and Wastewater Revenue Bonds:			
Dated May 31, 2023	\$ 10,000,000	\$ 10,000,000	\$ -0-
Dated December 28, 2016, Series A (1).....	5,600,000	5,600,000	-0-
Dated December 28, 2016, Series B (1).....	<u>5,845,000</u>	<u>5,845,000</u>	<u>-0-</u>
Subtotal	<u>\$ 21,445,000</u>	<u>\$ 21,445,000</u>	<u>\$ -0-</u>
General Obligation Bonds:			
Dated December 28, 2016 C (LT) (1).....	\$ 12,805,000	\$ -0-	\$ 12,805,000
Dated April 14, 2016 (LT)	8,670,000	-0-	8,670,000
Dated June 29, 2011 (LT)	<u>1,270,000</u>	<u>-0-</u>	<u>1,270,000</u>
Subtotal.....	<u>\$ 22,745,000</u>	<u>\$ -0-</u>	<u>\$ 22,745,000</u>
Installment & Capital Purchase Contracts:			
City Hall Copiers	\$ 79,829	\$ -0-	\$ 79,829
Police Equipment.....	<u>294,920</u>	<u>-0-</u>	<u>\$ 294,920</u>
Subtotal	<u>\$ 374,749</u>	<u>\$ -0-</u>	<u>\$ 374,749</u>
Total Direct Debt.....	<u>\$ 74,169,749</u>	<u>\$ 51,050,000</u>	<u>\$ 23,119,749</u>
Per Capita Net City Direct Debt (2)			\$438.53
Percent of Net Direct Debt to Total SEV (3).....			1.60%

			Percent of	
		<u>Gross</u>	<u>Gross</u>	<u>City Share</u>
Overlapping Debt (4)				
Battle Creek School District	\$	78,050,000	68.31	\$ 53,315,955
Climax-Scotts School District.....		10,095,365	3.56	359,395
Harper Creek School District		50,088,326	0.25	125,221
Lakeview Calhoun School District.....		78,663,437	100.00	78,663,437
Pennfield School District		52,847,246	3.63	1,918,355
Calhoun Intermediate School District		0	0.00	0
Kalamazoo Valley Intermediate School District...		0	0.00	0
Kalamazoo Valley Community College.....		5,130,000	0.05	2,565
Kellogg Community College		7,860,000	32.24	2,534,064
Willard Public Library		0	54.07	0
Calhoun County			32.41	
Total Overlapping Debt		<u>114,439,950</u>		<u>37,089,988</u>
	\$	<u>397,174,324</u>		<u>\$ 174,008,980</u>
Total Net Direct and Overlapping Debt	\$	<u>471,344,075</u>		<u>\$ 197,128,731</u>
Per Capita Net Overlapping Debt (2).....				\$3,300.56
Percent of Net Overlapping Debt to Total SEV (3)				12.03%
Per Capita Net Direct and Overlapping Debt (2).....				\$3,739.09
Percent of Net Direct and Overlapping Debt to Total SEV (3)				13.63%

(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), and Water and Wastewater System Revenue Bonds, Series 2023.

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

(3) Based on \$1,445,989,341 which is the City's Total SEV for the fiscal year ending June 30, 2023. 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (rolled forward to June 30, 2023). The components of the net pension liability of the City were as follows:

Total pension liability	\$236,518,564
Plan Fiduciary net position	<u>(168,798,632)</u>
City's net pension liability	<u>\$ 67,719,932</u>
Plan fiduciary net position as percentage of total pension liability	71.37%

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, 2022	\$ 229,945,587	\$ 157,926,951	\$ 72,018,636
Changes for the Year			
Service cost	4,315,718	-	4,315,718
Interest on total pension liability	14,082,332	-	14,082,332
Benefit changes	(33,713)	-	(33,713)
Differences between expected and actual experience	1,780,898	-	1,780,898
Assumption changes	-	-	-
Employer contributions	-	6,323,009	(6,323,009)
Employee contribution	-	1,922,364	(1,922,364)
Net investment income (loss).....	-	16,666,426	(16,666,426)
Benefit payments.....	(13,572,258)	(13,572,258)	-
Administrative expense	-	(196,493)	196,493
Other	-	(271,367)	271,367
Net changes	\$ 6,572,977	\$ 11,143,048	\$ (4,298,704)
Balance at June 30, 2023	\$ 236,518,564	\$ 169,069,999	\$ 67,719,932

Pension Plans: Municipal Employees Retirement System of Michigan

The City's net pension liability was measured as of December 31, 2022, 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	\$170,059,654
Plan fiduciary net position	<u>(86,273,357)</u>
City's net pension liability	<u>\$ 83,786,297</u>
-Plan fiduciary net position as percentage of total pension liability	50.73%

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

	Total Pension <u>Liability</u>	Increase (Decrease) Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
Balance at December 31, 2021	\$ 168,344,519	\$ 100,429,194	\$ 67,915,325
Changes for the Year			
Service cost.....	2,126,033	-	2,126,033
Interest.....	11,855,263	-	11,855,263
Changes in benefits	(60,553)	-	(60,553)
Differences between expected and actual experience	(432,249)	-	(432,249)
Changes in assumptions	-	-	-
Contributions: employer.....	-	6,978,264	(6,978,264)
Contributions: employee.....	-	1,125,745	(1,125,745)
Net investment loss.....	-	(10,304,735)	(10,304,735)
Benefit payments, including refunds	(11,773,359)	(11,773,359)	-
Administrative expense	-	(181,752)	(181,752)
Net changes	\$ 1,715,135	\$ (14,155,837)	\$ 15,870,972
Balances at December 31, 2022	\$ 170,059,654	\$ 86,273,357	\$ (86,876,297)

For the year ended June 30, 2023, the City recognized pension expense of \$12,650,628.

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, 2019 through 2023

	Fiscal Year Ended June 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>City Customers</u>					
Residential	14,791	14,806	14,967	14,979	14,973
Commercial (1).....	1,671	1,650	1,511	1,562	1,519
Industrial.....	<u>124</u>	<u>123</u>	<u>123</u>	<u>125</u>	<u>125</u>
Sub-total.....	<u><u>16,586</u></u>	<u><u>16,579</u></u>	<u><u>16,601</u></u>	<u><u>16,666</u></u>	<u><u>16,617</u></u>
<u>Customer Communities</u>					
Emmett	714	714	714	817	816
Bedford	429	430	429	437	439
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><u>1,143</u></u>	<u><u>1,144</u></u>	<u><u>1,144</u></u>	<u><u>1,254</u></u>	<u><u>1,255</u></u>
Total Customers	<u><u><u>17,729</u></u></u>	<u><u><u>17,723</u></u></u>	<u><u><u>17,744</u></u></u>	<u><u><u>17,920</u></u></u>	<u><u><u>17,872</u></u></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, 2019 through 2023

	Fiscal Year Ended June 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>City Customers (1)</u>					
Residential	15,735	15,764	15,945	15,892	15,905
Commercial (2)	1,631	1,615	1,471	1,476	1,464
Industrial.....	<u>116</u>	<u>116</u>	<u>116</u>	<u>117</u>	<u>117</u>
Sub-total.....	<u><u>17,482</u></u>	<u><u>17,495</u></u>	<u><u>17,532</u></u>	<u><u>17,485</u></u>	<u><u>17,486</u></u>
<u>Customer Communities</u>					
Emmett (3).....	1,690	1,688	1,687	1,797	1,804
Bedford (4)	554	555	557	562	565
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><u>2,244</u></u>	<u><u>2,243</u></u>	<u><u>2,244</u></u>	<u><u>2,359</u></u>	<u><u>2,369</u></u>
Total Customers	<u><u><u>19,726</u></u></u>	<u><u><u>19,738</u></u></u>	<u><u><u>19,776</u></u></u>	<u><u><u>19,844</u></u></u>	<u><u><u>19,855</u></u></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, 2019 through 2023

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential.....	103,873,324	101,247,759	110,045,782	102,042,992	102,130,095
Commercial (2)	85,985,666	80,523,471	83,408,109	89,389,011	88,781,404
Industrial	<u>104,534,592</u>	<u>110,750,621</u>	<u>117,380,631</u>	<u>116,848,702</u>	<u>101,531,548</u>
Sub-total.....	294,393,582	292,521,851	310,834,552	308,280,705	292,443,047
<u>Customer Communities</u>					
Emmett Township	29,987,370	23,612,244	25,784,938	27,049,787	28,709,198
Bedford Township.....	3,090,877	2,717,530	2,894,348	2,786,151	2,631,457
Springfield City	16,925,328	19,146,343	18,010,490	18,364,274	18,592,463
Pennfield Township.....	<u>2,218,600</u>	<u>2,213,400</u>	<u>2,157,900</u>	<u>2,521,800</u>	<u>2,523,400</u>
Sub-total.....	<u>52,222,175</u>	<u>47,689,517</u>	<u>48,847,676</u>	<u>50,722,012</u>	<u>52,456,518</u>
Total Water Billed.....	<u>346,615,757</u>	<u>340,211,368</u>	<u>359,682,198</u>	<u>359,002,717</u>	<u>344,899,565</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, 2019 Through 2023

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential.....	109,764,654	107,918,337	116,380,311	108,527,081	108,405,336
Commercial (2)	75,207,462	68,801,690	67,770,882	76,004,504	76,800,372
Industrial	<u>38,215,999</u>	<u>39,091,900</u>	<u>39,625,132</u>	<u>41,960,342</u>	<u>40,566,582</u>
Sub-total.....	223,188,115	215,811,927	223,776,325	226,491,927	225,772,290
<u>Customer Communities</u>					
Emmett Township	35,373,893	30,081,969	30,875,709	32,960,660	34,243,370
Bedford Township.....	6,883,023	6,543,615	6,860,185	6,705,906	7,060,210
Springfield City	14,779,666	15,207,078	15,058,012	15,930,846	16,039,772
Pennfield Township.....	<u>14,576,875</u>	<u>14,487,868</u>	<u>14,289,260</u>	<u>16,437,000</u>	<u>15,364,300</u>
Sub-total.....	<u>71,613,457</u>	<u>66,320,530</u>	<u>67,083,166</u>	<u>72,034,412</u>	<u>72,707,652</u>
Total Wastewater Billed.....	<u>294,801,572</u>	<u>282,132,457</u>	<u>290,859,491</u>	<u>298,526,339</u>	<u>298,479,942</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, 2019 Through 2023**

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential.....	\$ 3,871,053	\$ 3,953,830	\$ 4,172,430	\$ 4,081,396	\$ 3,833,235
Commercial (1)	2,150,138	2,140,818	2,300,744	2,403,260	2,282,560
Industrial	<u>1,651,605</u>	<u>1,777,862</u>	<u>1,882,016</u>	<u>1,926,006</u>	<u>1,600,765</u>
Sub-total.....	7,672,796	7,872,510	8,355,190	8,410,662	7,716,561
<u>Customer Communities</u>					
Emmett Township	742,075	693,906	777,471	796,067	766,496
Bedford Township.....	107,763	108,217	113,524	112,871	100,141
Leroy Township	12,989	13,086	15,133	14,923	14,558
Springfield City	228,116	162,726	285,116	259,948	279,830
Pennfield Township.....	<u>46,033</u>	<u>44,912</u>	<u>66,279</u>	<u>50,295</u>	<u>50,879</u>
Sub-total.....	<u>1,136,976</u>	<u>1,022,847</u>	<u>1,257,523</u>	<u>1,234,104</u>	<u>1,211,905</u>
Total Water Revenue.....	<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>	<u><u>\$ 8,928,466</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, 2019 Through 2023**

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential.....	\$ 5,637,868	\$ 5,869,353	\$ 6,238,700	\$ 6,712,516	\$ 6,327,997
Commercial (1)	2,961,203	3,242,680	3,490,002	3,894,797	3,760,162
Industrial	<u>5,833,930</u>	<u>7,136,176</u>	<u>7,775,654</u>	<u>8,257,019</u>	<u>6,138,476</u>
Sub-total.....	14,433,001	16,248,209	17,504,356	18,864,332	16,226,635
<u>Customer Communities</u>					
Emmett Township	1,081,177	1,202,641	1,418,201	1,740,245	1,623,145
Bedford Township.....	229,160	259,229	279,514	348,949	312,469
Leroy Township	13,613	13,978	16,936	19,172	18,867
Springfield City	573,952	502,982	714,152	873,456	970,142
Pennfield Township.....	<u>557,253</u>	<u>622,752</u>	<u>603,539</u>	<u>832,539</u>	<u>840,010</u>
Sub-total.....	<u>2,455,155</u>	<u>2,601,582</u>	<u>3,032,342</u>	<u>3,814,362</u>	<u>3,764,634</u>
Total Wastewater Revenue	<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>	<u><u>\$ 19,991,269</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, 2023

<u>Customer</u>	<u>Principal Product or Service</u>	Water Volume <u>Cubic Feet</u>	Percent of <u>Total (1)</u>	Water Revenue	Percent of <u>Total (2)</u>
Post Foods	Breakfast Foods.....	30,366,431	8.80%	\$469,545	5.26%
Kellogg Company-Plant.....	Breakfast Foods ...	28,141,017	8.16	422,629	4.73
Fire Keepers Casino	Gambling/Entertain	9,760,100	2.83	201,133	2.25
Prairie Farms Dairy.....	Dairy Processing ...	11,713,021	3.40	183,680	2.06
Westrock California LLC	Paperboard	7,800,000	2.26	79,547	0.89
Denso Mfg - Michigan	Automotive Parts...	5,079,475	1.47	105,484	1.18
VA Medical Center.....	Medical Services ...	4,108,437	1.19	103,618	1.16
Bronson Battle Creek.....	Medical Services ...	4,028,800	1.17	90,321	1.01
City of Battle Creek – WWTP..	Government	2,870,100	0.83	48,239	0.54
Rolling Hills Mobile Comm	Mobile Home Park	<u>2,863,500</u>	<u>0.83</u>	<u>44,329</u>	<u>0.50</u>
	Total	<u>106,730,881</u>	<u>30.95%</u>	<u>\$1,748,525</u>	<u>19.58%</u>

(1) Based on water volume of 344,899,565 for the fiscal year ended June 30, 2023.

(2) Based on water revenue of \$8,928,466 for the fiscal year ended June 30, 2023.

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, 2023

<u>Customer</u>	<u>Principal Product or Service</u>	Wastewater Volume <u>Cubic Feet</u>	Percent of <u>Total (1)</u>	Wastewater Revenue	Percent of <u>Total (2)</u>
Post Foods	Breakfast Foods	21,961,457	7.36%	\$1,493,080	6.58%
Kellogg Company - Plant.....	Breakfast Foods	15,666,753	5.25	1,012,431	4.46
Westrock California LLC	Paperboard	13,858,205	4.64	1,420,359	6.26
Prairie Farms Dairy.....	Dairy Processing ...	11,713,021	3.92	554,135	2.44
Fire Keepers Casino	Gambling/Entertain	8,473,600	2.84	397,596	1.75
Denso Manufacturing.....	Automotive parts ...	5,079,475	1.70	201,597	0.89
VA Medical Center-Hospital	Medical Services ...	4,108,437	1.38	199,868	0.88
Bronson Battle Creek Health	Medical Services ...	3,862,400	1.29	157,425	0.69
Rolling Hills Mobile Comm	Mobile Home Park	2,793,000	0.94	103,757	0.46
Calhoun County Justice Ctr	Govt-Jail/Courts.....	<u>2,407,483</u>	<u>0.81</u>	<u>96,955</u>	<u>0.43</u>
	Total	<u>89,923,831</u>	<u>30.13%</u>	<u>\$5,637,203</u>	<u>28.20%</u>

(1) Based on treated wastewater volume of 298,479,942 for the fiscal year ended June 30, 2023.

(2) Based on wastewater revenue of \$19,991,269 for the fiscal year ended June 30, 2023.

Source: City of Battle Creek

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