

City of Battle Creek, Michigan

For the Year Ended
June 30, 2025

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, 2025

**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, 2025.

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 LLC, 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, 2025, 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, 2025, 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 over \$3.2 billion for the year ended June 30, 2025. 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 W.K. Kellogg Company/Kellanova 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 2026-2031 are almost \$460 million in capital needs including airport development and maintenance projects as well as fire station replacements. During the fiscal year ended June 30, 2025, \$3.2 million was used to fund repair and replacement of major and local streets. This year is the tenth 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. Because income tax revenues exceeded expectations, there was a slight addition to fund balance in the general fund for the year ended June 30, 2025. Income tax revenue accounted for 34.8% of total general fund revenues for the year ending June 30, 2025 and has increased 7.6% (\$1,466,261) over the prior year. The original income tax budget was increased 2.3% with a year-end adjustment after evaluation of expected year end results. Property tax revenue makes up another 30.0% of general fund revenues for the year ending June 30, 2025, and the City has 1.3615-mill (12.0%) margin available under the Headlee rollback limit for operation. This could generate approximately \$2.0 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 has been 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 were required to 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, 2024. This was the twenty-fifth 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.

Amanda E. Zimmerlin
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**

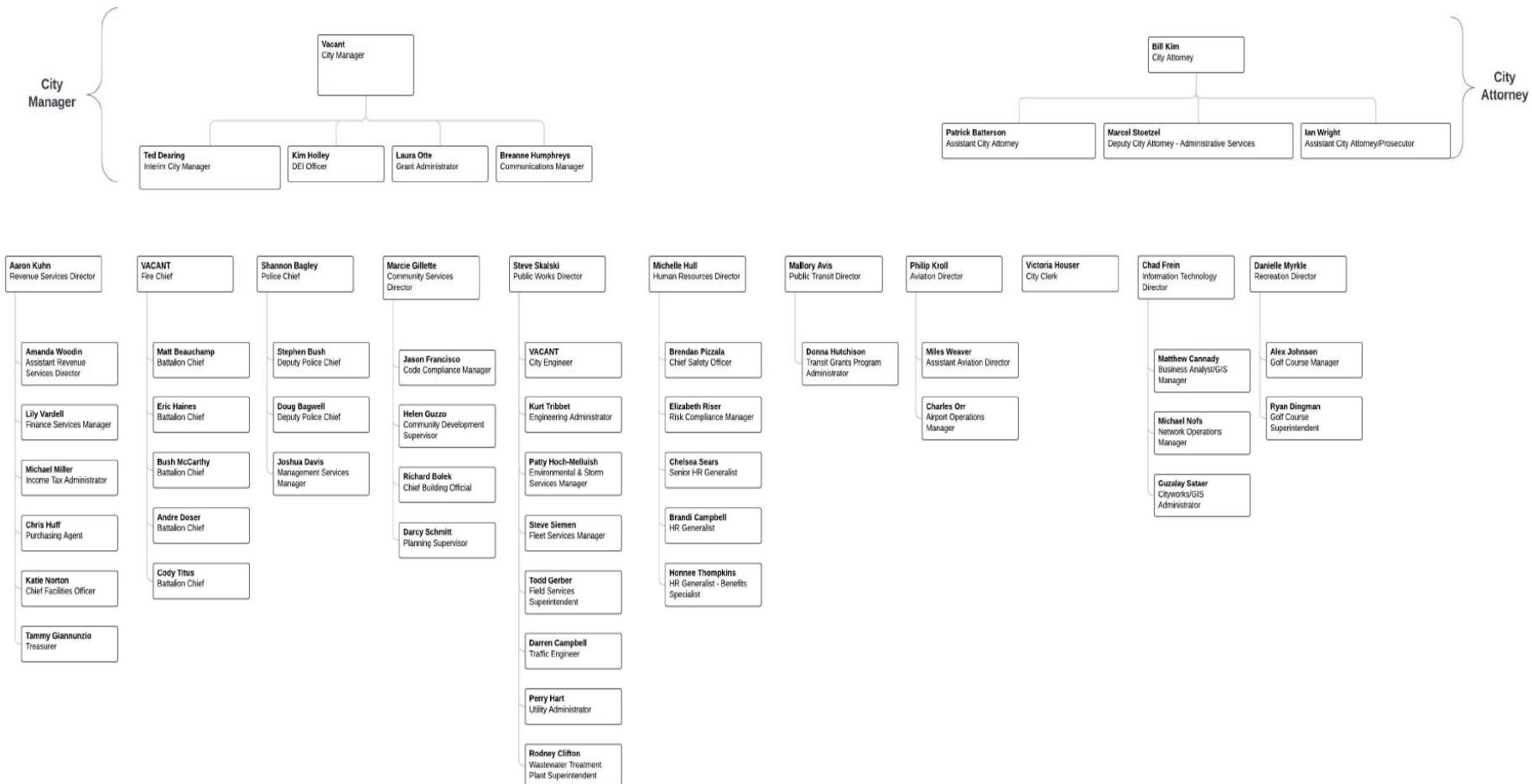
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

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

Jessica LaCosse
Jenasia Morris
Patrick O'Donnell
Carla Reynolds
Jim Lance
Christopher Simmons
Paige Katsarsky-Smith

Administration

Amanda E. Zimmerlin
City Manager

William Y. Kim
City Attorney

Aaron B. Kuhn
Revenue Services Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 22, 2025

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2025, 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, 2025, 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 Lohm 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, 2025. 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	\$ 203,325,492
· Change in total net position	23,003,899
· Fund balances, governmental funds	32,098,893
· Change in fund balances, governmental funds	301,996
· Unassigned fund balance, general fund	12,474,267
· Change in fund balance, general fund	387,580
· General obligation and revenue bonds outstanding	39,140,000
· Change in general obligation and revenue bonds outstanding	(2,815,000)

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, and the special grants 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 \$203,325,492 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, infrastructure, and subscription assets), 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	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 65,700,102	\$ 69,581,878	\$ 60,565,177	\$ 59,647,323	\$ 126,265,279	\$ 129,229,201
Capital assets, net	207,698,560	206,031,685	106,861,311	99,534,675	314,559,871	305,566,360
Total assets	273,398,662	275,613,563	167,426,488	159,181,998	440,825,150	434,795,561
Deferred outflows of resources	6,683,987	13,021,340	3,626,190	4,927,172	10,310,177	17,948,512
Liabilities						
Long-term liabilities	126,726,538	151,270,626	55,490,297	59,517,135	182,216,835	210,787,761
Other liabilities	27,326,921	34,027,978	5,083,855	3,326,102	32,410,776	37,354,080
Total liabilities	154,053,459	185,298,604	60,574,152	62,843,237	214,627,611	248,141,841
Deferred inflows of resources	26,906,621	17,021,604	6,275,603	7,259,035	33,182,224	24,280,639
Net position						
Net investment in capital assets	185,783,255	182,545,424	86,574,663	78,304,443	272,357,918	260,849,867
Restricted	10,481,813	10,418,139	-	-	10,481,813	10,418,139
Unrestricted (deficit)	(97,142,499)	(106,648,868)	17,628,260	15,702,455	(79,514,239)	(90,946,413)
Total net position	\$ 99,122,569	\$ 86,314,695	\$ 104,202,923	\$ 94,006,898	\$ 203,325,492	\$ 180,321,593

An additional portion of the City's net position (5.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position (deficit)* may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City reported positive balances in the net investment of capital assets and restricted net position, however, the unrestricted deficit was a result of the City's net pension liability and net other postemployment benefit liability.

The City's net position increased by \$23,003,899 from the prior year net position. This is an increase from the prior year's \$10,661,179 increase. Compared to the prior year, the current year change can be attributed to a decrease of \$9.1 million in expense and an increase of \$3.2 million in revenue. Revenue increased due to the continued upward trajectory for two of the City's three major revenue sources: income tax and property tax. Also contributing to the rise in revenue was an increase to utility rates. The increase in investment earnings was a result of a continued strong interest rate environment as well a more proactive approach to investing. Expense decreases in general government are reflective of a decrease in both the net pension liability and the net OPEB liability. There was nearly \$14.2 million in capital asset additions for governmental activities which included: retaining wall replacement, various renovations throughout City Hall, Claude Evans park improvements, and renovations to fire facilities. All combining to result in a total net position increase of \$23.0 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	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 9,260,375	\$ 10,136,088	\$ 41,360,423	\$ 39,150,727	\$ 50,620,798	\$ 49,286,815
Grants and contributions -						
Operating	23,005,300	25,385,838	11,432,469	10,435,802	34,437,769	35,821,640
General revenues:						
Property taxes	20,979,948	20,172,115	320,000	320,000	21,299,948	20,492,115
Income taxes	20,621,878	19,571,637	-	-	20,621,878	19,571,637
Grants and contributions not restricted to specific programs	15,072,828	13,982,508	-	-	15,072,828	13,982,508
Unrestricted investment earnings	2,958,579	3,030,658	1,668,211	1,267,504	4,626,790	4,298,162
Total revenues	91,898,908	92,278,844	54,781,103	51,174,033	146,680,011	143,452,877
Expenses						
General government	10,296,122	13,838,843	-	-	10,296,122	13,838,843
Public safety	33,944,676	40,144,690	-	-	33,944,676	40,144,690
Public works	2,908,702	2,028,257	-	-	2,908,702	2,028,257
Highways and streets	20,564,348	18,390,465	-	-	20,564,348	18,390,465
Recreation	4,173,375	4,150,773	-	-	4,173,375	4,150,773
Community development	4,264,598	5,382,916	-	-	4,264,598	5,382,916
Interest on long-term debt	1,049,674	1,079,092	-	-	1,049,674	1,079,092
Water and wastewater	-	-	31,297,935	33,079,786	31,297,935	33,079,786
Public transit	-	-	4,725,362	4,436,174	4,725,362	4,436,174
Solid waste collection	-	-	4,802,490	4,432,603	4,802,490	4,432,603
Airport	-	-	2,828,065	3,282,257	2,828,065	3,282,257
Parking	-	-	1,716,205	1,397,152	1,716,205	1,397,152
Economic development	-	-	941,690	984,394	941,690	984,394
Intermodal facility	-	-	162,870	164,296	162,870	164,296
Total expenses	77,201,495	85,015,036	46,474,617	47,776,662	123,676,112	132,791,698
Change in net position, before transfers	14,697,413	7,263,808	8,306,486	3,397,371	23,003,899	10,661,179
Transfers	(1,889,539)	(2,110,874)	1,889,539	2,110,874	-	-
Change in net position	12,807,874	5,152,934	10,196,025	5,508,245	23,003,899	10,661,179
Net position, beginning of year	86,314,695	81,161,761	94,006,898	88,498,653	180,321,593	169,660,414
Net position, end of year	\$ 99,122,569	\$ 86,314,695	\$ 104,202,923	\$ 94,006,898	\$ 203,325,492	\$ 180,321,593

Governmental activities. Governmental activities increased the City's net position by \$12,807,874 (as compared to a prior year increase of \$5,152,934). Key elements of this increase and the change from the prior year include:

The total revenue decrease of \$379,936 is primarily due to a decline in charges for services revenue. Additionally, there was a substantial decrease in grant revenue received in the current year. On the expense side, the decrease of \$7,813,541 is primarily the result of decreases to the net pension liability and related deferral adjustments as well as depreciation expense decreases for the recreation function.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Business-type activities. Business-type activities increased the City's net position by \$10,196,025 as compared to an increase of \$5,508,245 in the prior year. Key elements of this change from the prior year include:

Charges for services revenues increased \$2,209,696, primarily in the water and wastewater fund. This was the result of an increase in rates. Year five of a five year rate study was in effect which included rate increases with a long term view of capital improvement coverage. Expenses decreased during the year for the water and wastewater fund as a result of a decrease to the net pension and OPEB liabilities and related deferral adjustments.

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 \$32,098,893 an increase of \$301,996. The nonspendable portion of fund balance decreased from \$1,198,855 to \$1,025,249. 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 items (\$145,340).

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 \$12,474,267, while total fund balance was \$15,841,821. In accordance with the City's adopted fund balance policy, the minimum unassigned fund balance in the general fund of no less than 17% of current year budgeted operating revenue has been met. The percent as of June 30, 2025 is 21.2%.

The fund balance of the City's general fund increased by \$387,580 during the current fiscal year compared to an increase of \$19,754 in the prior year. This fluctuation is primarily the result of two of the City's major revenue sources outperforming expectations. Income tax has rebounded to pre-pandemic levels, increasing to nearly \$20.7 million for the year ended June 30, 2025. Property tax revenue experienced modest growth, a trend which is expected to continue with rising inflation. Police department revenue continues to rise with a 25.8% increase from the prior year. On the expenditure side, police and fire department expenditures continue to rise (\$2.6 million increase) due to successful staffing initiatives to fill vacant positions.

The major street and trunkline maintenance special revenue fund had a fund balance of \$4,227,327 at year end. The fund is used to account for the repair and maintenance of streets and sidewalks. The fund experienced a decrease of \$129,291 in fund balance in the current year. This decrease was a result of the continued \$2.0 million in support to the local street fund. Revenues increased year over year by \$155,883 due to a 0.4% increase to Act 51 revenues and \$65,000 positive swing in investment earnings.

The special grants special revenue fund was created to account for various grants received by the City and has a total fund balance of \$669,861 at year end. The committed fund balance of \$669,861 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 increased \$223,968 primarily due to several grants received from the W.K. Kellogg Foundation during the year.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

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

Unrestricted net position of the water and wastewater system fund at the end of the year amounted to a \$10,230,224. The fund had an increase in total net position for the year of \$5,293,563. 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 \$2,021,881. The fund reported an increase in net position of \$3,590,115. The net position increase 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 \$9,948,493. The fund reported a decrease in net position of \$37,588. The net position decrease is a result of depreciation on capital assets (\$734,080), of which there were \$795,001 in asset additions during the year.

General Fund Budgetary Highlights

The general fund ended the year with a positive net change in fund balance of \$387,580. 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 \$549,601. The City had budget adjustments totaling \$28,160 which resulted in a final budgeted decrease to fund balance in the amount of \$577,761. The original adopted budget maintained a very conservative approach to income tax revenues due to the unknown continued impact from remote work situations; actual results for city income tax revenue exceeded the original budget by \$1,018,555. Local intergovernmental revenues exceeded expectations with actual results exceeding the original budget by \$304,864 as a result of better than expected revenue that was passed through from the Lakeview Downtown Development Authority. Actual interest income exceeded the original adopted budget by nearly \$650,000 due to continued strong investment performance. A transfer from the ARPA fund for lost revenue in the amount of \$2,126,000 was included in the original budget. The General Fund budget additionally included a \$1,000,000 budgeted transfer from the ARPA fund for interest earned on the ARPA funds. Continued diligence by departments for expenditure control, compounded by difficulty retaining and recruiting staff, is reflected in the addition of \$387,580 to fund balance for the fiscal year.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounted to \$314,559,871 (net of accumulated depreciation/amortization). This investment in capital assets includes land and land improvements, construction in progress, buildings, vehicles, equipment, infrastructure, subscription assets, and systems. Net capital assets for governmental activities increased by 0.8%, and for business-type activities increased by 7.4%.

City of Battle Creek's Capital Assets (Net of Depreciation/Amortization)						
	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land and land improvements	\$ 7,209,633	\$ 6,708,884	\$ 4,771,734	\$ 4,869,764	\$ 11,981,367	\$ 11,578,648
Construction in progress	4,404,949	2,876,522	15,079,743	12,206,132	19,484,692	15,082,654
Buildings	36,489,863	35,628,550	31,720,926	32,240,887	68,210,789	67,869,437
Vehicles	11,509,438	9,907,820	4,507,319	839,908	16,016,757	10,747,728
Equipment	3,076,436	3,312,071	721,873	803,226	3,798,309	4,115,297
Infrastructure	143,231,859	146,372,813	-	-	143,231,859	146,372,813
Subscription assets	1,776,382	1,225,025	-	-	1,776,382	1,225,025
Systems	-	-	50,059,716	48,574,758	50,059,716	48,574,758
Total	\$ 207,698,560	\$ 206,031,685	\$ 106,861,311	\$ 99,534,675	\$ 314,559,871	\$ 305,566,360

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Major capital asset events during the current fiscal year included:

- Vehicle additions in the current year included multiple police cars, multiple dump truck chassis, a street sweeper, and two fire trucks. Work continues on improvements at the Verona wellfield. The City continues to work aggressively toward water main and lead service line replacement using the Drinking Water State Revolving Fund as a funding source.
- Major improvements were underway to replace various infrastructure on Columbia Avenue and Watkins Road. Additionally, \$3.2 million was invested into the repair and replacement of major and local streets. Work is nearing completion on the Edgebrook pumping station improvements at a cost of \$5.4 million.

Additional information on the City's capital assets can be found in Note 9 to the financial statements.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$39,140,000. Of this amount, \$19,440,000 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	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 19,440,000	\$ 21,360,000	\$ -	\$ -	\$ 19,440,000	\$ 21,360,000
Revenue bonds	-	-	19,700,000	20,595,000	19,700,000	20,595,000
Total	\$ 19,440,000	\$ 21,360,000	\$ 19,700,000	\$ 20,595,000	\$ 39,140,000	\$ 41,955,000

The City's total bonded debt decreased by \$2,815,000 (7 percent) during the current fiscal year as a result of scheduled debt payments.

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

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The City's current outstanding general obligation debt is substantially below the current debt limit of \$196,370,173.

Additional information on the City's long-term debt can be found in Note 12 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.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2025/26 fiscal year:

- Continuing the conservative approach to budgeting, the fiscal year 2026 adopted budget included anticipated use of fund balance in the amount of \$799,823. The budget includes a \$500,000 transfer from the ARPA fund for interest earned on that funding. A mid-year adjustment is anticipated as the City works to realize staffing and operational efficiencies. Administration continues to search for budgetary savings 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 positive effect on both pension plans.
- The property tax millage rate was decreased for the second consecutive year, with a 0.095 increase in the police and fire pension component and a 0.374 decrease in the street maintenance component.
- City administration is continually looking to make positive improvements to maximize 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.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BATTLE CREEK, MICHIGAN

Statement of Net Position

June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Pooled cash and investments	\$ 48,834,654	\$ 33,439,721	\$ 82,274,375	\$ 15,899,392
Receivables, net	22,227,169	18,336,284	40,563,453	3,268,546
Internal balances	(6,060,043)	6,060,043	-	-
Inventories and prepaid items	698,322	2,729,129	3,427,451	57,873
Capital assets not being depreciated/amortized	6,744,160	18,640,197	25,384,357	14,291,356
Capital assets being depreciated/amortized, net	200,954,400	88,221,114	289,175,514	9,294,473
Total assets	<u>273,398,662</u>	<u>167,426,488</u>	<u>440,825,150</u>	<u>42,811,640</u>
Deferred outflows of resources				
Deferred charge on refunding	439,516	-	439,516	619,581
Deferred pension amounts	6,006,021	3,508,213	9,514,234	-
Deferred other postemployment benefit amounts	238,450	117,977	356,427	-
Total deferred outflows of resources	<u>6,683,987</u>	<u>3,626,190</u>	<u>10,310,177</u>	<u>619,581</u>
Liabilities				
Accounts payable and accrued liabilities	10,373,620	4,659,757	15,033,377	4,405,220
Unearned revenue	16,953,301	424,098	17,377,399	64,110
Bonds, notes and other long-term liabilities:				
Due within one year	5,165,379	1,551,664	6,717,043	2,540,000
Due in more than one year	29,213,859	19,383,498	48,597,357	24,678,113
Net pension liability (due in more than one year)	82,837,462	29,849,970	112,687,432	-
Net other postemployment benefit liability (due in more than one year)	9,509,838	4,705,165	14,215,003	-
Total liabilities	<u>154,053,459</u>	<u>60,574,152</u>	<u>214,627,611</u>	<u>31,687,443</u>
Deferred inflows of resources				
Deferred lease amounts	737,455	1,597,885	2,335,340	177,717
Deferred pension amounts	17,828,874	551,205	18,380,079	-
Deferred other postemployment benefit amounts	8,340,292	4,126,513	12,466,805	-
Total deferred inflows of resources	<u>26,906,621</u>	<u>6,275,603</u>	<u>33,182,224</u>	<u>177,717</u>
Net position				
Net investment in capital assets	185,783,255	86,574,663	272,357,918	23,585,829
Restricted for:				
Major streets	4,227,327	-	4,227,327	-
Local streets	1,702,465	-	1,702,465	-
Michigan justice training	52,207	-	52,207	-
Narcotics forfeiture	548,911	-	548,911	-
Building inspection	1,201,685	-	1,201,685	-
Special projects	810,318	-	810,318	-
Endowment - nonexpendable	879,909	-	879,909	-
Endowment - expendable	169,123	-	169,123	-
Opioid settlement	889,868	-	889,868	-
Loan commitments and lending activity	-	-	-	1,144,134
Unrestricted (deficit)	(97,142,499)	17,628,260	(79,514,239)	(13,163,902)
Total net position	<u>\$ 99,122,569</u>	<u>\$ 104,202,923</u>	<u>\$ 203,325,492</u>	<u>\$ 11,566,061</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, 2025

Functions / Programs	Program Revenues					Net (Expense) Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Primary government							
Governmental activities:							
General government	\$ 10,296,122	\$ 4,626,944	\$ 6,607,997	\$ -	\$ 938,819		
Public safety	33,944,676	2,045,034	727,931	-	(31,171,711)		
Public works	2,908,702	96,812	107,100	-	(2,704,790)		
Highways and streets	20,564,348	15,968	11,566,717	-	(8,981,663)		
Recreation	4,173,375	2,473,110	-	-	(1,700,265)		
Community development	4,264,598	2,507	3,995,555	-	(266,536)		
Interest on long-term debt	1,049,674	-	-	-	(1,049,674)		
Total governmental activities	77,201,495	9,260,375	23,005,300	-	(44,935,820)		
Business-type activities:							
Water and wastewater	31,297,935	35,478,087	858,877	-	5,039,029		
Public transit	4,725,362	234,875	7,861,092	-	3,370,605		
Solid waste collection	4,802,490	4,530,701	3,892	-	(267,897)		
Airport	2,828,065	210,182	1,870,487	-	(747,396)		
Parking	1,716,205	876,076	-	-	(840,129)		
Economic development	941,690	-	705,516	-	(236,174)		
Intermodal facility	162,870	30,502	132,605	-	237		
Total business-type activities	46,474,617	41,360,423	11,432,469	-	6,318,275		
Total primary government	\$ 123,676,112	\$ 50,620,798	\$ 34,437,769	\$ -	\$ (38,617,545)		
Component units							
Community development	\$ 11,228,533	\$ 1,916,741	\$ 3,287,772	\$ 1,270,434	\$ (4,753,586)		

continued...

CITY OF BATTLE CREEK, MICHIGAN

■ Statement of Activities

For the Year Ended June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position				
Net (expense) revenues	\$ (44,935,820)	\$ 6,318,275	\$ (38,617,545)	\$ (4,753,586)
General revenues:				
Property taxes	20,979,948	320,000	21,299,948	7,789,481
Income taxes	20,621,878	-	20,621,878	-
Grants and contributions not restricted to specific programs	15,072,828	-	15,072,828	-
Unrestricted investment earnings	2,958,579	1,668,211	4,626,790	1,123,421
Transfers	(1,889,539)	1,889,539	-	-
Total general revenues and transfers	57,743,694	3,877,750	61,621,444	8,912,902
Change in net position				
	12,807,874	10,196,025	23,003,899	4,159,316
Net position, beginning of year	86,314,695	94,006,898	180,321,593	7,406,745
Net position, end of year	\$ 99,122,569	\$ 104,202,923	\$ 203,325,492	\$ 11,566,061

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, 2025

	General	Major Street and Trunkline Maintenance	Special Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 17,607,063	\$ 3,003,764	\$ -	\$ 16,012,253	\$ 36,623,080
Receivables:					
Accounts, net	2,630,012	2,649	-	257,087	2,889,748
Special assessments	208,987	-	-	136,008	344,995
Due from other governments	1,282,502	1,326,509	1,280,312	1,400,390	5,289,713
Taxes, net	261,666	-	-	-	261,666
Leases, current portion	62,904	17,644	-	34,318	114,866
Leases, long-term portion	297,168	145,325	-	180,096	622,589
Loans, long-term portion	-	-	9,561,693	2,669,582	12,231,275
Inventories	129,400	-	-	-	129,400
Prepaid items	15,940	-	-	-	15,940
Interfund receivable	2,205,611	-	-	-	2,205,611
Total assets	\$ 24,701,253	\$ 4,495,891	\$ 10,842,005	\$ 20,689,734	\$ 60,728,883
Liabilities					
Accounts payable	\$ 3,438,211	\$ 92,556	\$ 280,205	\$ 788,834	\$ 4,599,806
Accrued payroll	3,865,612	11,077	-	9,704	3,886,393
Retentions, deposits and other liabilities	-	-	-	223,646	223,646
Interfund payable	-	-	283,846	816,272	1,100,118
Unearned revenue	30,087	1,962	9,608,093	7,140,972	16,781,114
Total liabilities	7,333,910	105,595	10,172,144	8,979,428	26,591,077
Deferred inflows of resources					
Unavailable revenue:					
Opioid settlement	758,887	-	-	-	758,887
Special assessments	144,897	-	-	136,008	280,905
Income taxes	261,666	-	-	-	261,666
Deferred lease amounts	360,072	162,969	-	214,414	737,455
Total deferred inflows of resources	1,525,522	162,969	-	350,422	2,038,913
Fund balances					
Nonspendable	145,340	-	-	879,909	1,025,249
Restricted	941,299	4,227,327	-	3,674,391	8,843,017
Committed	1,481,092	-	669,861	4,316,061	6,467,014
Assigned	799,823	-	-	2,489,523	3,289,346
Unassigned	12,474,267	-	-	-	12,474,267
Total fund balances	15,841,821	4,227,327	669,861	11,359,884	32,098,893
Total liabilities, deferred inflows of resources and fund balances	\$ 24,701,253	\$ 4,495,891	\$ 10,842,005	\$ 20,689,734	\$ 60,728,883

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, 2025

Fund balances - total governmental funds	\$ 32,098,893
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Amounts reported for *governmental activities* in the statement of net position
are different because:

Capital assets used in governmental activities are not financial resources and therefore
are not reported in the funds.

Capital assets not being depreciated/amortized	6,744,160
Capital assets being depreciated/amortized, net	200,954,400
Less: capital assets being accounted for in internal service funds	(12,405,534)

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	21,771,105
Portion of internal service funds cumulative net operating income attributed to business-type funds	(6,060,043)

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	758,887
Unavailable special assessments	280,905
Unavailable income taxes receivable	261,666

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	439,516
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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, notes and other long-term liabilities	(30,557,317)
Accrued interest on long-term debt	(71,765)
Net pension liability	(82,837,462)
Deferred outflows of resources related to the net pension liability	6,006,021
Deferred inflows of resources related to the net pension liability	(17,828,874)
Net other postemployment benefit liability	(9,509,838)
Deferred outflows of resources related to the net other postemployment benefit liability	238,450
Deferred inflows of resources related to the net other postemployment benefit liability	(8,340,292)
Compensated absences	<u>(2,820,309)</u>

Net position of governmental activities	\$ 99,122,569
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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, 2025

	General	Major Street and Trunkline Maintenance	Special Grants	(Formerly Major Fund) ARPA	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 39,552,506	\$ -	\$ -	\$ 2,126,497	\$ 41,679,003	
Licenses and permits	898,358	-	-	-	-	898,358
Intergovernmental:						
Federal	17,181	-	2,230,962	9,514,921	11,763,064	
State	9,173,139	9,090,732	535,773	2,653,718	21,453,362	
Local	3,323,808	-	-	180,888	3,504,696	
Charges for services	4,041,747	-	-	892,735	4,934,482	
Fines and forfeitures	74,733	-	-	-	74,733	
Investment earnings	1,393,572	175,762	-	965,331	2,534,665	
Contributions	1,350	-	1,218,399	-	1,219,749	
Rents and leases	39,798	24,254	-	43,933	107,985	
Other	1,000,764	66,133	147,828	18,679	1,233,404	
Total revenues	59,516,956	9,356,881	4,132,962		16,396,702	89,403,501
Expenditures						
Current expenditures:						
General government	7,503,354	-	830,511	6,928,326	15,262,191	
Public safety	39,169,160	-	1,202,469	110,992	40,482,621	
Public works	3,614,664	-	-	-	3,614,664	
Highway and streets	-	6,986,172	-	7,690,599	14,676,771	
Recreation	3,630,698	-	-	-	3,630,698	
Community development	874,780	-	2,295,851	2,197,305	5,367,936	
Inspections	-	-	-	1,087,263	1,087,263	
Non-departmental	557,577	-	-	-	557,577	
Debt service:						
Principal	611,842	-	129,968	1,690,000	2,431,810	
Interest and other fiscal charges	10,160	-	7,101	858,031	875,292	
Total expenditures	55,972,235	6,986,172	4,465,900		20,562,516	87,986,823
Revenue over (under) expenditures	3,544,721	2,370,709	(332,938)		(4,165,814)	1,416,678
Other financing sources (uses)						
Issuance of other long-term liabilities	1,053,142	-	-	-	1,053,142	
Transfers in	3,461,518	-	556,906	10,042,713	14,061,137	
Transfers out	(7,671,801)	(2,500,000)	-	(6,057,160)	(16,228,961)	
Total other financing sources (uses)	(3,157,141)	(2,500,000)	556,906		3,985,553	(1,114,682)
Net change in fund balances	387,580	(129,291)	223,968		(180,261)	301,996
Fund balances, beginning of year, as previously reported	15,454,241	4,356,618	445,893	\$ 933,542	10,606,603	31,796,897
Changes within financial reporting entity	-	-	-	(933,542)	933,542	-
Fund balances, beginning of year, as adjusted	15,454,241	4,356,618	445,893	\$ -	11,540,145	31,796,897
Fund balances, end of year	\$ 15,841,821	\$ 4,227,327	\$ 669,861		\$ 11,359,884	\$ 32,098,893

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, 2025

Net change in fund balances - total governmental funds	\$ 301,996
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/amortization expense.	
Acquisition/construction of capital assets	14,233,460
Less: acquisition/construction of capital assets being accounted for in internal service funds	(4,370,844)
Depreciation/amortization expense	(12,540,398)
Less: depreciation/amortization expense being accounted for in internal service funds	2,924,340
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	(45,132)
Change in long-term special assessments receivable	(116,206)
Change in unavailable revenues related to income taxes receivable	(77,177)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position.	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Issuance of other long-term liabilities	(1,053,142)
Principal payments on bonds, notes and other long-term liabilities	2,431,810
Amortization of bond premium	130,573
Amortization of bond discount	(6,169)
Amortization of deferred charge on refunding	(75,228)
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 loss from governmental activities in internal service funds	4,057,833
Less: net operating loss from business-type activities in internal service funds	(1,389,561)
Interest earnings from governmental internal service funds	423,914
Interest expense from governmental internal service funds	(35,218)
Loss on disposal of capital assets from governmental internal service funds	(26,187)
Transfers received in governmental internal service funds	959,614
Transfers made from governmental internal services funds	(681,329)
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	1,070,506
Change in the net pension liability and related deferred amounts	2,528,635
Change in net other postemployment benefit liability and related deferred amounts	3,531,216
Change in the accrual for compensated absences	<u>630,568</u>
Change in net position of governmental activities	<u>\$ 12,807,874</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
City income	\$ 19,680,500	\$ 20,140,900	\$ 20,699,055	\$ 558,155
Real estate	16,131,012	15,933,412	15,758,553	(174,859)
Personal property	2,318,986	2,100,386	2,108,832	8,446
Administration fees	861,751	907,251	908,707	1,456
Other	68,374	68,374	77,359	8,985
 Total taxes	 39,060,623	 39,150,323	 39,552,506	 402,183
 Licenses and permits	 834,175	 834,175	 898,358	 64,183
 Intergovernmental:				
Federal	40,000	40,000	17,181	(22,819)
State	9,281,392	9,233,792	9,173,139	(60,653)
Local	3,018,944	3,018,944	3,323,808	304,864
 Total intergovernmental	 12,340,336	 12,292,736	 12,514,128	 221,392
 Charges for services:				
Recreation	2,585,012	2,474,412	2,421,868	(52,544)
Police services	2,000,000	1,793,000	1,619,879	(173,121)
 Total charges for services	 4,585,012	 4,267,412	 4,041,747	 (225,665)
 Fines and forfeitures	 100,000	 74,000	 74,733	 733
 Investment earnings	 750,000	 1,364,800	 1,393,572	 28,772
 Contributions	 200	 200	 1,350	 1,150
 Rent and leases	 50,000	 40,000	 39,798	 (202)
 Other	 268,700	 855,314	 1,000,764	 145,450
 Total revenues	 57,989,046	 58,878,960	 59,516,956	 637,996

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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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
General government:				
Administration:				
Mayor and city commission	\$ 271,386	\$ 224,023	\$ 189,900	\$ (34,123)
City clerk and elections	1,682,796	792,151	744,796	(47,355)
City manager	1,729,728	1,664,854	1,475,943	(188,911)
Neighborhood code compliance	423,661	438,661	439,180	519
Labor relations	210,297	81,697	77,409	(4,288)
Human resources	651,640	611,790	560,395	(51,395)
Legal department	1,286,066	1,256,711	1,252,148	(4,563)
Civil service	177,869	177,869	116,224	(61,645)
Administrative reimbursements	(2,307,310)	(2,307,310)	(2,310,008)	(2,698)
Total administration	<u>4,126,133</u>	<u>2,940,446</u>	<u>2,545,987</u>	<u>(394,459)</u>
Revenue services:				
Finance	1,382,126	1,544,126	1,517,905	(26,221)
Purchasing	395,337	395,337	386,239	(9,098)
Treasurer's office	489,895	489,895	455,157	(34,738)
Assessing	687,300	692,300	689,274	(3,026)
City hall maintenance	1,095,906	1,190,756	1,129,563	(61,193)
Income tax division	697,587	797,587	779,229	(18,358)
Total revenue services	<u>4,748,151</u>	<u>5,110,001</u>	<u>4,957,367</u>	<u>(152,634)</u>
Total general government	<u>8,874,284</u>	<u>8,050,447</u>	<u>7,503,354</u>	<u>(547,093)</u>
Public safety:				
Police department	25,707,963	24,809,098	24,951,690	142,592
Fire department	14,977,006	14,462,212	13,893,440	(568,772)
Dispatch	322,855	324,055	324,030	(25)
Total public safety	<u>41,007,824</u>	<u>39,595,365</u>	<u>39,169,160</u>	<u>(426,205)</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Public works -				
Street and storm sewers	\$ 3,466,671	\$ 3,890,321	\$ 3,614,664	\$ (275,657)
Recreation	3,315,628	3,815,828	3,630,698	(185,130)
Community development	1,076,150	1,089,080	874,780	(214,300)
Non-departmental:				
Special projects	105,169	134,783	176,508	41,725
AccessVision	257,250	257,250	196,573	(60,677)
Retiree health contributions	147,597	147,597	184,496	36,899
Total non-departmental	510,016	539,630	557,577	17,947
Debt service:				
Principal	230,000	230,000	611,842	381,842
Interest and other fiscal charges	10,160	10,160	10,160	-
Total debt service	240,160	240,160	622,002	381,842
Total expenditures	58,490,733	57,220,831	55,972,235	(1,248,596)
Revenue over (under) expenditures	(501,687)	1,658,129	3,544,721	1,886,592
Other financing sources (uses)				
Issuance of other long-term liabilities	-	-	1,053,142	1,053,142
Transfers in	3,458,000	3,388,024	3,461,518	73,494
Transfers out	(3,505,914)	(5,623,914)	(7,671,801)	2,047,887
Total other financing sources (uses)	(47,914)	(2,235,890)	(3,157,141)	(921,251)
Net change in fund balance	(549,601)	(577,761)	387,580	965,341
Fund balance, beginning of year	15,454,241	15,454,241	15,454,241	-
Fund balance, end of year	\$ 14,904,640	\$ 14,876,480	\$ 15,841,821	\$ 965,341

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 Special Revenue Fund
For the Year Ended June 30, 2025

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental - state	\$ 9,656,072	\$ 9,090,732	\$ (565,340)
Investment earnings	-	175,762	175,762
Rents and leases	24,000	24,254	254
Other	-	66,133	66,133
Total revenues	9,680,072	9,356,881	(323,191)
Expenditures			
Current -			
Highways and streets	<u>11,160,222</u>	<u>6,986,172</u>	<u>(4,174,050)</u>
Revenues over (under) expenditures	(1,480,150)	2,370,709	3,850,859
Other financing uses			
Transfers out	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>-</u>
Net change in fund balance	(3,980,150)	(129,291)	3,850,859
Fund balance, beginning of year	<u>4,356,618</u>	<u>4,356,618</u>	<u>-</u>
Fund balance, end of year	\$ 376,468	\$ 4,227,327	\$ 3,850,859

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 Special Revenue Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal	\$ -	\$ 5,672,843	\$ 2,230,962	\$ (3,441,881)
State	-	2,711,104	535,773	(2,175,331)
Contributions	-	1,405,157	1,218,399	(186,758)
Other	-	45,555	147,828	102,273
Total revenues	-	9,834,659	4,132,962	(5,701,697)
Expenditures				
Current:				
General government	-	3,552,356	830,511	(2,721,845)
Public safety	-	3,352,883	1,202,469	(2,150,414)
Recreation	-	291,632	-	(291,632)
Community development	-	3,689,775	2,295,851	(1,393,924)
Debt service:				
Principal	-	-	129,968	129,968
Interest and other fiscal charges	-	-	7,101	7,101
Total expenditures	-	10,886,646	4,465,900	(6,420,746)
Revenues over (under) expenditures	-	(1,051,987)	(332,938)	719,049
Other financing sources				
Transfers in	-	1,051,987	556,906	(495,081)
Net change in fund balance	-	-	223,968	223,968
Fund balance, beginning of year	445,893	445,893	445,893	-
Fund balance, end of year	\$ 445,893	\$ 445,893	\$ 669,861	\$ 223,968

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2025

	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	\$ 29,211,840	\$ -	\$ 824,509	\$ 4,508,865	\$ 34,545,214	\$ 11,106,081	
Receivables:							
Interest	-	-	-	23,338	23,338	-	
Accounts, net	5,531,262	38,302	102,808	1,492,539	7,164,911	472,317	
Special assessments	552,846	-	-	-	552,846	-	
Due from other governments	-	3,419,844	-	-	3,419,844	-	
Leases, current portion	198,184	-	-	-	198,184	-	
Loans, current portion	-	-	-	110,800	110,800	-	
Inventories	2,665,036	57,093	-	-	2,722,129	552,982	
Prepaid items	-	7,000	-	-	7,000	-	
Total current assets	38,159,168	3,522,239	927,317	6,135,542	48,744,266	12,131,380	
Noncurrent assets:							
Leases receivable	1,399,701	-	-	-	1,399,701	-	
Loans receivable	-	-	-	5,466,660	5,466,660	-	
Capital assets not being depreciated/amortized	15,153,567	66,499	1,915,006	1,505,125	18,640,197	48,823	
Capital assets being depreciated/amortized, net	72,849,637	4,652,728	10,043,125	675,624	88,221,114	12,356,711	
Total noncurrent assets	88,003,204	4,719,227	11,958,131	7,647,409	112,327,971	12,405,534	
Total assets	127,562,073	8,241,466	12,885,448	13,782,951	162,471,938	24,536,914	
Deferred outflows of resources							
Deferred pension amounts	2,432,704	776,757	264,609	34,143	3,508,213	-	
Deferred other postemployment benefit amounts	86,255	24,950	6,772	-	117,977	-	
Total deferred outflows of resources	2,518,959	801,707	271,381	34,143	3,626,190	-	
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	1,817,904	1,448,163	214,015	754,046	4,234,128	412,426	
Retentions, deposits and other liabilities	254,370	-	-	98,937	353,307	-	
Accrued interest payable	72,322	-	-	-	72,322	-	
Interfund payable	-	745,698	-	359,795	1,105,493	-	
Unearned revenue	110,737	202,053	105,808	5,500	424,098	172,187	
Compensated absences, current portion	413,763	63,706	80,276	30,335	588,080	261,264	
Claims payable, current portion	-	-	-	-	-	852,492	
Installment obligations payable, current portion	-	-	-	-	-	18,546	
Subscription liability, current portion	-	-	-	-	-	253,398	
Bonds payable, current portion	963,584	-	-	-	963,584	-	
Total current liabilities	3,632,680	2,459,620	400,099	1,248,613	7,741,012	1,970,313	
Noncurrent liabilities:							
Compensated absences	42,520	6,547	8,250	3,117	60,434	26,849	
Claims payable	-	-	-	-	-	327,092	
Subscription liability	-	-	-	-	-	441,555	
Bonds payable	19,323,064	-	-	-	19,323,064	-	
Net pension liability	20,698,884	6,609,117	2,251,458	290,511	29,849,970	-	
Net other postemployment benefit liability	3,440,030	995,050	270,085	-	4,705,165	-	
Total noncurrent liabilities	43,504,498	7,610,714	2,529,793	293,628	53,938,633	795,496	
Total liabilities	47,137,178	10,070,334	2,929,892	1,542,241	61,679,645	2,765,809	
Deferred inflows of resources							
Deferred lease amounts	1,597,885	-	-	-	1,597,885	-	
Deferred pension amounts	382,222	122,043	41,575	5,365	551,205	-	
Deferred other postemployment benefit amounts	3,016,967	872,677	236,869	-	4,126,513	-	
Total deferred inflows of resources	4,997,074	994,720	278,444	5,365	6,275,603	-	
Net position							
Net investment in capital assets	67,716,556	4,719,227	11,958,131	2,180,749	86,574,663	11,692,035	
Unrestricted (deficit)	10,230,224	(6,741,108)	(2,009,638)	10,088,739	11,568,217	10,079,070	
Total net position (deficit)	\$ 77,946,780	\$ (2,021,881)	\$ 9,948,493	\$ 12,269,488	\$ 98,142,880	\$ 21,771,105	

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

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CITY OF BATTLE CREEK, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2025

Net position - total enterprise funds	\$ 98,142,880
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Amounts reported for *business-type activities* in the statement of net position
are different because:

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

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

Net position of business-type activities	<u>\$ 104,202,923</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	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	\$ 35,478,087	\$ 234,875	\$ 210,182	\$ 5,437,279	\$ 41,360,423	\$ 22,156,573	
Rents and leases	226,880	-	1,515,888	124,105	1,866,873	1,829,000	
Other	583,134	24,263	290,706	152,590	1,050,693	4,981,660	
Total operating revenues	36,288,101	259,138	2,016,776	5,713,974	44,277,989	28,967,233	
Operating expenses							
Personnel services	10,883,313	3,066,795	1,137,447	971,134	16,058,689	4,650,493	
Materials and supplies	2,763,513	510,232	110,787	61,314	3,445,846	2,546,447	
Contractual and other	11,739,559	685,188	883,248	6,231,155	19,539,150	14,788,120	
Depreciation/amortization	6,111,273	582,447	734,080	370,949	7,798,749	2,924,340	
Total operating expenses	31,497,658	4,844,662	2,865,562	7,634,552	46,842,434	24,909,400	
Operating income (loss)	4,790,443	(4,585,524)	(848,786)	(1,920,578)	(2,564,445)	4,057,833	
Nonoperating revenues (expenses)							
Property taxes	-	-	-	320,000	320,000	-	
Intergovernmental subsidies:							
Federal	6,142	4,836,990	-	-	4,843,132	-	
State	42,721	2,828,435	-	435,318	3,306,474	-	
Local	-	171,404	63,893	130,000	365,297	-	
Investment earnings	1,478,951	-	22,305	166,955	1,668,211	423,914	
Interest expense	(767,110)	-	-	-	(767,110)	(35,218)	
Loss on disposal of capital assets	(254,634)	-	-	-	(254,634)	(26,187)	
Total nonoperating revenues (expenses)	506,070	7,836,829	86,198	1,052,273	9,481,370	362,509	
Income (loss) before transfers	5,296,513	3,251,305	(762,588)	(868,305)	6,916,925	4,420,342	
Transfers in	-	338,810	725,000	828,679	1,892,489	959,614	
Transfers out	(2,950)	-	-	-	(2,950)	(681,329)	
Change in net position	5,293,563	3,590,115	(37,588)	(39,626)	8,806,464	4,698,627	
Net position (deficit), beginning of year	72,653,217	(5,611,996)	9,986,081	12,309,114	89,336,416	17,072,478	
Net position (deficit), end of year	\$ 77,946,780	\$ (2,021,881)	\$ 9,948,493	\$ 12,269,488	\$ 98,142,880	\$ 21,771,105	

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, 2025

Change in net position - total enterprise funds	\$ 8,806,464
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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 loss
of the internal service funds are allocated to governmental and business-type activities.

1,389,561

Change in net position of business-type activities	<u>\$ 10,196,025</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, 2025

	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	\$ 36,048,802	\$ 1,859,738	\$ 1,971,131	\$ 5,537,707	\$ 45,417,378	\$ -
Loans collected from borrowers	-	-	-	722,973	722,973	-
Receipts from interfund services	-	-	-	-	-	28,967,233
Payments to suppliers and contractors	(16,057,552)	(1,301,087)	(932,924)	(6,340,656)	(24,632,219)	(17,319,414)
Payments to employees	(12,721,639)	(3,518,211)	(1,292,037)	(1,198,900)	(18,730,787)	(4,630,673)
Receipts for interfund services	1,221,467	119,300	37,497	11,297	1,389,561	-
Net cash provided by (used in) operating activities	8,491,078	(2,840,260)	(216,333)	(1,267,579)	4,166,906	7,017,146
Cash flows from noncapital financing activities						
Transfers in	-	338,810	725,000	828,679	1,892,489	959,614
Transfers out	(2,950)	-	-	-	(2,950)	(681,329)
Property taxes	-	-	-	320,000	320,000	-
Intergovernmental subsidies	48,863	6,477,713	63,893	565,318	7,155,787	-
Net cash provided by noncapital financing activities	45,913	6,816,523	788,893	1,713,997	9,365,326	278,285
Cash flows from capital and related financing activities						
Principal and interest paid on debt	(1,713,578)	-	-	-	(1,713,578)	-
Principal paid on installment obligations payable	-	-	-	-	-	(31,027)
Principal and interest paid on subscription liability	-	-	-	-	-	(277,271)
Purchase of capital assets	(10,608,755)	(3,976,263)	(795,001)	-	(15,380,019)	(4,370,844)
Net cash used in capital and related financing activities	(12,322,333)	(3,976,263)	(795,001)	-	(17,093,597)	(4,679,142)
Cash flows from investing activities						
Investment earnings	1,478,951	-	37,724	166,391	1,683,066	509,362
Net change in pooled cash and investments	(2,306,391)	-	(184,717)	612,809	(1,878,299)	3,125,651
Pooled cash and investments, beginning of year	31,518,231	-	1,009,226	3,896,056	36,423,513	7,980,430
Pooled cash and investments, end of year	\$ 29,211,840	\$ -	\$ 824,509	\$ 4,508,865	\$ 34,545,214	\$ 11,106,081

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	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)	\$ 4,790,443	\$ (4,585,524)	\$ (848,786)	\$ (1,920,578)	\$ (2,564,445)	\$ 4,057,833	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation/amortization	6,111,273	582,447	734,080	370,949	7,798,749	2,924,340	
Changes in assets and liabilities:							
Accounts receivable	(209,813)	17,528	(58,368)	(176,267)	(426,920)	49,574	
Special assessments receivable	(17,371)	-	-	-	(17,371)	-	
Due from other governments	9,288	-	-	-	9,288	-	
Leases receivable	229,246	-	-	-	229,246	-	
Loans receivable	-	-	-	722,973	722,973	-	
Inventories	(400,425)	48,843	-	-	(351,582)	16,920	
Prepaid items	-	(2,725)	-	-	(2,725)	250	
Accounts payable and accrued liabilities	63,127	1,387,572	98,608	20,544	1,569,851	(104,464)	
Retentions, deposits and other liabilities	4,285	-	-	(319)	3,966	-	
Compensated absences	(196,354)	(14,430)	(14,644)	(38,091)	(263,519)	19,820	
Claims payable	-	-	-	-	-	26,805	
Interfund payable	-	16,434	-	(241,674)	(225,240)	-	
Unearned revenue	(21,403)	195,500	12,723	-	186,820	26,068	
Deferred lease amounts	(229,246)	-	-	-	(229,246)	-	
Net pension liability	(1,236,939)	(394,953)	(134,544)	(17,360)	(1,783,796)	-	
Deferred outflows related to the net pension liability	531,169	169,602	57,778	7,455	766,004	-	
Deferred inflows related to the net pension liability	341,158	108,931	37,109	4,789	491,987	-	
Net other postemployment benefit liability	(757,393)	(219,081)	(59,465)	-	(1,035,939)	-	
Deferred outflows related to the net other postemployment benefit liability	391,132	113,137	30,709	-	534,978	-	
Deferred inflows related to the net other postemployment benefit liability	(911,099)	(263,541)	(71,533)	-	(1,246,173)	-	
Net cash provided by (used in) operating activities	\$ 8,491,078	\$ (2,840,260)	\$ (216,333)	\$ (1,267,579)	\$ 4,166,906	\$ 7,017,146	
Noncash capital and related financing activities							
Transfer of capital assets	\$ -	\$ (78,750)	\$ -	\$ 78,750	\$ -	\$ -	

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, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Assets		
Pooled cash and investments	\$ -	\$ 765,553
Cash and cash equivalents	2,335,573	-
Investments:		
Fixed income:		
Corporate bonds	10,404,089	-
Foreign bonds	1,504,451	-
U.S. government securities	21,111,180	-
Asset backed securities	1,512,163	-
Collateralized mortgage obligations	2,744,328	-
Mortgage backed securities	8,830,463	-
Mutual funds	151,825,798	-
MERS total market portfolio	11,552,417	-
Interest receivable	417,290	-
Pension contributions receivable	1,230,110	-
Delinquent taxes receivable	-	543,132
 Total assets	 213,467,862	 1,308,685
 Liabilities		
Due to other governments	242,836	-
Undistributed receipts	-	1,073,037
 Total liabilities	 242,836	 1,073,037
 Net position		
Restricted for:		
Pension	201,672,609	-
Other postemployment healthcare benefits	11,552,417	-
Individuals, organizations, and other governments	-	235,648
 Total net position	 \$ 213,225,026	 \$ 235,648

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, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Additions		
Investment income:		
Net change in fair value of investments	\$ 16,809,269	\$ -
Interest and dividends	5,288,301	-
Less investment expenses	(142,028)	-
	<hr/>	<hr/>
Total net investment income	<hr/>	-
	21,955,542	<hr/>
Contributions:		
Employer	7,971,978	-
Employee	2,563,860	-
	<hr/>	<hr/>
Total contributions	<hr/>	-
	10,535,838	<hr/>
Fire insurance collections	-	92,910
Taxes collected for other governments	-	88,184,029
	<hr/>	<hr/>
Total additions	<hr/>	88,276,939
Deductions		
Benefit payments and refunds	15,449,122	-
Administrative expenses	244,480	-
Fire insurance distributions	-	66,065
Payments of taxes to other governments	-	88,184,029
	<hr/>	<hr/>
Total deductions	<hr/>	88,250,094
Change in net position	16,797,778	26,845
Net position, beginning of year	<hr/>	<hr/>
	196,427,248	208,803
Net position, end of year	<u>\$ 213,225,026</u>	<u>\$ 235,648</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, 2025

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Assets				
Pooled cash and investments	\$ 3,781,730	\$ 1,577,886	\$ 7,805,103	\$ 2,300,145
Receivables, net	74,253	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Leases receivable:				
Due within one year	-	22,322	26,692	-
Due in more than one year	-	72,249	56,454	-
Loans receivable:				
Due within one year	254,275	-	-	-
Due in more than one year	91,027	-	2,608,113	-
Capital assets not being depreciated	-	-	14,291,356	-
Capital assets being depreciated, net	-	-	9,285,571	-
Total assets	<u>4,201,285</u>	<u>1,672,457</u>	<u>34,073,289</u>	<u>2,300,145</u>
Deferred outflows of resources				
Deferred charge on refunding	<u>602,648</u>	<u>-</u>	<u>16,933</u>	<u>-</u>
Liabilities				
Accounts payable and accrued liabilities	15,507	1,046,396	2,808,466	247,144
Accrued interest payable	127,117	-	11,203	-
Unearned revenue	900	-	-	-
Long-term liabilities:				
Due within one year	1,970,000	-	570,000	-
Due in more than one year	<u>18,530,000</u>	<u>-</u>	<u>3,540,000</u>	<u>1,708,113</u>
Total liabilities	<u>20,643,524</u>	<u>1,046,396</u>	<u>6,929,669</u>	<u>1,955,257</u>
Deferred inflows of resources				
Deferred lease amounts	<u>-</u>	<u>94,571</u>	<u>83,146</u>	<u>-</u>
Net position				
Investment in capital assets	-	-	23,576,927	-
Restricted for loan commitments and lending activity	1,144,134	-	-	-
Unrestricted (deficit)	<u>(16,983,725)</u>	<u>531,490</u>	<u>3,500,480</u>	<u>344,888</u>
Total net position (deficit)	<u>\$ (15,839,591)</u>	<u>\$ 531,490</u>	<u>\$ 27,077,407</u>	<u>\$ 344,888</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Component Units

June 30, 2025

	Local Development Finance Authority	Cereal City Development Corporation	Total
Assets			
Pooled cash and investments	\$ 283,712	\$ 150,816	\$ 15,899,392
Receivables, net	-	63,161	137,414
Inventories	-	13,203	13,203
Prepaid items	-	44,670	44,670
Leases receivable:			
Due within one year	-	-	49,014
Due in more than one year	-	-	128,703
Loans receivable:			
Due within one year	-	-	254,275
Due in more than one year	-	-	2,699,140
Capital assets not being depreciated	-	-	14,291,356
Capital assets being depreciated, net	-	8,902	9,294,473
Total assets	283,712	280,752	42,811,640
Deferred outflows of resources			
Deferred charge on refunding	-	-	619,581
Liabilities			
Accounts payable and accrued liabilities	60,210	89,177	4,266,900
Accrued interest payable	-	-	138,320
Unearned revenue	-	63,210	64,110
Long-term liabilities:			
Due within one year	-	-	2,540,000
Due in more than one year	900,000	-	24,678,113
Total liabilities	960,210	152,387	31,687,443
Deferred inflows of resources			
Deferred lease amounts	-	-	177,717
Net position			
Investment in capital assets	-	8,902	23,585,829
Restricted for loan commitments and lending activity	-	-	1,144,134
Unrestricted (deficit)	(676,498)	119,463	(13,163,902)
Total net position (deficit)	\$ (676,498)	\$ 128,365	\$ 11,566,061

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, 2025

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Expenses				
Community development	\$ 3,052,052	\$ 2,890,536	\$ 3,005,887	\$ 330,533
Program revenues				
Charges for services	35,572	25,000	573,455	-
Operating grants and contributions	2,748,816	-	-	86,819
Capital grants and contributions	-	-	1,270,434	-
Total program revenues	2,784,388	25,000	1,843,889	86,819
Net program expenses	(267,664)	(2,865,536)	(1,161,998)	(243,714)
General revenues				
Property taxes	2,208,511	3,069,853	1,364,839	728,371
Unrestricted investment earnings	405,020	108,830	429,554	144,478
Total general revenues	2,613,531	3,178,683	1,794,393	872,849
Change in net position	2,345,867	313,147	632,395	629,135
Net position (deficit), beginning of year	(18,185,458)	218,343	26,445,012	(284,247)
Net position (deficit), end of year	\$ (15,839,591)	\$ 531,490	\$ 27,077,407	\$ 344,888

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended June 30, 2025

	Local Development Finance Authority	Cereal City Development Corporation	Total
Expenses			
Community development	\$ 129,626	\$ 1,819,899	\$ 11,228,533
Program revenues			
Charges for services	-	1,282,714	1,916,741
Operating grants and contributions	-	452,137	3,287,772
Capital grants and contributions	-	-	1,270,434
Total program revenues	-	1,734,851	6,474,947
Net program expenses	(129,626)	(85,048)	(4,753,586)
General revenues			
Property taxes	417,907	-	7,789,481
Unrestricted investment earnings	35,539	-	1,123,421
Total general revenues	453,446	-	8,912,902
Change in net position	323,820	(85,048)	4,159,316
Net position (deficit), beginning of year	(1,000,318)	213,413	7,406,745
Net position (deficit), end of year	<u>\$ (676,498)</u>	<u>\$ 128,365</u>	<u>\$ 11,566,061</u>

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. This fund is used to account for 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 leases, if any, are reported as other financing sources.

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

Deposits and Investments

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

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

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

Receivables and Payables

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

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

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

Leases Receivable

The City is a lessor for several noncancelable leases related to 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.

Subscription-Based Information Technology Arrangements (SBITA)

The City has noncancelable subscription-based information technology arrangements. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

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

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

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 City 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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.

Capital assets of the primary government are depreciated/amortized 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

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

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - compensatory, vacation, and sick. The liability for compensated absences is reported as incurred in the government-wide 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 and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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 (revenue) until that time. The governmental funds report unavailable revenues, which arise only under the modified accrual basis of accounting, from opioid settlement, special assessments and income taxes. 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.

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 City incurs expenditures for purposes for which various fund balance classifications can be used, it is the City'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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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.

Formal budgetary integration is employed as a management control during the year. Supplemental appropriations were approved by the City Commission in the form of budget amendment resolutions or as part of special authorizing motions for grants.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

During the year ended June 30, 2025, 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 -			
Neighborhood code compliance	\$ 438,661	\$ 439,180	\$ 519
Public safety -			
Police department	24,809,098	24,951,690	142,592
Non-departmental:			
Special projects	134,783	176,508	41,725
Retiree health contributions	147,597	184,496	36,899
Debt service -			
Principal	230,000	611,842	381,842
Transfers out	5,623,914	7,671,801	2,047,887
Special grants fund			
Debt service:			
Principal	-	129,968	129,968
Interest and other fiscal charges	-	7,101	7,101
ARPA fund			
Transfers out	4,083,000	5,341,787	1,258,787

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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, 2025:

	Primary Government	Component Units	Total
Statement of net position			
Pooled cash and investments	\$ 82,274,375	\$ 15,899,392	\$ 98,173,767
Statement of fiduciary net position			
Pooled cash and investments -			
Custodial funds	765,553	-	765,553
Cash and cash equivalents - pension	2,335,573	-	2,335,573
Investments	<u>209,484,889</u>	-	<u>209,484,889</u>
Total	<u>\$ 294,860,390</u>	<u>\$ 15,899,392</u>	<u>\$ 310,759,782</u>
Deposits and investments:			
Bank deposits:			
Checking and savings		\$ 7,113,115	
Certificates of deposit		258,283	
Portfolio cash - pension		2,335,573	
Investments in securities, mutual funds and similar vehicles:			
Pool	91,064,463		
Pension	197,932,472		
Other postemployment benefits	11,552,417		
Cash on deposit with third party	488,254		
Cash on hand	<u>15,205</u>		
Total	<u>\$ 310,759,782</u>		

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, 2025, \$6,509,230 of the City's total bank balance of \$7,168,329 (total book balance was \$7,371,398) 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk – Investments. Following is a summary of the City's pooled investments as of June 30, 2025:

U.S. treasury notes, bonds, and bills	\$ 36,949,206
U.S. agencies	16,073,199
Commercial paper	1,435,095
Money market funds	<u>36,606,963</u>
Total investments	<u>\$ 91,064,463</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, 2025, 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. Statutes and various bond indentures authorized the City to invest in obligations of the U.S. treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously.

The City's investments were rated by Standard & Poor's (S&P) and Moody's as follows:

Rating		Amount
S&P	Moody's	
AA+	Aa1	\$ 52,197,079
AA+	Not rated	825,326
A1	P1	<u>1,435,095</u>
		<u><u>\$ 54,457,500</u></u>

Concentration of Credit Risk. At June 30, 2025, the investment portfolio was concentrated as follows:

		% of portfolio
U.S. agencies		
Federal Farm Credit Banks		19.1%
Federal Home Loan Bank		5.7%

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of June 30, 2025, maturities of the City's investments in the debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. treasury notes, bonds, and bills	\$ 36,949,206	\$ 4,251,281	\$ 32,697,925	\$ -	\$ -
U.S. agencies	16,073,199	5,865,239	9,382,634	50,775	774,551
Commercial paper	1,435,095	1,435,095	-	-	-
	<u>\$ 54,457,500</u>	<u>\$ 11,551,615</u>	<u>\$ 42,080,559</u>	<u>\$ 50,775</u>	<u>\$ 774,551</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, 2025 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 commercial paper 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.

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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	\$ 10,404,089
Foreign bonds	1,504,451
U.S. government securities	21,111,180
Asset backed securities	1,512,163
Collateralized mortgage obligations	2,744,328
Mortgage backed securities	<u>8,830,463</u>
	<u>46,106,674</u>
 Mutual funds	 <u>151,825,798</u>
 Total investments	 <u>\$ 197,932,472</u>

In addition to the above, the System and the other employee benefits trust funds had short-term investments of \$2,335,573 held in money market accounts as of June 30, 2025. Also, the other postemployment benefit plan trust fund had \$11,552,417 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 fixed income securities were rated by Moody's as follows:

Rating	
Aaa	\$ 13,432,942
Aa1	70,393
A1	482,329
A2	45,063
A3	191,364
Baa1 and below	1,598,422
Not rated	<u>30,286,161</u>
 Totals	 <u>\$ 46,106,674</u>

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Concentration of Credit Risk. At June 30, 2025, the System's investment portfolio was concentrated as follows:

	% of portfolio
Fidelity - mutual funds	40.4%
John Hancock - mutual funds	8.7%
Europac growth - mutual funds	8.1%
United States Treasury	7.0%
PIMCO - mutual funds	6.9%

Interest Rate Risk. As of June 30, 2025, 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	\$ 10,404,089	\$ 284,494	\$ 5,049,867	\$ 3,680,396	\$ 1,389,332
Foreign bonds	1,504,451	75,209	880,482	504,535	44,225
U.S. government securities	21,111,180	-	12,075,553	2,136,678	6,898,949
Asset backed securities	1,512,163	-	1,350,428	161,735	-
Collateralized mortgage obligations	2,744,328	-	-	127,031	2,617,297
Mortgage backed securities	<u>8,830,463</u>	<u>-</u>	<u>384,089</u>	<u>60,123</u>	<u>8,386,251</u>
	<u><u>\$ 46,106,674</u></u>	<u><u>\$ 359,703</u></u>	<u><u>\$ 19,740,419</u></u>	<u><u>\$ 6,670,498</u></u>	<u><u>\$ 19,336,054</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, 2025, the actual weighted average maturity was 13.07 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 \$1,504,451; 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, 2025, the annual money-weighted rate of return on plan investments, net of investment expenses, was 11.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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, 2025:

	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	\$ -	\$ 10,404,089	\$ -	\$ 10,404,089
Foreign bonds	-	1,504,451	-	1,504,451
U.S. government securities	21,111,180	-	-	21,111,180
Asset backed securities	-	1,512,163	-	1,512,163
Collateralized mortgage obligations	-	2,744,328	-	2,744,328
Mortgage backed securities	-	8,830,463	-	8,830,463
Mutual funds	<u>151,825,798</u>	<u>-</u>	<u>-</u>	<u>151,825,798</u>
	<u>\$ 172,936,978</u>	<u>\$ 24,995,494</u>	<u>\$ -</u>	<u>\$ 197,932,472</u>

The City's recurring fair value measurements as of June 30, 2025 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, 2025 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	\$ -	\$ 23,338
Accounts	3,398,415	9,084,897
Special assessments, due within one year	344,995	552,846
Due from other governments	5,289,713	3,419,844
Taxes	1,226,666	-
Leases, due within one year	114,866	198,184
Loans, due within a year	-	110,800
Allowance for uncollectible accounts	(1,001,350)	(1,919,986)
Subtotal	9,373,305	11,469,923
Leases, long-term portion	622,589	1,399,701
Loans, long-term portion	12,231,275	5,466,660
	<u>\$ 22,227,169</u>	<u>\$ 18,336,284</u>

At year end, the City's governmental activities reported accounts receivable of \$3,398,415 of which \$673,573 is not expected to be collected in one year.

7. LEASES

The City and its component units are involved in 25 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, 2025 was \$409,647.

Asset Type	Remaining Term of Agreements
Buildings	4 years
Billboard	4 years
Baseball stadium	7 years
Cell towers	4-13 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 six 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.

Remaining Terms of Agreements		
Asset Type	Year Ended June 30,	Amount
Land	12-50 years	
Buildings	5-20 years	
Minimum future rentals under such noncancelable regulated lease agreements as of June 30, 2025 are as follows:		
	Year Ended June 30,	Amount
	2026	\$ 1,535,443
	2027	1,715,753
	2028	1,738,011
	2029	1,760,937
	2030	1,330,051
	2031-2035	6,452,989
	2036-2040	5,617,677
	2041-2045	3,480,380
	2046-2050	2,809,186
	2051-2055	3,256,616
	2056-2060	3,775,310
	2061-2065	4,376,620
	2066-2070	5,073,702
	2071-2075	<u>5,881,811</u>
		<u>\$ 48,804,486</u>

The Airport recognized \$1,225,014 of rental income for the year ended June 30, 2025.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in three arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. The arrangements qualify as an intangible, right-to-use subscription asset as the City has the control of the right to use another party's IT software and the noncancelable term of the arrangements surpass one year.

Asset Type	Remaining Term of Arrangements	
Subscription assets	1-4 years	
The right-to-use asset and the related activity are included in Note 9, Capital Assets. The subscription liability and related activity are presented in Note 12, Bonds, Notes, and Other Long-term Liabilities.		
The net present value of future minimum payments as of June 30, 2025, were as follows:		
Year Ended June 30,	Principal	Interest
2026	\$ 443,360	\$ 69,779
2027	415,750	49,764
2028	434,699	30,815
2029	<u>219,904</u>	<u>10,995</u>
Total	<u>\$ 1,513,713</u>	<u>\$ 161,353</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

9. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated/amortized:					
Land	\$ 2,339,211	\$ -	\$ -	\$ -	\$ 2,339,211
Construction in progress	2,876,522	4,244,322	-	(2,715,895)	4,404,949
	<u>5,215,733</u>	<u>4,244,322</u>	<u>-</u>	<u>(2,715,895)</u>	<u>6,744,160</u>
Capital assets being depreciated/amortized:					
Land improvements	26,462,553	1,068	-	1,330,673	27,794,294
Buildings	77,012,290	986,822	-	1,385,222	79,384,334
Vehicles	26,401,582	4,121,157	(999,938)	-	29,522,801
Equipment	30,853,861	624,052	(63,707)	-	31,414,206
Infrastructure	315,591,123	3,202,897	-	-	318,794,020
Subscription assets (Note 8)	1,241,825	1,053,142	-	-	2,294,967
	<u>477,563,234</u>	<u>9,989,138</u>	<u>(1,063,645)</u>	<u>2,715,895</u>	<u>489,204,622</u>
Less accumulated depreciation/amortization for:					
Land improvements	(22,092,880)	(830,992)	-	-	(22,923,872)
Buildings	(41,383,740)	(1,510,731)	-	-	(42,894,471)
Vehicles	(16,493,762)	(2,504,093)	984,492	-	(18,013,363)
Equipment	(27,541,790)	(848,946)	52,966	-	(28,337,770)
Infrastructure	(169,218,310)	(6,343,851)	-	-	(175,562,161)
Subscription assets (Note 8)	(16,800)	(501,785)	-	-	(518,585)
	<u>(276,747,282)</u>	<u>(12,540,398)</u>	<u>1,037,458</u>	<u>-</u>	<u>(288,250,222)</u>
Total capital assets being depreciated/amortized, net					
	<u>200,815,952</u>	<u>(2,551,260)</u>	<u>(26,187)</u>	<u>2,715,895</u>	<u>200,954,400</u>
Governmental activities capital assets, net					
	<u>\$ 206,031,685</u>	<u>\$ 1,693,062</u>	<u>\$ (26,187)</u>	<u>\$ -</u>	<u>\$ 207,698,560</u>

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

Governmental activities:	
General government	\$ 650,202
Public safety	1,327,458
Public works, including depreciation of general infrastructure assets	6,867,727
Recreation	770,671
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>2,924,340</u>
Total depreciation/amortization expense - governmental activities	\$ 12,540,398

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	12,206,132	9,361,565	(254,634)	(6,233,320)	15,079,743
	<u>15,766,586</u>	<u>9,361,565</u>	<u>(254,634)</u>	<u>(6,233,320)</u>	<u>18,640,197</u>
Capital assets being depreciated:					
Land improvements	6,964,812	-	-	-	6,964,812
Buildings	97,327,315	1,019,830	-	392,383	98,739,528
Vehicles	3,628,443	4,143,491	(45,210)	-	7,726,724
Equipment	14,467,528	113,204	-	-	14,580,732
Systems	213,827,984	741,929	(601,058)	5,840,937	219,809,792
	<u>336,216,082</u>	<u>6,018,454</u>	<u>(646,268)</u>	<u>6,233,320</u>	<u>347,821,588</u>
Less accumulated depreciation for:					
Land improvements	(5,655,502)	(98,030)	-	-	(5,753,532)
Buildings	(65,086,428)	(1,932,174)	-	-	(67,018,602)
Vehicles	(2,788,535)	(476,080)	45,210	-	(3,219,405)
Equipment	(13,664,302)	(194,557)	-	-	(13,858,859)
Systems	(165,253,226)	(5,097,908)	601,058	-	(169,750,076)
	<u>(252,447,993)</u>	<u>(7,798,749)</u>	<u>646,268</u>	<u>-</u>	<u>(259,600,474)</u>
Total capital assets being depreciated, net	<u>83,768,089</u>	<u>(1,780,295)</u>	<u>-</u>	<u>6,233,320</u>	<u>88,221,114</u>
Business-type activities					
capital assets, net	\$ 99,534,675	\$ 7,581,270	\$ (254,634)	\$ -	\$ 106,861,311
Business-type activities:					
Wastewater				\$ 4,433,030	
Water				1,678,243	
Public transit				582,447	
Airport				734,080	
Parking				330,475	
Intermodal facility				<u>40,474</u>	
Total depreciation expense - business-type activities				\$ 7,798,749	

At June 30, 2025, the City had outstanding commitments through construction contracts of approximately \$28.1 million in relation to the various building, street and equipment improvements.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - TIFA					
Capital assets not being depreciated:					
Land	\$ 12,954,051	\$ -	\$ -	\$ -	\$ 12,954,051
Construction in progress	1,328,806	57,224	-	(48,725)	1,337,305
	<u>14,282,857</u>	<u>57,224</u>	<u>-</u>	<u>(48,725)</u>	<u>14,291,356</u>
Capital assets being depreciated:					
Land improvements	10,641,428	-	-	48,725	10,690,153
Equipment	388,323	-	-	-	388,323
	<u>11,029,751</u>	<u>-</u>	<u>-</u>	<u>48,725</u>	<u>11,078,476</u>
Less accumulated depreciation for:					
Land improvements	(1,194,346)	(215,130)	-	-	(1,409,476)
Equipment	(373,641)	(9,788)	-	-	(383,429)
	<u>(1,567,987)</u>	<u>(224,918)</u>	<u>-</u>	<u>-</u>	<u>(1,792,905)</u>
Total capital assets being depreciated, net	9,461,764	(224,918)	-	48,725	9,285,571
TIFA capital assets, net	\$ 23,744,621	\$ (167,694)	\$ -	\$ -	\$ 23,576,927
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - CCDC					
Capital assets being depreciated -					
Equipment	\$ 58,234	\$ -	\$ -	\$ -	\$ 58,234
Less accumulated depreciation for -					
Equipment	(43,169)	(6,163)	-	-	(49,332)
CCDC capital assets, net	\$ 15,065	\$ (6,163)	\$ -	\$ -	\$ 8,902

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

10. 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	\$ 5,012,232	\$ 4,234,128
Accrued interest payable	71,765	72,322
Accrued payroll	3,886,393	-
Retentions, deposits and other liabilities	223,646	353,307
Claims payable, current portion	852,492	-
Claims payable, long-term portion	<u>327,092</u>	<u>-</u>
	<u>\$ 10,373,620</u>	<u>\$ 4,659,757</u>

11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2025, 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	\$ 283,846	\$ 816,272	\$ 745,698	\$ 359,795	\$ 2,205,611	

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, 2025, interfund transfers consisted of the following:

Transfers Out	Transfers In				
	General Fund	Special Grants Fund	Nonmajor Governmental Funds	Battle Creek Transit System	Battle Creek Executive Airport / FAA
General fund	\$ -	\$ 496,326	\$ 5,411,665	\$ 338,810	\$ 725,000
Major street and trunkline maintenance fund	-	-	2,500,000	-	-
Nonmajor governmental funds	3,461,518	57,630	1,678,398	-	-
Water and wastewater fund	-	2,950	-	-	-
Internal service funds	-	-	452,650	-	-
	<u>\$ 3,461,518</u>	<u>\$ 556,906</u>	<u>\$ 10,042,713</u>	<u>\$ 338,810</u>	<u>\$ 725,000</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Transfers Out	Transfers In		
	Nonmajor Enterprise Funds	Internal Service Funds	Total
General fund	\$ -	\$ 700,000	\$ 7,671,801
Major street and trunkline maintenance fund	-	-	2,500,000
Nonmajor governmental funds	625,000	234,614	6,057,160
Water and wastewater fund	-	-	2,950
Internal service funds	203,679	25,000	681,329
	<u>\$ 828,679</u>	<u>\$ 959,614</u>	<u>\$ 16,913,240</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 between the general fund and the nonmajor governmental funds and from the nonmajor governmental funds and major street and trunkline maintenance fund to the nonmajor governmental funds for various projects, initiatives and debt service.

12. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

General obligation bonds. The City 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				
2011 building authority limited tax refunding	2026	3.000% - 4.125%	6,725,000	\$ 440,000
2016 capital improvement - refunding	2033	2.500% - 4.000%	12,605,000	7,155,000
2016 general obligation limited tax bonds	2042	4.000% - 5.000%	15,265,000	<u>11,845,000</u>
Total governmental activities				<u>\$ 19,440,000</u>
Discretely presented component units				
2021 tax increment - refunding airport	2029	1.350%	\$ 1,765,000	\$ 1,030,000
2022 tax increment - refunding airport hangar	2030	1.500%	1,560,000	935,000
2022 tax increment - airport hangar	2037	4.980%	2,500,000	<u>2,145,000</u>
Total component units				<u>\$ 4,110,000</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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		
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	1,465,000	625,219	605,000	93,147		
2030	1,530,000	559,969	360,000	80,862		
2031-2035	6,225,000	1,890,319	950,000	258,960		
2036-2040	3,895,000	951,725	450,000	33,864		
2041-2042	1,845,000	93,375	-	-		
	<u>\$ 19,440,000</u>	<u>\$ 6,307,500</u>	<u>\$ 4,110,000</u>	<u>\$ 826,386</u>		

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	\$ 4,945,000
2016B water and wastewater system	2036	1.660% - 4.460%	8,890,000	4,985,000
2023 water and wastewater system	2043	4.000% - 5.000%	10,000,000	<u>9,770,000</u>
Total business-type activities				<u>\$ 19,700,000</u>
Discretely presented component units				
2017 downtown development refunding	2034	2.836% - 3.984%	\$ 22,260,000	<u>\$ 20,500,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activities			Component Units		
	Principal	Interest	Principal	Interest		
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	990,000	742,903	2,180,000	552,402		
2030	1,020,000	698,155	2,260,000	473,181		
2031-2035	5,600,000	2,743,572	9,940,000	996,765		
2036-2040	5,555,000	1,439,451	-	-		
2041-2043	3,715,000	310,613	-	-		
	<u>\$ 19,700,000</u>	<u>\$ 8,416,566</u>	<u>\$ 20,500,000</u>	<u>\$ 4,109,043</u>		

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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 20% of net revenues. The total principal and interest remaining to be paid on the bonds is \$28,116,566. Principal and interest paid for the current year and total customer net revenues were \$1,797,467 and \$10,950,579, respectively.

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

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
2021 city hall copiers	2026	2.500%	149,882	\$ <u>18,546</u>

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2026	\$ <u>18,546</u>	\$ <u>229</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, 2025, 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, 2025, a total of \$2,749,862 had been drawn on the authorized amount and \$1,708,113 of this amount 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 3% 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, 2025, \$900,000 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	\$ 1,708,113
Local development finance loan	n/a	3.000%	1,700,000	<u>900,000</u>
Total component units				
				<u>\$ 2,608,113</u>

Notes from direct borrowings and direct placements - promissory note. During the year ended June 30, 2019, the City entered into a promissory note with the W.K. Kellogg Foundation (WKKF) to borrow up to \$9,200,000 to fund the redevelopment of the Milton Building. Proceeds received under the WKKF promissory note were passed through to Heritage Tower, LLC to finance the redevelopment project. Concurrently, during the year ended June 30, 2019, the City entered into promissory note agreements with Heritage Tower, LLC for the repayment of the redevelopment funds advanced by the City. These agreements are recorded as receivables in the City's financial statements.

Under the terms of the WKKF promissory note, the parties intend that the City will repay interest and principal on the loan exclusively from proceeds actually received by the City from its investment in the project, including returns of principal, interest, released reserves or collateral, and other related amounts. The WKKF promissory note does not require repayment from the City's general revenues or taxing power. The City's corresponding agreements with Heritage Tower, LLC include a promissory note in the amount of \$833,333, bearing interest at 1%, payable on an amortization basis. The remaining amounts advanced to Heritage Tower, LLC are repayable to the City based on the project's cash flow and/or upon a sale or refinancing event, pursuant to a percentage-based formula. Under these agreements, the City is entitled to receive 29.0704% of available cash flow proceeds and 13.5875% of proceeds from a sale or refinancing event. Amounts received by the City under these agreements are intended to be passed through to WKKF in satisfaction of the City's obligations under the WKKF promissory note. The portion of the promissory note that is based on future cash flows is recorded as a long-term liability.

As of June 30, 2025, the City had drawn a total of \$9,045,963 of the authorized borrowing under the WKKF promissory note. The outstanding balance of the WKKF promissory note, and the corresponding receivable recorded by the City related to the Heritage Tower, LLC agreements, was \$8,915,995.

	Year of Maturity	Interest Rate	Original Amount	Amount
Governmental Activities				
2019 W.K. Kellogg Foundation note (amortization basis)	2029	1.00%	\$ 833,333	\$ 696,553
2019 W.K. Kellogg Foundation note (dependent on future cash flows)	2032	n/a	8,366,667	<u>8,219,442</u>
				<u>\$ 8,915,995</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for the promissory note portion that will be paid on an amortization are as follows:

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 25,314	\$ 6,850
2027	25,569	6,595
2028	25,825	6,339
2029	<u>619,845</u>	<u>2,565</u>
	<u><u>\$ 696,553</u></u>	<u><u>\$ 22,349</u></u>

Changes in bonds, notes and other long-term liabilities. Bonds, notes and other long-term liability activity for fiscal year 2025 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 21,360,000	\$ -	\$ (1,920,000)	\$ 19,440,000	\$ 1,735,000
Notes from direct borrowings and direct placements:					
Installment obligations	197,033	-	(178,487)	18,546	18,546
Promissory note	9,045,963	-	(129,968)	8,915,995	25,314
Subscription liability (Note 8)	937,006	1,053,142	(476,435)	1,513,713	443,360
Compensated absences*	3,719,168	-	(610,746)	3,108,422	2,818,755
Deferred amounts:					
For issuance premiums	1,562,493	-	(130,573)	1,431,920	130,573
For issuance discounts	(55,527)	-	6,169	(49,358)	(6,169)
Total governmental activities	<u>\$ 36,766,136</u>	<u>\$ 1,053,142</u>	<u>\$ (3,440,040)</u>	<u>\$ 34,379,238</u>	<u>\$ 5,165,379</u>
Business-type activities					
Revenue bonds	\$ 20,595,000	\$ -	\$ (895,000)	\$ 19,700,000	\$ 915,000
Compensated absences*	912,033	-	(263,519)	648,514	588,080
Deferred amounts -					
For issuance premiums	635,232	-	(48,584)	586,648	48,584
Total business-type activities	<u>\$ 22,142,265</u>	<u>\$ -</u>	<u>\$ (1,207,103)</u>	<u>\$ 20,935,162</u>	<u>\$ 1,551,664</u>

* The change in compensated absences above is a net change for the year.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Component units					
DDA					
Revenue bonds	\$ 22,260,000	\$ -	\$ (1,760,000)	\$ 20,500,000	\$ 1,970,000
Deferred amounts -					
For issuance premiums	<u>119,484</u>	<u>-</u>	<u>(119,484)</u>	<u>-</u>	<u>-</u>
Total DDA	<u>\$ 22,379,484</u>	<u>\$ -</u>	<u>\$ (1,879,484)</u>	<u>\$ 20,500,000</u>	<u>\$ 1,970,000</u>
TIFA					
General obligation bonds	<u>\$ 4,665,000</u>	<u>\$ -</u>	<u>\$ (555,000)</u>	<u>\$ 4,110,000</u>	<u>\$ 570,000</u>
Brownfield					
Loans payable	<u>\$ 2,749,862</u>	<u>\$ -</u>	<u>\$ (1,041,749)</u>	<u>\$ 1,708,113</u>	<u>\$ -</u>
LDFA					
Loans payable	<u>\$ 1,400,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ 900,000</u>	<u>\$ -</u>

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 \$196.4 million, which significantly exceeds the City's outstanding general obligation debt subject to limitation of \$59.0 million.

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

13. 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.

14. ENDOWMENTS

Youth Center Endowment Permanent Trust Fund. For the year ended June 30, 2025, the net earnings on investments of donor-restricted endowments was \$13,981. 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 \$31,935 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, 2025, the net earnings on investments of donor-restricted endowments was \$37,280. 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 \$137,188 is reported in restricted fund balance/net position; the nonspendable endowment balance is \$623,533.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

15. RISK MANAGEMENT

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

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

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

The City 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 City. 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, 2025, the balance of the City's member retention fund was \$488,254.

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:

	2025	2024
Estimated liability, beginning of year	\$ 1,152,779	\$ 1,396,603
Estimated claims incurred, including changes in estimates	6,716,209	6,603,678
Claim payments	<u>(6,689,404)</u>	<u>(6,847,502)</u>
Estimated liability, end of year	<u>\$ 1,179,584</u>	<u>\$ 1,152,779</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

16. 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 2024 levy, including industrial facilities and neighborhood enterprise zone properties, but net of renaissance zones, was \$1,528,430,374. The government's general operating tax rate for fiscal 2024-25 was 9.487 mills with an additional 5.678 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.

17. TAX ABATEMENTS

The City received reduced property tax revenues during 2025 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 \$76,340 in reduced City tax revenues for 2025.

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 \$226,044 in reduced City tax revenues for 2025.

18. CONTINGENT LIABILITIES

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

The City is currently involved in various tax appeals pending before the Michigan Tax Tribunal. The appeals cover various commercial and industrial properties for 2025. 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 \$3.4 million in taxable value. The City is vigorously defending all litigation.

19. 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 20. 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, 2024, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	300
Terminated employees entitled to but not yet receiving benefits	10
Vested and non-vested active participants	<u>176</u>
Total membership	<u>486</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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Contributions. Plan members are required to contribute between 10.00% and 13.54% 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, 2025 represented 42.61% of the annual covered payroll.

Rate of Return. For the year ended June 30, 2025, the annual money-weighted rate of return on plan investments, net of investment expenses, was 11.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Year Ended June 30,	Beginning Balance	Credits	Interest	Distributions	Ending Balance
2025	\$ 2,475,364	\$ 1,209,545	\$ 62,350	\$ 255,383	\$ 3,491,876

Net Pension Liability of the City. The City's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024 (rolled forward to June 30, 2025). The components of the net pension liability of the City were as follows:

Total pension liability	\$ 241,732,379
Plan fiduciary net position	<u>(201,672,609)</u>
City's net pension liability	<u>\$ 40,059,770</u>
Plan fiduciary net position as percentage of total pension liability	83.43%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.50%
Salary increases	3.50 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

The actuarial assumptions used in the June 30, 2024 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).

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, 2025 (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%	1.90%	0.61%
Domestic corporate securities	38.00%	4.95%	1.88%
Domestic equities	11.50%	4.93%	0.57%
American depository receipts	3.00%	0.90%	0.03%
International equities	<u>15.50%</u>	<u>4.05%</u>	<u>0.63%</u>
	<u><u>100.00%</u></u>		
Inflation			2.30%
Administrative expenses netted above			<u>0.23%</u>
Investment rate of return			<u>6.25%</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 Rate (6.25%)	1% Increase (7.25%)
City's net pension liability	\$ 69,615,273	\$ 40,059,770	\$ 15,337,095

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, 2024	\$ 243,806,548	\$ 186,239,714	\$ 57,566,834
Changes for the year:			
Service cost	4,562,487	-	4,562,487
Interest on total pension liability	14,959,093	-	14,959,093
Differences between expected and actual experience	(8,111,142)	-	(8,111,142)
Employer contributions	-	6,319,619	(6,319,619)
Employee contributions	-	2,114,089	(2,114,089)
Net investment income	-	20,945,130	(20,945,130)
Benefit payments	(13,484,607)	(13,484,607)	-
Administrative expense	-	(221,800)	221,800
Medical insurance premiums	-	(239,536)	239,536
Net changes	<u>(2,074,169)</u>	<u>15,432,895</u>	<u>(17,507,064)</u>
Balances at June 30, 2025	\$ 241,732,379	\$ 201,672,609	\$ 40,059,770

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, 2025, the City recognized pension expense of \$4,701,529. At June 30, 2025, 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	\$ 978,434	\$ 6,235,950	\$ (5,257,516)
Net difference between projected and actual earnings on pension plan investments	-	10,803,002	(10,803,002)
Total	\$ 978,434	\$ 17,038,952	\$ (16,060,518)

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
2026	\$ 38,940
2027	(7,426,927)
2028	(6,178,799)
2029	<u>(2,493,732)</u>
Total	<u>\$ (16,060,518)</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 403.56% of annual payroll, or monthly amounts ranging from \$7,010 to \$159,675 depending on division/bargaining unit.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2024, 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	\$ 174,512,686
Plan fiduciary net position	<u>(101,885,024)</u>
City's net pension liability	<u>\$ 72,627,662</u>
Plan fiduciary net position as percentage of total pension liability	58.38%

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2024 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	6.93%, 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, 2024 valuation were based on the results of the most recent actuarial experience study of 2019-2023.

Employees Covered by Benefit Terms. At the December 31, 2024 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	455
Inactive employees entitled to but not yet receiving benefits	192
Active employees	<u>335</u>
Total membership	<u>982</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%
Dedicated gains adjustment			-0.07%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.18%</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

In February 2022, the MERS Retirement Board adopted a Dedicated Gains Policy. The purpose of the Policy is to automatically reduce the assumed rate of investment return for annual actuarial valuation purposes if the plan year's market value of investment income exceeds the expected investment income.

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2024 was 7.18%. 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, 2023	\$ 174,512,030	\$ 97,544,230	\$ 76,967,800
Changes for the year:			
Service cost	2,399,517	-	2,399,517
Interest	12,165,464	-	12,165,464
Differences between expected and actual experience	(1,140,641)	-	(1,140,641)
Changes in assumptions	(871,050)	-	(871,050)
Employer contributions	-	8,265,616	(8,265,616)
Employee contributions	-	1,441,588	(1,441,588)
Net investment income	-	7,399,712	(7,399,712)
Benefit payments, including refunds of employee contributions	(12,552,634)	(12,552,634)	-
Administrative expense	-	(213,488)	213,488
Net changes	656	4,340,794	(4,340,138)
Balances at December 31, 2024	\$ 174,512,686	\$ 101,885,024	\$ 72,627,662

Changes in assumptions. A 5-year experience study analyzing historical experience from 2019 through 2023 was completed in February 2025. The experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, and termination rates.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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 7.18%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net pension liability	\$ 91,119,493	\$ 72,627,662	\$ 56,980,077

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

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

For the year ended June 30, 2025, the City recognized pension expense of \$7,228,354. The City reported deferred outflows/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	\$ 479,014	\$ 760,427	\$ (281,413)
Changes in assumptions	396,773	580,700	(183,927)
Net difference between projected and actual earnings on pension plan investments	<u>3,376,671</u>	-	<u>3,376,671</u>
Contributions subsequent to the measurement date	<u>4,252,458</u>	<u>1,341,127</u>	<u>2,911,331</u>
Total	<u>4,283,342</u>	<u>-</u>	<u>4,283,342</u>
	<u>\$ 8,535,800</u>	<u>\$ 1,341,127</u>	<u>\$ 7,194,673</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, 2026. Other amounts reported as deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	\$ 1,749,407
2027	2,040,890
2028	(777,796)
2029	<u>(101,170)</u>
Total	<u>\$ 2,911,331</u>

Payable to the Pension Plan. At June 30, 2025, the City had \$1,804,614 payable for contributions to the pension plan.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Summary of Pension Plans

	MERS	Police and Fire Retirement System	Total
Net pension liability (NPL)	\$ 72,627,662	\$ 40,059,770	\$ 112,687,432
Deferred outflows of resources related to the NPL	8,535,800	978,434	9,514,234
Deferred inflows of resources related to the NPL	1,341,127	17,038,952	18,380,079
Pension expense	7,228,354	4,701,529	11,929,883

20. 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 \$239,536 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Plan Membership. Membership of the Plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	302
Vested and non-vested active participants	<u>313</u>
Total membership	<u>615</u>

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, 2025, plan participant and City contributions towards the cost of benefits and funding the plan were \$449,771 and \$1,652,359, respectively.

The components of the net OPEB liability of the City at June 30, 2025, were as follows:

Total OPEB liability	\$ 25,767,420
Plan fiduciary net position	<u>11,552,417</u>
Net OPEB liability	<u>\$ 14,215,003</u>
Plan fiduciary net position as a percentage of the total OPEB liability	44.83%

Actuarial Assumptions. The City's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied consistently to all periods included in the measurement:

Actuarial cost method	Entry Age Normal (level percentage of compensation)
Actuarial assumptions:	
Inflation	2.50%
Salary increases	4.00%
Investment rate of return	6.93%, including inflation
20-year Aa municipal bond rate	4.81%
Mortality	2016 Public General Employees and Healthy Retirees, Headcount weighted with IRS 2024 Adjusted Scale MP-2021
Health care trend rates	Pre-Medicare: 7.50% graded down to 4.50% by 0.25% per year; Post-Medicare: 5.50% graded down to 4.50% by 0.25% per year.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study completed in June 2024.

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, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 9.58%. 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, 2025 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%	2.16%	0.43%
Private assets	<u>20.00%</u>	<u>6.50%</u>	<u>1.30%</u>
	<u><u>100.00%</u></u>		<u>4.43%</u>
Inflation			<u>2.50%</u>
Investment rate of return			<u>6.93%</u>

Discount Rate. A single discount rate of 6.93% was used to measure the total OPEB liability. This was an increase over the single discount rate of 6.02% at June 30, 2024. This single discount rate was based on an expected rate of return on OPEB plan investments of 6.93% and a municipal bond rate of 4.81%. 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 these assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), 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, 2024	\$ 27,532,260	\$ 10,187,534	\$ 17,344,726
Changes for the year:			
Service cost	510,353	-	510,353
Interest	1,636,243	-	1,636,243
Differences between expected and actual experience	(23,221)	-	(23,221)
Changes in assumptions	(2,163,236)	-	(2,163,236)
Employer contributions	-	1,652,359	(1,652,359)
Employee contributions	-	449,771	(449,771)
Net investment income	-	1,010,412	(1,010,412)
Benefit payments, including refunds of employee contributions	(1,724,979)	(1,724,979)	-
Administrative expense	-	(22,680)	22,680
Net changes	<u>(1,764,840)</u>	<u>1,364,883</u>	<u>(3,129,723)</u>
Balances at June 30, 2025	\$ 25,767,420	\$ 11,552,417	\$ 14,215,003

Changes in assumptions. In 2025, amounts reported as changes of assumptions resulted from the mortality tables changed from public general and public safety 2010 employee and healthy retiree, medical trend updated such that second-year trend increases by 0.25% rather than decreasing by the anticipated 0.25%, and discount rate updated from 6.02% to 6.93%.

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 6.93%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.93%) or 1% higher (7.93%) than the current rate:

	1% Decrease (5.93%)	Current Discount Rate (6.93%)	1% Increase (7.93%)
Net OPEB liability	\$ 16,941,630	\$ 14,215,003	\$ 11,926,435

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

	1% Decrease (6.50% graded down to 3.50%)	Current Healthcare Cost Trend Rate (7.50% graded down to 4.50%)	1% Increase (8.50% graded down to 5.50%)
Net OPEB liability	\$ 13,659,931	\$ 14,215,003	\$ 14,721,375

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$(3,625,991). 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	\$ -	\$ 5,792,351	\$ (5,792,351)
Changes in assumptions	356,427	6,516,168	(6,159,741)
Net difference between projected and actual earnings on OPEB plan investments	-	158,286	(158,286)
Total	\$ 356,427	\$ 12,466,805	\$ (12,110,378)

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
2026	\$ (5,799,119)
2027	(4,873,062)
2028	(949,968)
2029	(488,229)
Total	\$ (12,110,378)

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

21. 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	<u>\$ 11,552,417</u>
Net position	
Restricted for postemployment healthcare benefits	<u>\$ 11,552,417</u>

Statement of Changes in Fiduciary Net Position

	Other Postemployment Benefit Plan Trust
Additions	
Investment income -	
Investment earnings and dividends	<u>\$ 1,010,412</u>
Contributions:	
Employer	1,652,359
Employee	449,771
Total contributions	<u>2,102,130</u>
Total additions	<u>3,112,542</u>
Deductions	
Benefit payments	1,724,979
Administrative expenses	<u>22,680</u>
Total deductions	<u>1,747,659</u>
Net change to net position	1,364,883
Net position, beginning of year	<u>10,187,534</u>
Net position, end of year	<u>\$ 11,552,417</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

22. 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/amortized	\$ 6,744,160	\$ 18,640,197
Capital assets being depreciated/amortized	<u>200,954,400</u>	<u>88,221,114</u>
	<u>207,698,560</u>	<u>106,861,311</u>
Long-term debt related to capital assets:		
General obligation bonds	19,440,000	-
Revenue bonds	-	19,700,000
Notes from direct borrowings and direct placements	18,546	-
Subscription liability	1,513,713	-
Deferred amounts:		
For issuance premiums	1,431,920	586,648
For issuance discounts	(49,358)	-
Deferred charge on refunding	<u>(439,516)</u>	<u>-</u>
Net long-term debt related to capital assets	<u>21,915,305</u>	<u>20,286,648</u>
Net investment in capital assets	<u>\$ 185,783,255</u>	<u>\$ 86,574,663</u>

23. OPIOID SETTLEMENT

The City is part of various nationwide Opioid settlements reached by states and local political subdivisions against pharmaceutical distributors, manufacturers, and pharmacies. The terms of the settlements vary by entity; however, the City received installments beginning in 2023 and expects to receive future installments through 2030. The City currently expects the total amount of the settlement to be \$1,260,771. Settlement payments received during the year ended June 30, 2025 were \$71,970. The total receivable for all of the settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2025 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2025 is \$758,887.

Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2025, 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

24. SUBSEQUENT EVENTS

Bond Issuance

On September 16, 2025, the City issued limited tax general obligation bonds in the amount of \$26,900,000. The bonds are due in annual installments of \$360,000 to \$1,740,000 through 2050 at an interest rate of 5.00%.

Support Services Agreement with the Transportation Authority of Calhoun County ("TACC")

On October 1, 2025, the City entered into a Support Services Agreement with the TACC, also known as Ride Calhoun, to facilitate the planned transition of public transportation services from the Battle Creek Transit System, an enterprise fund of the City, to TACC.

Under the agreement, which remains in effect through June 30, 2026, the City continues to own all public transit assets during the transition period and provides administrative, managerial, operational, maintenance, financial, information technology, and other support services to TACC using City-controlled employees and contracted providers. TACC will be responsible for reimbursing the City for actual costs of services provided during the transition period.

25. ADJUSTMENTS TO BEGINNING FUND BALANCE

For the year ended June 30, 2025, the City had the following adjustments to beginning fund balance.

	ARPA	Nonmajor Governmental Funds
Fund balances, beginning of year, as previously reported	\$ 933,542	\$ 10,606,603
Change within the financial reporting entity -		
Change from major to nonmajor fund	<u>(933,542)</u>	<u>933,542</u>
Fund balances, beginning of year, adjusted	<u>\$ -</u>	<u>\$ 11,540,145</u>

The City previously reported the ARPA special revenue fund as major. The ARPA special revenue fund no longer meets the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2025.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

26. FUND BALANCES - GOVERNMENTAL FUNDS

	General	Major Street and Trunkline Maintenance	Special Grants	Nonmajor Governmental Funds	Total Governmental
Nonspendable:					
Inventories	\$ 129,400	\$ -	\$ -	\$ -	\$ 129,400
Prepaid items	15,940	-	-	-	15,940
Endowments	-	-	-	879,909	879,909
	<u>145,340</u>	<u>-</u>	<u>-</u>	<u>879,909</u>	<u>1,025,249</u>
Restricted for:					
Major streets	-	4,227,327	-	-	4,227,327
Local streets	-	-	-	1,702,465	1,702,465
Michigan justice training	-	-	-	52,207	52,207
Narcotics forfeiture	-	-	-	548,911	548,911
Building inspection	-	-	-	1,201,685	1,201,685
Youth center	-	-	-	31,935	31,935
Kellogg arena	-	-	-	137,188	137,188
Special projects	810,318	-	-	-	810,318
Opioid settlement	130,981	-	-	-	130,981
	<u>941,299</u>	<u>4,227,327</u>	<u>-</u>	<u>3,674,391</u>	<u>8,843,017</u>
Committed for:					
Special grants	-	-	669,861	-	669,861
Debt service	-	-	-	68,419	68,419
Capital projects	-	-	-	3,732,319	3,732,319
Special projects	1,481,092	-	-	515,323	1,996,415
	<u>1,481,092</u>	<u>-</u>	<u>669,861</u>	<u>4,316,061</u>	<u>6,467,014</u>
Assigned for:					
Departmental appropriations	-	-	-	-	2,489,523
Capital outlay and projects (encumbrances)	799,823	-	-	-	799,823
	<u>799,823</u>	<u>-</u>	<u>-</u>	<u>2,489,523</u>	<u>3,289,346</u>
Unassigned	12,474,267	-	-	-	12,474,267
Total fund balances, governmental funds	<u>\$ 15,841,821</u>	<u>\$ 4,227,327</u>	<u>\$ 669,861</u>	<u>\$ 11,359,884</u>	<u>\$ 32,098,893</u>



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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,			
	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 4,562,487	\$ 5,015,797	\$ 4,315,718	\$ 4,153,430
Interest on total pension liability	14,959,093	14,524,313	14,082,332	13,460,908
Benefit changes	-	-	(33,713)	(26,483)
Difference between expected and actual experience	(8,111,142)	1,022,782	1,780,898	676,786
Assumption changes	-	-	-	12,871,400
Benefit payments	(13,484,607)	(13,274,908)	(13,572,258)	(12,409,271)
Net change in total pension liability	(2,074,169)	7,287,984	6,572,977	18,726,770
Total pension liability, beginning of year	<u>243,806,548</u>	<u>236,518,564</u>	<u>229,945,587</u>	<u>211,218,817</u>
Total pension liability, end of year	<u>241,732,379</u>	<u>243,806,548</u>	<u>236,518,564</u>	<u>229,945,587</u>
Plan fiduciary net position				
Employer contributions	6,319,619	6,140,034	6,323,009	6,368,077
Employee contributions	2,114,089	1,965,479	1,922,364	1,725,254
Net investment income (loss)	20,945,130	23,030,283	16,666,426	(23,240,398)
Benefit payments and refunds	(13,484,607)	(13,274,908)	(13,572,258)	(12,409,271)
Administrative expense	(221,800)	(217,278)	(196,493)	(231,962)
Medical insurance premiums	(239,536)	(202,528)	(271,367)	(304,595)
Net change in plan fiduciary net position	15,432,895	17,441,082	10,871,681	(28,092,895)
Plan fiduciary net position, beginning of year	<u>186,239,714</u>	<u>168,798,632</u>	<u>157,926,951</u>	<u>186,019,846</u>
Plan fiduciary net position, end of year	<u>201,672,609</u>	<u>186,239,714</u>	<u>168,798,632</u>	<u>157,926,951</u>
Net pension liability	<u>\$ 40,059,770</u>	<u>\$ 57,566,834</u>	<u>\$ 67,719,932</u>	<u>\$ 72,018,636</u>
Plan fiduciary net position as a percentage of total pension liability	83.43%	76.39%	71.37%	68.68%
Covered payroll	<u>\$ 14,832,522</u>	<u>\$ 16,381,903</u>	<u>\$ 14,045,794</u>	<u>\$ 13,766,610</u>
Net pension liability as a percentage of covered payroll	270.08%	351.41%	482.14%	523.14%

Fiscal Year Ended June 30,						
2021	2020	2019	2018	2017	2016	
\$ 3,784,164	\$ 4,041,341	\$ 4,068,824	\$ 4,070,388	\$ 3,637,644	\$ 3,649,198	
12,950,656	12,839,189	12,286,062	11,769,474	11,630,004	11,317,045	
(23,512)	(108,003)	405,223	1,505,727	1,062,436	704,651	
(2,568,605)	(3,167,079)	2,789,999	1,955,535	(5,040,576)	(119,463)	
5,687,254	(336,475)	-	6,224,926	-	4,988,871	
(11,919,837)	(10,931,209)	(10,617,625)	(10,066,683)	(10,375,906)	(9,444,578)	
7,910,120	2,337,764	8,932,483	15,459,367	913,602	11,095,724	
<u>203,308,697</u>	<u>200,970,933</u>	<u>192,038,450</u>	<u>176,579,083</u>	<u>175,665,481</u>	<u>164,569,757</u>	
<u>211,218,817</u>	<u>203,308,697</u>	<u>200,970,933</u>	<u>192,038,450</u>	<u>176,579,083</u>	<u>175,665,481</u>	
6,353,070	5,869,972	5,544,586	5,180,487	4,746,323	4,664,957	
1,593,679	1,580,109	1,473,592	1,478,257	1,215,059	1,077,632	
35,530,257	8,960,637	9,782,101	10,201,971	11,593,876	2,617,277	
(11,919,837)	(10,931,209)	(10,617,625)	(10,066,683)	(10,375,906)	(9,444,578)	
(164,187)	(203,023)	(177,368)	(214,905)	(219,010)	(216,729)	
(331,308)	(428,009)	(484,052)	(500,000)	(500,000)	(500,000)	
31,061,674	4,848,477	5,521,234	6,079,127	6,460,342	(1,801,441)	
<u>154,958,172</u>	<u>150,109,695</u>	<u>144,588,461</u>	<u>138,509,334</u>	<u>132,048,992</u>	<u>133,850,433</u>	
<u>186,019,846</u>	<u>154,958,172</u>	<u>150,109,695</u>	<u>144,588,461</u>	<u>138,509,334</u>	<u>132,048,992</u>	
<u>\$ 25,198,971</u>	<u>\$ 48,350,525</u>	<u>\$ 50,861,238</u>	<u>\$ 47,449,989</u>	<u>\$ 38,069,749</u>	<u>\$ 43,616,489</u>	
88.07%	76.22%	74.69%	75.29%	78.44%	75.17%	
<u>\$ 14,616,125</u>	<u>\$ 14,766,506</u>	<u>\$ 14,897,135</u>	<u>\$ 14,718,606</u>	<u>\$ 14,043,138</u>	<u>\$ 14,069,533</u>	
172.41%	327.43%	341.42%	322.38%	271.09%	310.01%	

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
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%
2024	6,140,034	6,140,034	-	16,381,903	37.48%
2025	6,319,619	6,319,619	-	14,832,522	42.61%

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⁾
2016	15.82%
2017	9.02%
2018	6.89%
2019	6.81%
2020	6.17%
2021	23.22%
2022	-12.76%
2023	11.06%
2024	13.92%
2025	11.45%

⁽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,			
	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 2,399,517	\$ 2,300,754	\$ 2,126,033	\$ 1,902,272
Interest on total pension liability	12,165,464	11,966,730	11,855,263	11,899,966
Benefit changes	-	(139,098)	(60,553)	(145,429)
Difference between expected and actual experience	(1,140,641)	1,437,040	(432,249)	(852,912)
Assumption changes	(871,050)	1,190,317	-	5,647,905
Benefit payments and refunds	(12,552,634)	(12,303,367)	(11,773,359)	(11,469,313)
Net change in total pension liability	<u>656</u>	<u>4,452,376</u>	<u>1,715,135</u>	<u>6,982,489</u>
Total pension liability, beginning of year	<u>174,512,030</u>	<u>170,059,654</u>	<u>168,344,519</u>	<u>161,362,030</u>
Total pension liability, end of year	<u>174,512,686</u>	<u>174,512,030</u>	<u>170,059,654</u>	<u>168,344,519</u>
Plan fiduciary net position				
Employer contributions	8,265,616	12,785,652	6,978,264	6,632,649
Employee contributions	1,441,588	1,296,678	1,125,745	1,053,757
Net investment income (loss)	7,399,712	9,695,071	(10,304,735)	12,656,350
Benefit payments and refunds	(12,552,634)	(12,303,367)	(11,773,359)	(11,469,313)
Administrative expense	(213,488)	(203,161)	(181,752)	(145,187)
Net change in plan fiduciary net position	<u>4,340,794</u>	<u>11,270,873</u>	<u>(14,155,837)</u>	<u>8,728,256</u>
Plan fiduciary net position, beginning of year	<u>97,544,230</u>	<u>86,273,357</u>	<u>100,429,194</u>	<u>91,700,938</u>
Plan fiduciary net position, end of year	<u>101,885,024</u>	<u>97,544,230</u>	<u>86,273,357</u>	<u>100,429,194</u>
Net pension liability	<u>\$ 72,627,662</u>	<u>\$ 76,967,800</u>	<u>\$ 83,786,297</u>	<u>\$ 67,915,325</u>
Plan fiduciary net position as a percentage of total pension liability	58.38%	55.90%	50.73%	59.66%
Covered payroll	<u>\$ 21,776,822</u>	<u>\$ 21,720,998</u>	<u>\$ 20,097,332</u>	<u>\$ 19,426,766</u>
Net pension liability as a percentage of covered payroll	333.51%	354.35%	416.90%	349.60%

Fiscal Year Ended June 30,

2021		2020		2019		2018		2017		2016	
\$ 2,020,330	\$ 2,050,623	\$ 2,056,135	\$ 1,998,171	\$ 1,934,782	\$ 1,843,040						
11,338,841	11,458,164	11,210,574	10,978,431	10,808,541	10,393,511						
(95,157)	(47,708)	(25,969)	(17,297)	(2,988)	(11,965)						
154,694	(829,069)	533,140	194,046	(833,627)	(626,575)						
5,342,989	4,356,282	-	-	-	6,823,847						
(11,169,576)	(10,840,207)	(10,512,334)	(10,048,722)	(9,580,787)	(9,105,154)						
7,592,121	6,148,085	3,261,546	3,104,629	2,325,921	9,316,704						
<u>153,769,909</u>	<u>147,621,824</u>	<u>144,360,278</u>	<u>141,255,649</u>	<u>138,929,728</u>	<u>129,613,024</u>						
<u>161,362,030</u>	<u>153,769,909</u>	<u>147,621,824</u>	<u>144,360,278</u>	<u>141,255,649</u>	<u>138,929,728</u>						
5,881,291	5,530,584	5,598,951	5,382,451	4,375,156	4,104,291						
828,777	999,077	701,481	546,534	521,222	495,986						
10,450,840	10,596,861	(3,297,646)	10,481,265	8,589,468	(1,203,250)						
(11,169,576)	(10,840,207)	(10,512,334)	(10,048,722)	(9,580,787)	(9,105,154)						
(169,019)	(182,419)	(166,380)	(166,302)	(169,762)	(178,504)						
5,822,313	6,103,896	(7,675,928)	6,195,226	3,735,297	(5,886,631)						
<u>85,878,625</u>	<u>79,774,729</u>	<u>87,450,657</u>	<u>81,255,431</u>	<u>77,520,134</u>	<u>83,406,765</u>						
<u>91,700,938</u>	<u>85,878,625</u>	<u>79,774,729</u>	<u>87,450,657</u>	<u>81,255,431</u>	<u>77,520,134</u>						
<u>\$ 69,661,092</u>	<u>\$ 67,891,284</u>	<u>\$ 67,847,095</u>	<u>\$ 56,909,621</u>	<u>\$ 60,000,218</u>	<u>\$ 61,409,594</u>						
56.83%	55.85%	54.04%	60.58%	57.52%	55.80%						
<u>\$ 19,314,680</u>	<u>\$ 19,515,143</u>	<u>\$ 19,275,745</u>	<u>\$ 18,317,097</u>	<u>\$ 17,452,775</u>	<u>\$ 17,263,618</u>						
360.66%	347.89%	351.98%	310.69%	343.79%	355.72%						

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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
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%
2024	7,224,995	7,819,830	(594,835)	20,749,303	37.69%
2025	7,806,430	8,755,344	(948,914)	21,830,885	40.11%

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,			
	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 510,353	\$ 464,214	\$ 508,405	\$ 1,763,720
Interest on total OPEB liability	1,636,243	1,606,606	1,553,798	1,703,634
Benefit changes	-	-	-	(17,240,898)
Difference between expected and actual experience	(23,221)	(2,012,347)	(314,481)	(14,402,629)
Assumption changes	(2,163,236)	582,013	(1,022,209)	(14,205,569)
Benefit payments	(1,724,979)	(1,660,153)	(1,307,876)	(1,582,598)
Net change in total OPEB liability	<u>(1,764,840)</u>	<u>(1,019,667)</u>	<u>(582,363)</u>	<u>(43,964,340)</u>
Total OPEB liability, beginning of year	27,532,260	28,551,927	29,134,290	73,098,630
Total OPEB liability, end of year	<u>25,767,420</u>	<u>27,532,260</u>	<u>28,551,927</u>	<u>29,134,290</u>
Plan fiduciary net position				
Employer contributions	1,652,359	1,592,016	1,249,439	1,605,523
Employee contributions	449,771	435,673	431,617	437,388
Net investment income (loss)	1,010,412	935,716	608,612	(710,476)
Benefit payments and refunds	(1,724,979)	(1,660,153)	(1,307,876)	(1,582,598)
Administrative expense	(22,680)	(19,905)	(15,313)	(15,160)
Net change in plan fiduciary net position	<u>1,364,883</u>	<u>1,283,347</u>	<u>966,479</u>	<u>(265,323)</u>
Plan fiduciary net position, beginning of year	10,187,534	8,904,187	7,937,708	8,203,031
Plan fiduciary net position, end of year	<u>11,552,417</u>	<u>10,187,534</u>	<u>8,904,187</u>	<u>7,937,708</u>
Net OPEB liability	<u>\$ 14,215,003</u>	<u>\$ 17,344,726</u>	<u>\$ 19,647,740</u>	<u>\$ 21,196,582</u>
Plan fiduciary net position as a percentage of total OPEB liability	44.83%	37.00%	31.19%	27.25%
Covered payroll	<u>\$ 28,381,778</u>	<u>\$ 26,690,539</u>	<u>\$ 27,665,341</u>	<u>\$ 25,809,821</u>
Net OPEB liability as a percentage of covered payroll	50.08%	64.98%	71.02%	82.13%

Fiscal Year Ended June 30,					
2021	2020	2019	2018	2017	
\$ 1,624,371	\$ 1,217,385	\$ 1,519,101	\$ 2,444,926	\$ 2,866,687	
1,903,031	2,024,859	2,087,663	2,752,781	2,366,860	
-	-	-	-	-	
(190,185)	(271,616)	-	(1,747,090)	-	
2,464,152	5,092,881	4,524,282	(21,345,849)	(8,351,874)	
(1,572,949)	(1,875,778)	(1,920,528)	(2,178,985)	(1,600,811)	
<u>4,228,420</u>	<u>6,187,731</u>	<u>6,210,518</u>	<u>(20,074,217)</u>	<u>(4,719,138)</u>	
<u>68,870,210</u>	<u>62,682,479</u>	<u>56,471,961</u>	<u>76,546,178</u>	<u>81,265,316</u>	
<u>73,098,630</u>	<u>68,870,210</u>	<u>62,682,479</u>	<u>56,471,961</u>	<u>76,546,178</u>	
 1,334,149	 1,410,390	 1,446,699	 1,734,099	 1,204,642	
370,676	390,550	318,750	439,777	228,042	
1,772,773	147,822	177,435	365,451	807,558	
(1,572,949)	(1,875,778)	(1,920,528)	(2,178,985)	(1,600,811)	
<u>(13,816)</u>	<u>(11,266)</u>	<u>(12,876)</u>	<u>(14,677)</u>	<u>(10,920)</u>	
<u>1,890,833</u>	<u>61,718</u>	<u>9,480</u>	<u>345,665</u>	<u>628,511</u>	
 6,312,198	 6,250,480	 6,241,000	 5,895,335	 5,266,824	
<u>8,203,031</u>	<u>6,312,198</u>	<u>6,250,480</u>	<u>6,241,000</u>	<u>5,895,335</u>	
<u>\$ 64,895,599</u>	<u>\$ 62,558,012</u>	<u>\$ 56,431,999</u>	<u>\$ 50,230,961</u>	<u>\$ 70,650,843</u>	
 11.22%	 9.17%	 9.97%	 11.05%	 7.70%	
<u>\$ 25,614,713</u>	<u>\$ 25,494,729</u>	<u>\$ 29,984,686</u>	<u>\$ 28,970,711</u>	<u>\$ 30,761,954</u>	
 253.35%	 245.38%	 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%
2024	2,722,211	1,592,016	1,130,195	26,690,539	5.96%
2025	2,543,184	1,652,359	890,825	28,381,778	5.82%

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%
2024	10.12%
2025	9.58%

⁽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.

Benefit Changes 2016: Non-Represented members; in particular, a 1% multiplier after 25 years of service for Police members and the exclusion of vacation payouts from final average compensation.

Benefit Changes 2017: Member Contribution Rate for Fire Supervisory: 10.00% as of 4/1/15. Member Contribution Rate for Police: 8.00% as of 7/1/16, 8.25% as of 7/1/17. Member Contribution Rate for Police Sergeants: 11.72% as of 7/1/16. Police Sergeants: 3 Years in Final Average Compensation effective 7/1/16. Fire OSP: 3 Years in Final Average Compensation effective 7/1/16.

Benefit Changes 2018: Member Contribution Rate for Fire IAFF: 11.04% as of 7/1/17. Fire IAFF: 3 Years in Final Average Compensation effective 7/1/17. Fire IAFF: Deferred Retirement Option Plan (DROP) adopted and effective 7/1/16.

Benefit Changes 2019: Police Lieutenants: Deferred Retirement Option Plan (DROP) adopted and effective 7/1/16.

Benefit Changes 2020: For Non-Represented Command Police Personnel, a Deferred Retirement Option Plan (DROP) was adopted effective July 1, 2020.

Benefit Changes 2021: For Non-Represented Fire, a Deferred Retirement Option Plan (DROP) was adopted effective July 1, 2021. For Police Sergeants, the employee contribution rate was changed to 12.22%. For Police Non-Supervisory, the employee contribution rate was changed to 9.25%. For Firefighters, the employee contribution rate was changed to 11.54%.

Benefit Changes 2022: For Police Sergeants, the employee contribution rate was changed from 12.22% to 12.72%. For Police Non-Supervisory, the employee contribution rate was changed from 9.25% to 9.75%. For Firefighters, the employee contribution rate was changed from 11.54% to 12.04%. For Non-represented command, the employee contribution rate was changed from 10.00% to 11.00%.

CITY OF BATTLE CREEK, MICHIGAN

■ Notes to Required Supplementary Information

Benefit Changes 2023: For Police Sergeants, a Deferred Retirement Option Plan (DROP) was adopted effective July 1, 2022 and expiring June 30, 2024. For Police Sergeants, the employee contribution rate was changed from 12.72% to 13.22%. For Police Lieutenants, the employee contribution rate was changed from 11.00% to 12.50%. For Police Non-Supervisory, the employee contribution rate was changed from 9.75% to 10.75%. For Firefighters, the employee contribution rate was changed from 12.04% to 13.04%. For Non-represented command, the employee contribution rate was changed from 11.00% to 10.00%.

Notes to Schedule of Contributions

Valuation date	June 30, 2023
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
Remaining amortization period	Closed 15 years for benefit changes
	Closed 20 years for assumption changes, method changes, and experience deviations
	Closed 25 years for all other liabilities
Asset valuation method	5-year smoothed fair value, with 20% corridor
Inflation	3.50%
Salary increases	4.25%-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.
Mortality rates	PubS-2010 Standard Mortality Tables with generation mortality improvement using projection scale MP-2021.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Required Supplementary Information

Municipal Employees Retirement System of Michigan

Note: The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

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%.

Assumption Changes 2024: Amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

Assumption Changes 2025: Amounts reported as changes in assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, and termination rates.

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 (2025, based on the 12/31/2022 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	9-14 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	7.00%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	<ul style="list-style-type: none"> 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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Required Supplementary Information

- Disabled 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

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%.

Assumption Changes 2024: Changes include mortality improvement scale updated from MP-2021 to the IRS 2024 Adjusted Scale MP-2021, retirement rates updated based on analysis results completed for the actuarial experience study, initial trend rate kept at same level as prior year instead of decreasing by 0.25% as initially scheduled, and discount rate updated from 5.70% to 6.02%.

Assumption Changes 2025: Changes include mortality tables changed from public general and public safety 2010 employee and healthy retiree, medical trend updated such that second-year trend increases by 0.25% rather than decreasing by the anticipated 0.25%, and discount rate updated from 6.02% to 6.93%.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Required Supplementary Information

Notes to Schedule of Contributions

Actuarial valuation date	June 30, 2024
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	6.93% (including inflation)
Discount rate	6.02% for 2025 contribution; 6.93% for June 30, 2025 liability and 2026 contribution
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	2016 Public General and Public Safety Employees and Healthy Retirees, Headcount weighted, IRS 2024 Adjusted Scale MP-2021; Disabled lives version used for disability contingency.
Health care trend rates	Pre-Medicare: 7.25%, then 7.50% graded down to 4.50% by 0.25% per year; Post-Medicare: 5.50%, then 5.75% graded down to 4.50% by 0.25% per year.
Utilization	90% of eligible employees will elect same retiree plan as active plan at retirement; Actual coverage used for non-active

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

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2025

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 8,588,533	\$ 68,919	\$ 6,305,769	\$ 1,049,032	\$ 16,012,253
Receivables:					
Accounts	2,600	-	254,487	-	257,087
Special assessments	-	136,008	-	-	136,008
Due from other governments	1,400,390	-	-	-	1,400,390
Leases, current portion	-	-	34,318	-	34,318
Leases, long-term portion	-	-	180,096	-	180,096
Loans, long-term portion	2,669,582	-	-	-	2,669,582
Total assets	\$ 12,661,105	\$ 204,927	\$ 6,774,670	\$ 1,049,032	\$ 20,689,734
Liabilities					
Accounts payable	\$ 449,920	\$ 500	\$ 338,414	\$ -	\$ 788,834
Accrued payroll	9,704	-	-	-	9,704
Retentions, deposits and other liabilities	223,646	-	-	-	223,646
Interfund payable	816,272	-	-	-	816,272
Unearned revenue	7,140,972	-	-	-	7,140,972
Total liabilities	8,640,514	500	338,414	-	8,979,428
Deferred inflows of resources					
Unavailable revenue:					
Special assessments	-	136,008	-	-	136,008
Deferred lease amounts	-	-	214,414	-	214,414
Total deferred inflows of resources	-	136,008	214,414	-	350,422
Fund balances					
Nonspendable	-	-	-	879,909	879,909
Restricted	3,505,268	-	-	169,123	3,674,391
Committed	515,323	68,419	3,732,319	-	4,316,061
Assigned	-	-	2,489,523	-	2,489,523
Total fund balances	4,020,591	68,419	6,221,842	1,049,032	11,359,884
Total liabilities, deferred inflows of resources and fund balances	\$ 12,661,105	\$ 204,927	\$ 6,774,670	\$ 1,049,032	\$ 20,689,734

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Taxes	\$ -	\$ -	\$ 2,126,497	\$ -	\$ 2,126,497
Intergovernmental:					
Federal	9,514,921	-	-	-	9,514,921
State	2,386,957	-	266,761	-	2,653,718
Local	-	180,888	-	-	180,888
Charges for services	892,735	-	-	-	892,735
Investment earnings	909,507	4,563	-	51,261	965,331
Rents and leases	-	-	43,933	-	43,933
Other	16,770	-	1,909	-	18,679
Total revenues	13,720,890	185,451	2,439,100	51,261	16,396,702
Expenditures					
Current:					
General government	3,028,174	-	3,900,152	-	6,928,326
Public safety	50,992	-	60,000	-	110,992
Highway and streets	4,402,904	-	3,287,695	-	7,690,599
Community development	2,197,305	-	-	-	2,197,305
Inspections	1,087,263	-	-	-	1,087,263
Debt service:					
Principal	-	1,690,000	-	-	1,690,000
Interest and other fiscal charges	-	858,031	-	-	858,031
Total expenditures	10,766,638	2,548,031	7,247,847	-	20,562,516
Revenues over (under) expenditures	2,954,252	(2,362,580)	(4,808,747)	51,261	(4,165,814)
Other financing sources (uses)					
Transfers in	2,117,860	2,366,643	5,558,210	-	10,042,713
Transfers out	(5,341,787)	-	(715,373)	-	(6,057,160)
Total other financing sources (uses)	(3,223,927)	2,366,643	4,842,837	-	3,985,553
Net change in fund balances	(269,675)	4,063	34,090	51,261	(180,261)
Fund balances, beginning of year, as previously reported	3,356,724	64,356	6,187,752	997,771	10,606,603
Change within financial reporting entity	933,542	-	-	-	933,542
Fund balances, beginning of year, adjusted	4,290,266	64,356	6,187,752	997,771	11,540,145
Fund balances, end of year	\$ 4,020,591	\$ 68,419	\$ 6,221,842	\$ 1,049,032	\$ 11,359,884

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2025

	Community Development	Local Street	HOME Program	Michigan Justice Training
Assets				
Pooled cash and investments	\$ -	\$ 1,361,991	\$ -	\$ 52,207
Receivables:				
Accounts	-	2,600	-	-
Due from other governments	740,733	352,145	307,512	-
Loans, long-term portion	2,589,880	-	79,702	-
Total assets	\$ 3,330,613	\$ 1,716,736	\$ 387,214	\$ 52,207
Liabilities				
Accounts payable	\$ 88,275	\$ 4,567	\$ 143,698	\$ -
Accrued payroll	-	9,704	-	-
Retentions, deposits and other liabilities	-	-	-	-
Interfund payable	652,458	-	163,814	-
Unearned revenue	2,589,880	-	79,702	-
Total liabilities	3,330,613	14,271	387,214	-
Fund balances				
Restricted	-	1,702,465	-	52,207
Committed	-	-	-	-
Total fund balances	-	1,702,465	-	52,207
Total liabilities and fund balances	\$ 3,330,613	\$ 1,716,736	\$ 387,214	\$ 52,207

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2025

	Narcotics Forfeiture	Building Inspection	ARPA	Total
Assets				
Pooled cash and investments	\$ 773,133	\$ 1,202,720	\$ 5,198,482	\$ 8,588,533
Receivables:				
Accounts	-	-	-	2,600
Due from other governments	-	-	-	1,400,390
Loans, long-term portion	-	-	-	2,669,582
Total assets	<u>\$ 773,133</u>	<u>\$ 1,202,720</u>	<u>\$ 5,198,482</u>	<u>\$ 12,661,105</u>
Liabilities				
Accounts payable	\$ 576	\$ 1,035	\$ 211,769	\$ 449,920
Accrued payroll	-	-	-	9,704
Retentions, deposits and other liabilities	223,646	-	-	223,646
Interfund payable	-	-	-	816,272
Unearned revenue	-	-	4,471,390	7,140,972
Total liabilities	<u>224,222</u>	<u>1,035</u>	<u>4,683,159</u>	<u>8,640,514</u>
Fund balances				
Restricted	548,911	1,201,685	-	3,505,268
Committed	-	-	515,323	515,323
Total fund balances	<u>548,911</u>	<u>1,201,685</u>	<u>515,323</u>	<u>4,020,591</u>
Total liabilities and fund balances	<u>\$ 773,133</u>	<u>\$ 1,202,720</u>	<u>\$ 5,198,482</u>	<u>\$ 12,661,105</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, 2025

	Community Development	Local Street	HOME Program	Michigan Justice Training
Revenues				
Intergovernmental:				
Federal	\$ 1,497,262	\$ -	\$ 579,676	\$ -
State	-	2,209,224	-	42,795
Charges for services	-	-	-	-
Investment earnings	-	294,956	-	-
Other	2,507	14,247	-	-
Total revenues	1,499,769	2,518,427	579,676	42,795
Expenditures				
Current:				
General government	-	-	-	19,240
Public safety	-	-	-	-
Highways and streets	-	4,402,904	-	-
Community development	1,617,629	-	579,676	-
Inspections	-	-	-	-
Total expenditures	1,617,629	4,402,904	579,676	19,240
Revenues over (under) expenditures	(117,860)	(1,884,477)	-	23,555
Other financing sources (uses)				
Transfers in	117,860	2,000,000	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	117,860	2,000,000	-	-
Net change in fund balances	-	115,523	-	23,555
Fund balances, beginning of year, as previously reported	-	1,586,942	-	28,652
Change within financial reporting entity	-	-	-	-
Fund balances, beginning of year, adjusted	-	1,586,942	-	28,652
Fund balances, end of year	\$ -	\$ 1,702,465	\$ -	\$ 52,207

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, 2025

	Narcotics Forfeiture	Building Inspection	ARPA	Total
Revenues				
Intergovernmental:				
Federal	\$ -	\$ -	\$ 7,437,983	\$ 9,514,921
State	134,938	-	-	2,386,957
Charges for services	-	892,735	-	892,735
Investment earnings	32,046	67,182	515,323	909,507
Other	-	16	-	16,770
Total revenues	166,984	959,933	7,953,306	13,720,890
Expenditures				
Current:				
General government	30,188	-	2,978,746	3,028,174
Public safety	-	-	50,992	50,992
Highways and streets	-	-	-	4,402,904
Community development	-	-	-	2,197,305
Inspections	-	1,087,263	-	1,087,263
Total expenditures	30,188	1,087,263	3,029,738	10,766,638
Revenues over (under) expenditures	136,796	(127,330)	4,923,568	2,954,252
Other financing sources (uses)				
Transfers in	-	-	-	2,117,860
Transfers out	-	-	(5,341,787)	(5,341,787)
Total other financing sources (uses)	-	-	(5,341,787)	(3,223,927)
Net change in fund balances	136,796	(127,330)	(418,219)	(269,675)
Fund balances, beginning of year, as previously reported	412,115	1,329,015	-	3,356,724
Change within financial reporting entity	-	-	933,542	933,542
Fund balances, beginning of year, adjusted	412,115	1,329,015	933,542	4,290,266
Fund balances, end of year	\$ 548,911	\$ 1,201,685	\$ 515,323	\$ 4,020,591

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, 2025

	Community Development		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 2,310,725	\$ 1,497,262	\$ (813,463)
State	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Other	-	2,507	2,507
Total revenues	2,310,725	1,499,769	(810,956)
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Community development	2,310,725	1,617,629	(693,096)
Inspections	-	-	-
Total expenditures	2,310,725	1,617,629	(693,096)
Revenues over (under) expenditures	-	(117,860)	(117,860)
Other financing sources (uses)			
Transfers in	-	117,860	117,860
Transfers out	-	-	-
Total other financing sources (uses)	-	117,860	117,860
Net change in fund balances			
Fund balances, beginning of year	-	-	-
Fund balances, 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, 2025

	Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	2,225,043	2,209,224	(15,819)
Charges for services	-	-	-
Investment earnings	-	294,956	294,956
Other	-	14,247	14,247
Total revenues	2,225,043	2,518,427	293,384
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	4,508,057	4,402,904	(105,153)
Community development	-	-	-
Inspections	-	-	-
Total expenditures	4,508,057	4,402,904	(105,153)
Revenues over (under) expenditures	(2,283,014)	(1,884,477)	398,537
Other financing sources (uses)			
Transfers in	2,000,000	2,000,000	-
Transfers out	-	-	-
Total other financing sources (uses)	2,000,000	2,000,000	-
Net change in fund balances	(283,014)	115,523	398,537
Fund balances, beginning of year	1,586,942	1,586,942	-
Fund balances, end of year	\$ 1,303,928	\$ 1,702,465	\$ 398,537

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, 2025

	HOME Program Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 1,063,052	\$ 579,676	\$ (483,376)
State	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Other	-	-	-
Total revenues	1,063,052	579,676	(483,376)
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Community development	1,063,052	579,676	(483,376)
Inspections	-	-	-
Total expenditures	1,063,052	579,676	(483,376)
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances			
Fund balances, beginning of year	-	-	-
Fund balances, 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, 2025

Michigan Justice Training Fund			
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	20,000	42,795	22,795
Charges for services	-	-	-
Investment earnings	-	-	-
Other	-	-	-
Total revenues	20,000	42,795	22,795
Expenditures			
Current:			
General government	25,000	19,240	(5,760)
Public safety	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	25,000	19,240	(5,760)
Revenues over (under) expenditures	(5,000)	23,555	28,555
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(5,000)	23,555	28,555
Fund balances, beginning of year	28,652	28,652	-
Fund balances, end of year	\$ 23,652	\$ 52,207	\$ 28,555

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, 2025

Narcotics Forfeiture Fund			
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	110,000	134,938	24,938
Charges for services	-	-	-
Investment earnings	2,223	32,046	29,823
Other	-	-	-
Total revenues	112,223	166,984	54,761
Expenditures			
Current:			
General government	118,819	30,188	(88,631)
Public safety	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	118,819	30,188	(88,631)
Revenues over (under) expenditures	(6,596)	136,796	143,392
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(6,596)	136,796	143,392
Fund balances, beginning of year	412,115	412,115	-
Fund balances, end of year	\$ 405,519	\$ 548,911	\$ 143,392

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, 2025

	Building Inspection Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	-	-	-
Charges for services	968,750	892,735	(76,015)
Investment earnings	-	67,182	67,182
Other	-	16	16
Total revenues	968,750	959,933	(8,817)
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Inspections	1,171,677	1,087,263	(84,414)
Total expenditures	1,171,677	1,087,263	(84,414)
Revenues over (under) expenditures	(202,927)	(127,330)	75,597
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(202,927)	(127,330)	75,597
Fund balances, beginning of year	1,329,015	1,329,015	-
Fund balances, end of year	\$ 1,126,088	\$ 1,201,685	\$ 75,597

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, 2025

	ARPA		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 12,067,869	\$ 7,437,983	\$ (4,629,886)
State	-	-	-
Charges for services	-	-	-
Investment earnings	-	515,323	515,323
Other	-	-	-
Total revenues	12,067,869	7,953,306	(4,114,563)
Expenditures			
Current:			
General government	8,734,328	2,978,746	(5,755,582)
Public safety	50,992	50,992	-
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	8,785,320	3,029,738	(5,755,582)
Revenues over (under) expenditures	3,282,549	4,923,568	1,641,019
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(4,083,000)	(5,341,787)	1,258,787
Total other financing sources (uses)	(4,083,000)	(5,341,787)	1,258,787
Net change in fund balances	(800,451)	(418,219)	382,232
Fund balances, beginning of year	933,542	933,542	-
Fund balances, end of year	\$ 133,091	\$ 515,323	\$ 382,232

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds
June 30, 2025

	DPW Building	Special Assessment Debt Service	Capital Improvement Bonds	Police Station Bonds	Total
Assets					
Pooled cash and investments	\$ 1,444	\$ 66,972	\$ 503	\$ -	\$ 68,919
Receivables -					
Special assessments	-\$	136,008	-\$	-\$	136,008
Total assets	\$ 1,444	\$ 202,980	\$ 503	\$ -	\$ 204,927
Liabilities					
Accounts payable	\$ 500	\$ -	\$ -	\$ -	\$ 500
Deferred inflows of resources					
Unavailable revenue -					
Special assessments	-\$	136,008	-\$	-\$	136,008
Fund balances					
Committed	944	66,972	503	-\$	68,419
Total liabilities, deferred inflows of resources and fund balances	\$ 1,444	\$ 202,980	\$ 503	\$ -	\$ 204,927

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, 2025

	DPW Building	Special Assessment Debt Service	Capital Improvement Bonds	Police Station Bonds	Total
Revenues					
Intergovernmental - local	\$ -	\$ -	\$ 180,888	\$ -	\$ 180,888
Investment earnings	<u>-</u>	<u>4,563</u>	<u>-</u>	<u>-</u>	<u>4,563</u>
Total revenues	<u>-</u>	<u>4,563</u>	<u>180,888</u>	<u>-</u>	<u>185,451</u>
Expenditures					
Debt service:					
Principal	425,000	<u>-</u>	775,000	490,000	1,690,000
Interest and other fiscal charges	<u>27,650</u>	<u>-</u>	<u>267,081</u>	<u>563,300</u>	<u>858,031</u>
Total expenditures	<u>452,650</u>	<u>-</u>	<u>1,042,081</u>	<u>1,053,300</u>	<u>2,548,031</u>
Revenues over (under) expenditures	(452,650)	4,563	(861,193)	(1,053,300)	(2,362,580)
Other financing sources					
Transfers in	<u>452,650</u>	<u>-</u>	<u>860,693</u>	<u>1,053,300</u>	<u>2,366,643</u>
Net change in fund balances	<u>-</u>	<u>4,563</u>	<u>(500)</u>	<u>-</u>	<u>4,063</u>
Fund balances, beginning of year	<u>944</u>	<u>62,409</u>	<u>1,003</u>	<u>-</u>	<u>64,356</u>
Fund balances, end of year	<u>\$ 944</u>	<u>\$ 66,972</u>	<u>\$ 503</u>	<u>\$ -</u>	<u>\$ 68,419</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds
June 30, 2025

	Street Projects	General Capital Improvement	Capital Improvements Bonds	Total
Assets				
Pooled cash and investments	\$ 3,709,110	\$ 2,539,252	\$ 57,407	\$ 6,305,769
Receivables:				
Accounts	254,487	-	-	254,487
Leases, current portion	-	34,318	-	34,318
Leases, long-term portion	-	180,096	-	180,096
Total assets	\$ 3,963,597	\$ 2,753,666	\$ 57,407	\$ 6,774,670
Liabilities				
Accounts payable	\$ 231,278	\$ 49,729	\$ 57,407	\$ 338,414
Deferred inflows of resources				
Deferred lease amounts	-	214,414	-	214,414
Fund balances				
Committed	3,732,319	-	-	3,732,319
Assigned	-	2,489,523	-	2,489,523
Total fund balances	3,732,319	2,489,523	-	6,221,842
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,963,597	\$ 2,753,666	\$ 57,407	\$ 6,774,670

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, 2025

	Street Projects	General Capital Improvement	Capital Improvements Bonds	Total
Revenues				
Taxes	\$ 2,126,497	\$ -	\$ -	\$ 2,126,497
Intergovernmental - state	266,761	-	-	266,761
Rents and leases	-	43,933	-	43,933
Other	1,721	188	-	1,909
Total revenues	2,394,979	44,121	-	2,439,100
Expenditures				
Current:				
General government	-	2,562,597	1,337,555	3,900,152
Public safety	-	60,000	-	60,000
Highways and streets	3,287,695	-	-	3,287,695
Total expenditures	3,287,695	2,622,597	1,337,555	7,247,847
Revenue under expenditures	(892,716)	(2,578,476)	(1,337,555)	(4,808,747)
Other financing sources (uses)				
Transfers in	1,100,000	3,120,655	1,337,555	5,558,210
Transfers out	(157,743)	(557,630)	-	(715,373)
Total other financing sources (uses)	942,257	2,563,025	1,337,555	4,842,837
Net change in fund balances	49,541	(15,451)	-	34,090
Fund balances, beginning of year	3,682,778	2,504,974	-	6,187,752
Fund balances, end of year	\$ 3,732,319	\$ 2,489,523	\$ -	\$ 6,221,842

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2025

	Youth Center Endowment	Kellogg Arena Endowment	Total
Assets			
Pooled cash and investments	\$ 288,311	\$ 760,721	\$ 1,049,032
Fund balances			
Nonspendable	\$ 256,376	\$ 623,533	\$ 879,909
Restricted	<u>31,935</u>	<u>137,188</u>	<u>169,123</u>
Total fund balances	\$ 288,311	\$ 760,721	\$ 1,049,032

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CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds
For the Year Ended June 30, 2025

	Youth Center Endowment	Kellogg Arena Endowment	Total
Revenues			
Investment earnings	\$ 13,981	\$ 37,280	\$ 51,261
Fund balances, beginning of year	<u>274,330</u>	<u>723,441</u>	<u>997,771</u>
Fund balances, end of year	<u>\$ 288,311</u>	<u>\$ 760,721</u>	<u>\$ 1,049,032</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2025

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Assets				
Current assets:				
Pooled cash and investments	\$ 151,144	\$ -	\$ 3,770,162	\$ 587,559
Receivables:				
Interest	-	-	23,338	-
Accounts, net	25,000	1,359,586	-	-
Loans, current portion	-	-	110,800	-
Total current assets	<u>176,144</u>	<u>1,359,586</u>	<u>3,904,300</u>	<u>587,559</u>
Noncurrent assets:				
Loans receivable	-	-	5,466,660	-
Capital assets not being depreciated	1,505,125	-	-	-
Capital assets being depreciated, net	454,057	-	-	-
Total noncurrent assets	<u>1,959,182</u>	<u>-</u>	<u>5,466,660</u>	<u>-</u>
Total assets	<u>2,135,326</u>	<u>1,359,586</u>	<u>9,370,960</u>	<u>587,559</u>
Deferred outflows of resources				
Deferred pension amounts	-	34,143	-	-
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	81,517	659,016	-	7,600
Retentions, deposits and other liabilities	-	97,737	-	1,200
Interfund payable	-	269,669	-	-
Unearned revenue	5,000	-	-	-
Compensated absences, current portion	-	-	-	30,335
Total current liabilities	<u>86,517</u>	<u>1,026,422</u>	<u>-</u>	<u>39,135</u>
Noncurrent liabilities:				
Compensated absences	-	-	-	3,117
Net pension liability	-	290,511	-	-
Total noncurrent liabilities	<u>-</u>	<u>290,511</u>	<u>-</u>	<u>3,117</u>
Total liabilities	<u>86,517</u>	<u>1,316,933</u>	<u>-</u>	<u>42,252</u>
Deferred inflows of resources				
Deferred pension amounts	-	5,365	-	-
Net position				
Net investment in capital assets	1,959,182	-	-	-
Unrestricted	<u>89,627</u>	<u>71,431</u>	<u>9,370,960</u>	<u>545,307</u>
Total net position	<u>\$ 2,048,809</u>	<u>\$ 71,431</u>	<u>\$ 9,370,960</u>	<u>\$ 545,307</u>

Intermodal Facility

Intermodal Facility	Total
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\$	-	\$	4,508,865
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-	23,338
107,953	1,492,539
-	110,800
<u>107,953</u>	<u>6,135,542</u>

-	5,466,660
-	1,505,125
<u>221,567</u>	<u>675,624</u>
<u>221,567</u>	<u>7,647,409</u>

<u>329,520</u>	<u>13,782,951</u>
----------------	-------------------

<u>-</u>	<u>34,143</u>
----------	---------------

5,913	754,046
-	98,937
90,126	359,795
500	5,500
-	30,335
<u>96,539</u>	<u>1,248,613</u>

-	3,117
-	290,511
-	293,628

<u>96,539</u>	<u>1,542,241</u>
---------------	------------------

<u>-</u>	<u>5,365</u>
----------	--------------

221,567	2,180,749
<u>11,414</u>	<u>10,088,739</u>

<u>\$ 232,981</u>	<u>\$ 12,269,488</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, 2025

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Operating revenues				
Charges for services	\$ 876,076	\$ 4,530,701	\$ -	\$ -
Rents and leases	-	-	-	1,500
Other	-	1,693	138,849	12,048
Total operating revenues	876,076	4,532,394	138,849	13,548
Operating expenses				
Personnel services	11,136	512,365	-	434,287
Materials and supplies	-	48,611	-	11,888
Contractual and other	1,374,594	4,252,811	97,824	397,691
Depreciation	330,475	-	-	-
Total operating expenses	1,716,205	4,813,787	97,824	843,866
Operating income (loss)	(840,129)	(281,393)	41,025	(830,318)
Nonoperating revenues (expenses)				
Property taxes	-	-	-	320,000
Intergovernmental subsidies:				
State	-	2,199	-	433,119
Local	-	-	-	120,000
Investment earnings (loss)	8,004	(21,583)	145,706	36,450
Total nonoperating revenues (expenses)	8,004	(19,384)	145,706	909,569
Income (loss) before transfers	(832,125)	(300,777)	186,731	79,251
Transfers in	478,679	325,000	-	-
Change in net position	(353,446)	24,223	186,731	79,251
Net position, beginning of year	2,402,255	47,208	9,184,229	466,056
Net position, end of year	\$ 2,048,809	\$ 71,431	\$ 9,370,960	\$ 545,307

INTERMODAL FACILITY RENTALS

Intermodal Facility	Total
\$ 30,502	\$ 5,437,279
122,605	124,105
-	<u>152,590</u>
<u>153,107</u>	<u>5,713,974</u>
13,346	971,134
815	61,314
108,235	6,231,155
40,474	<u>370,949</u>
<u>162,870</u>	<u>7,634,552</u>
(9,763)	<u>(1,920,578)</u>
-	320,000
-	435,318
10,000	130,000
(1,622)	<u>166,955</u>
<u>8,378</u>	<u>1,052,273</u>
(1,385)	(868,305)
<u>25,000</u>	<u>828,679</u>
23,615	(39,626)
<u>209,366</u>	<u>12,309,114</u>
<u>\$ 232,981</u>	<u>\$ 12,269,488</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2025

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Cash flows from operating activities				
Receipts from customers and users	\$ 851,076	\$ 4,384,073	\$ 138,849	\$ 15,466
Loans collected from borrowers	-	-	722,973	-
Payments to suppliers and contractors	(1,402,988)	(3,977,972)	(375,690)	(415,731)
Payments to employees	(12,295)	(723,014)	-	(450,245)
Payments for interfund services	-	11,297	-	-
Net cash provided by (used in) operating activities	(564,207)	(305,616)	486,132	(850,510)
Cash flows from noncapital financing activities				
Transfers in	478,679	325,000	-	-
Property taxes	-	-	-	320,000
Intergovernmental subsidies	-	2,199	-	553,119
Net cash provided by noncapital financing activities	478,679	327,199	-	873,119
Cash flows from investing activities				
Investment earnings (loss)	8,004	(21,583)	145,142	36,450
Net change in pooled cash and investments	(77,524)	-	631,274	59,059
Pooled cash and investments, beginning of year	228,668	-	3,138,888	528,500
Pooled cash and investments, end of year	\$ 151,144	\$ -	\$ 3,770,162	\$ 587,559
Cash flows from operating activities				
Operating income (loss)	\$ (840,129)	\$ (281,393)	\$ 41,025	\$ (830,318)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	330,475	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(25,000)	(148,321)	-	1,918
Loans receivable	-	-	722,973	-
Accounts payable and accrued liabilities	(28,394)	335,366	(277,866)	(6,452)
Retentions, deposits and other liabilities	-	(619)	-	300
Compensated absences	(1,159)	(20,974)	-	(15,958)
Interfund payable	-	(184,559)	-	-
Net pension liability	-	(17,360)	-	-
Deferred outflows of resources related to the net pension liability	-	7,455	-	-
Deferred inflows of resources related to the net pension liability	-	4,789	-	-
Net cash provided by (used in) operating activities	\$ (564,207)	\$ (305,616)	\$ 486,132	\$ (850,510)
Noncash capital and related financing activities				
Transfer of capital assets	\$ -	\$ -	\$ -	\$ -

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

\$ 148,243	\$ 5,537,707
-	722,973
(168,275)	(6,340,656)
(13,346)	(1,198,900)
<u>-</u>	<u>11,297</u>
<u>(33,378)</u>	<u>(1,267,579)</u>

25,000	828,679
-	320,000
<u>10,000</u>	<u>565,318</u>
<u>35,000</u>	<u>1,713,997</u>

<u>(1,622)</u>	<u>166,391</u>
-	612,809
<u>-</u>	<u>3,896,056</u>
<u>\$ -</u>	<u>\$ 4,508,865</u>

\$ (9,763)	\$ (1,920,578)
------------	----------------

40,474	370,949
(4,864)	(176,267)
-	722,973
(2,110)	20,544
-	(319)
-	(38,091)
(57,115)	(241,674)
-	(17,360)
-	7,455
<u>-</u>	<u>4,789</u>
<u>\$ (33,378)</u>	<u>\$ (1,267,579)</u>

<u>\$ 78,750</u>	<u>\$ 78,750</u>
------------------	------------------

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2025

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Assets					
Current assets:					
Pooled cash and investments	\$ 1,428,980	\$ 7,174,271	\$ 2,454,867	\$ 47,963	\$ 11,106,081
Receivables -					
Accounts, net	2,464	469,853	-	-	472,317
Inventories	552,982	-	-	-	552,982
Total current assets	<u>1,984,426</u>	<u>7,644,124</u>	<u>2,454,867</u>	<u>47,963</u>	<u>12,131,380</u>
Noncurrent assets:					
Capital assets not being depreciated/amortized	31,708	17,115	-	-	48,823
Capital assets being depreciated/amortized, net	10,922,419	-	1,428,463	5,829	12,356,711
Total noncurrent assets	<u>10,954,127</u>	<u>17,115</u>	<u>1,428,463</u>	<u>5,829</u>	<u>12,405,534</u>
Total assets	12,938,553	7,661,239	3,883,330	53,792	24,536,914
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	240,909	105,611	65,244	662	412,426
Unearned revenue	-	172,187	-	-	172,187
Compensated absences, current portion	81,869	67,466	96,827	15,102	261,264
Claims payable, current portion	-	852,492	-	-	852,492
Installment obligations payable, current portion	-	-	-	18,546	18,546
Subscription liability, current portion	-	-	253,398	-	253,398
Total current liabilities	<u>322,778</u>	<u>1,197,756</u>	<u>415,469</u>	<u>34,310</u>	<u>1,970,313</u>
Noncurrent liabilities:					
Compensated absences	8,413	6,934	9,950	1,552	26,849
Claims payable	-	327,092	-	-	327,092
Subscription liability	-	-	441,555	-	441,555
Total noncurrent liabilities	<u>8,413</u>	<u>334,026</u>	<u>451,505</u>	<u>1,552</u>	<u>795,496</u>
Total liabilities	331,191	1,531,782	866,974	35,862	2,765,809
Net position					
Net investment in capital assets	10,954,127	17,115	733,510	(12,717)	11,692,035
Unrestricted	<u>1,653,235</u>	<u>6,112,342</u>	<u>2,282,846</u>	<u>30,647</u>	<u>10,079,070</u>
Total net position	\$ 12,607,362	\$ 6,129,457	\$ 3,016,356	\$ 17,930	\$ 21,771,105

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, 2025

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Operating revenues					
Charges for services	\$ 4,137,510	\$ 14,205,954	\$ 3,515,859	\$ 297,250	\$ 22,156,573
Rents and leases	1,829,000	-	-	-	1,829,000
Other	4,732,631	96,780	152,249	-	4,981,660
Total operating revenues	10,699,141	14,302,734	3,668,108	297,250	28,967,233
Operating expenses					
Personnel services	1,444,814	1,466,369	1,597,369	141,941	4,650,493
Materials and supplies	2,013,550	26,580	418,889	87,428	2,546,447
Contractual and other	2,064,019	11,954,558	679,014	90,529	14,788,120
Depreciation/amortization	2,544,518	-	368,165	11,657	2,924,340
Total operating expenses	8,066,901	13,447,507	3,063,437	331,555	24,909,400
Operating income (loss)	2,632,240	855,227	604,671	(34,305)	4,057,833
Nonoperating revenues (expenses)					
Investment earnings	3,484	420,430	-	-	423,914
Interest expense	-	-	(35,218)	-	(35,218)
Loss on disposal of capital assets	(26,187)	-	-	-	(26,187)
Total nonoperating revenues (expenses)	(22,703)	420,430	(35,218)	-	362,509
Income (loss) before transfers	2,609,537	1,275,657	569,453	(34,305)	4,420,342
Transfers in	650,000	-	234,614	75,000	959,614
Transfers out	(452,650)	(228,679)	-	-	(681,329)
Change in net position	2,806,887	1,046,978	804,067	40,695	4,698,627
Net position (deficit), beginning of year	9,800,475	5,082,479	2,212,289	(22,765)	17,072,478
Net position, end of year	\$ 12,607,362	\$ 6,129,457	\$ 3,016,356	\$ 17,930	\$ 21,771,105

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2025

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Cash flows from operating activities					
Receipts from interfund services	\$ 10,699,141	\$ 14,302,734	\$ 3,668,108	\$ 297,250	\$ 28,967,233
Payments to suppliers and contractors	(4,171,715)	(11,920,257)	(1,045,040)	(182,402)	(17,319,414)
Payments to employees	(1,441,373)	(1,454,208)	(1,600,096)	(134,996)	(4,630,673)
Net cash provided by (used in) operating activities	5,086,053	928,269	1,022,972	(20,148)	7,017,146
Cash flows from noncapital financing activities					
Transfers in	650,000	-	234,614	75,000	959,614
Transfers out	(452,650)	(228,679)	-	-	(681,329)
Net cash provided by (used in) noncapital financing activities	197,350	(228,679)	234,614	75,000	278,285
Cash flows from capital and related financing activities					
Principal paid on installment obligations payable	-	-	-	(31,027)	(31,027)
Principal and interest paid on subscription liability	-	-	(277,271)	-	(277,271)
Purchase of capital assets	(4,145,017)	-	(225,827)	-	(4,370,844)
Net cash used in capital and related financing activities	(4,145,017)	-	(503,098)	(31,027)	(4,679,142)
Cash flows from investing activities					
Investment earnings	5,271	504,091	-	-	509,362
Net change in pooled cash and investments	1,143,657	1,203,681	754,488	23,825	3,125,651
Pooled cash and investments, beginning of year	285,323	5,970,590	1,700,379	24,138	7,980,430
Pooled cash and investments, end of year	\$ 1,428,980	\$ 7,174,271	\$ 2,454,867	\$ 47,963	\$ 11,106,081
Cash flows from operating activities					
Operating income (loss)	\$ 2,632,240	\$ 855,227	\$ 604,671	\$ (34,305)	\$ 4,057,833
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation/amortization	2,544,518	-	368,165	11,657	2,924,340
Changes in assets and liabilities:					
Accounts receivable	5,687	43,887	-	-	49,574
Inventories	16,920	-	-	-	16,920
Prepaid items	-	-	250	-	250
Accounts payable and accrued liabilities	(116,753)	(35,879)	52,613	(4,445)	(104,464)
Compensated absences	3,441	12,161	(2,727)	6,945	19,820
Claims payable	-	26,805	-	-	26,805
Unearned revenue	-	26,068	-	-	26,068
Net cash provided by (used in) operating activities	\$ 5,086,053	\$ 928,269	\$ 1,022,972	\$ (20,148)	\$ 7,017,146

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

June 30, 2025

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Assets			
Cash and cash equivalents	\$ 2,335,573	\$ -	\$ 2,335,573
Investments:			
Fixed income:			
Corporate bonds	10,404,089	-	10,404,089
Foreign bonds	1,504,451	-	1,504,451
U.S. government securities	21,111,180	-	21,111,180
Asset backed securities	1,512,163	-	1,512,163
Collateralized mortgage obligations	2,744,328	-	2,744,328
Mortgage backed securities	8,830,463	-	8,830,463
Mutual funds	151,825,798	-	151,825,798
MERS total market portfolio	-	11,552,417	11,552,417
Interest receivable	417,290	-	417,290
Pension contributions receivable	1,230,110	-	1,230,110
Total assets	201,915,445	11,552,417	213,467,862
Liabilities			
Due to other governments	242,836	-	242,836
Net position			
Restricted for pension and postemployment healthcare benefits	\$ 201,672,609	\$ 11,552,417	\$ 213,225,026

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, 2025

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Additions			
Investment income:			
Net change in fair value of investments	\$ 16,809,269	\$ -	\$ 16,809,269
Interest and dividends	4,277,889	1,010,412	5,288,301
Less investment expenses	(142,028)	-	(142,028)
 Total net investment income	 20,945,130	 1,010,412	 21,955,542
Contributions:			
Employer	6,319,619	1,652,359	7,971,978
Employee	2,114,089	449,771	2,563,860
 Total contributions	 8,433,708	 2,102,130	 10,535,838
 Total additions	 29,378,838	 3,112,542	 32,491,380
Deductions			
Benefit payments and refunds	13,724,143	1,724,979	15,449,122
Administrative expenses	221,800	22,680	244,480
 Total deductions	 13,945,943	 1,747,659	 15,693,602
 Net change to net position	 15,432,895	 1,364,883	 16,797,778
Net position, beginning of year	186,239,714	10,187,534	196,427,248
 Net position, end of year	 \$ 201,672,609	 \$ 11,552,417	 \$ 213,225,026

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2025

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Assets					
Pooled cash and investments	\$ 235,648	\$ 21,607	\$ 484,008	\$ 24,290	\$ 765,553
Delinquent taxes receivable	<u>-</u>	<u>543,132</u>	<u>-</u>	<u>-</u>	<u>543,132</u>
Total assets	235,648	564,739	484,008	24,290	1,308,685
Liabilities					
Undistributed receipts	<u>-</u>	<u>564,739</u>	<u>484,008</u>	<u>24,290</u>	<u>1,073,037</u>
Net position					
Restricted for individuals, organizations, and other governments	<u>\$ 235,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,648</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2025

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Additions					
Fire insurance collections	\$ 92,910	\$ -	\$ -	\$ -	\$ 92,910
Taxes collected for other governments	-	154,483	62,818,959	25,210,587	88,184,029
Total additions	92,910	154,483	62,818,959	25,210,587	88,276,939
Deductions					
Fire insurance distributions	66,065	-	-	-	66,065
Payments of taxes to other governments	-	154,483	62,818,959	25,210,587	88,184,029
Total deductions	66,065	154,483	62,818,959	25,210,587	88,250,094
Change in net position	26,845	-	-	-	26,845
Net position, beginning of year	208,803	-	-	-	208,803
Net position, end of year	\$ 235,648	\$ -	\$ -	\$ -	\$ 235,648

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.	162
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.	174
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.	218
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.	225
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.	228

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*)

	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$ 209,385,180	\$ 204,289,221	\$ 202,996,774	\$ 196,784,239	\$ 191,520,117
Restricted	10,573,097	9,498,489	11,428,992	17,761,851	18,202,625
Unrestricted (deficit)	(56,384,540)	(66,228,790)	(108,310,558)	(120,784,656)	(122,403,144)
Total governmental activities	\$ 163,573,737	\$ 147,558,920	\$ 106,115,208	\$ 93,761,434	\$ 87,319,598
Business-type activities					
Net investment in capital assets	\$ 94,256,830	\$ 77,696,600	\$ 84,440,617	\$ 88,322,398	\$ 91,403,421
Unrestricted (deficit)	6,738,128	18,432,807	(13,736,110)	(13,127,722)	(12,750,203)
Total business-type activities	\$ 100,994,958	\$ 96,129,407	\$ 70,704,507	\$ 75,194,676	\$ 78,653,218
Primary government					
Net investment in capital assets	\$ 303,642,010	\$ 281,985,821	\$ 287,437,391	\$ 285,106,637	\$ 282,923,538
Restricted	10,573,097	9,498,489	11,428,992	17,761,851	18,202,625
Unrestricted (deficit)	(49,646,412)	(47,795,983)	(122,046,668)	(133,912,378)	(135,153,347)
Total primary government	\$ 264,568,695	\$ 243,688,327	\$ 176,819,715	\$ 168,956,110	\$ 165,972,816

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 1
Unaudited

Net Position by Component

Last Ten Fiscal Years

(*accrual basis of accounting*)

	2021	2022	2023	2024	2025
Governmental activities					
Net investment in capital assets	\$ 185,862,504	\$ 184,578,767	\$ 182,987,646	\$ 182,545,424	\$ 185,783,255
Restricted	20,375,257	8,454,546	9,608,841	10,418,139	10,481,813
Unrestricted (deficit)	(114,958,702)	(105,831,745)	(111,434,726)	(106,648,868)	(97,142,499)
Total governmental activities	\$ 91,279,059	\$ 87,201,568	\$ 81,161,761	\$ 86,314,695	\$ 99,122,569
Business-type activities					
Net investment in capital assets	\$ 88,369,618	\$ 86,184,982	\$ 72,743,638	\$ 78,304,443	\$ 86,574,663
Unrestricted (deficit)	(8,716,059)	2,163,045	15,755,015	15,702,455	17,628,260
Total business-type activities	\$ 79,653,559	\$ 88,348,027	\$ 88,498,653	\$ 94,006,898	\$ 104,202,923
Primary government					
Net investment in capital assets	\$ 274,232,122	\$ 270,763,749	\$ 255,731,284	\$ 260,849,867	\$ 272,357,918
Restricted	20,375,257	8,454,546	9,608,841	10,418,139	10,481,813
Unrestricted (deficit)	(123,674,761)	(103,668,700)	(95,679,711)	(90,946,413)	(79,514,239)
Total primary government	\$ 170,932,618	\$ 175,549,595	\$ 169,660,414	\$ 180,321,593	\$ 203,325,492

concluded.

Source: City of Battle Creek Finance Department

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)

	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government	\$ 13,522,067	\$ 13,804,561	\$ 12,298,063	\$ 13,560,047	\$ 10,686,689
Public safety	38,643,958	38,272,687	37,754,399	39,249,188	34,220,728
Public works	2,016,152	1,925,529	2,848,257	2,818,928	2,674,653
Highways and streets	11,759,289	12,962,951	14,614,111	14,773,886	15,801,903
Recreation	7,662,739	7,549,260	6,786,153	5,324,142	4,357,976
Community development	2,960,152	2,575,566	2,582,810	7,103,236	2,881,623
Interest on long-term debt	1,193,277	1,383,774	1,576,922	1,508,678	1,506,833
Total governmental activities	<u>77,757,634</u>	<u>78,474,328</u>	<u>78,460,715</u>	<u>84,338,105</u>	<u>72,130,405</u>
Business-type activities:					
Water and wastewater	25,024,426	29,865,464	27,208,769	26,135,213	26,172,350
Public transit	4,519,401	4,787,343	4,763,055	4,819,992	5,084,066
Solid waste collection	3,021,188	3,327,216	3,418,516	3,539,162	3,665,768
Airport	2,566,234	2,620,027	2,684,727	2,919,251	3,050,388
Parking	1,475,329	1,418,990	1,378,093	1,520,256	1,324,223
Economic development	183,616	296,334	593,984	698,406	950,621
Intermodal facility	-	-	-	-	114,057
Total business-type activities	<u>36,790,194</u>	<u>42,315,374</u>	<u>40,047,144</u>	<u>39,632,280</u>	<u>40,361,473</u>
Total primary government expenses	<u>114,547,828</u>	<u>120,789,702</u>	<u>118,507,859</u>	<u>123,970,385</u>	<u>112,491,878</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	3,598,573	3,188,666	4,404,461	4,661,434	4,601,421
Public safety	907,947	1,119,088	1,463,042	1,633,937	1,556,763
Public works	144,941	118,886	116,923	116,846	134,530
Highways and streets	6,932	4,559	2,494	749	5,921
Recreation	3,822,885	3,511,655	3,670,917	2,340,253	1,717,759
Community development	57,780	78,892	41,774	53,650	46,454
Operating grants and contributions	14,753,846	15,546,274	17,633,267	22,433,015	16,942,788
Capital grants and contributions	34,404	320,769	3,391,624	338,769	-
Total governmental activities	<u>23,327,308</u>	<u>23,888,789</u>	<u>30,724,502</u>	<u>31,578,653</u>	<u>25,005,636</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2021	2022	2023	2024	2025
Expenses					
Governmental activities:					
General government	\$ 10,896,106	\$ 10,649,011	\$ 16,608,276	\$ 13,838,843	\$ 10,296,122
Public safety	26,917,782	31,585,548	40,768,365	40,144,690	33,944,676
Public works	3,044,775	2,634,719	3,914,084	2,028,257	2,908,702
Highways and streets	15,516,910	16,442,194	17,094,295	18,390,465	20,564,348
Recreation	3,972,724	3,869,221	4,084,510	4,150,773	4,173,375
Community development	4,421,780	2,332,533	4,176,418	5,382,916	4,264,598
Interest on long-term debt	1,394,090	1,317,802	1,172,026	1,079,092	1,049,674
Total governmental activities	<u>66,164,167</u>	<u>68,831,028</u>	<u>87,817,974</u>	<u>85,015,036</u>	<u>77,201,495</u>
Business-type activities:					
Water and wastewater	28,255,466	23,892,416	31,410,582	33,079,786	31,297,935
Public transit	5,214,313	3,635,378	4,845,778	4,436,174	4,725,362
Solid waste collection	4,026,661	4,068,181	4,344,640	4,432,603	4,802,490
Airport	3,198,782	2,868,764	3,263,805	3,282,257	2,828,065
Parking	1,102,095	1,304,102	1,287,064	1,397,152	1,716,205
Economic development	1,235,819	839,017	905,251	984,394	941,690
Intermodal facility	463,037	355,384	173,658	164,296	162,870
Total business-type activities	<u>43,496,173</u>	<u>36,963,242</u>	<u>46,230,778</u>	<u>47,776,662</u>	<u>46,474,617</u>
Total primary government expenses	<u>109,660,340</u>	<u>105,794,270</u>	<u>134,048,752</u>	<u>132,791,698</u>	<u>123,676,112</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	4,678,274	4,969,411	5,204,440	5,001,288	4,626,944
Public safety	1,495,221	1,465,126	1,870,204	2,109,098	2,045,034
Public works	41,676	71,703	27,619	108,021	96,812
Highways and streets	12,805	10,670	6,000	3,507	15,968
Recreation	1,848,686	2,403,737	2,563,239	2,794,871	2,473,110
Community development	82,995	10,121	40,601	119,303	2,507
Operating grants and contributions	22,383,284	14,148,336	21,993,718	25,385,838	23,005,300
Capital grants and contributions	-	-	-	-	-
Total governmental activities	<u>30,542,941</u>	<u>23,079,104</u>	<u>31,705,821</u>	<u>35,521,926</u>	<u>32,265,675</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020
Business-type activities:					
Charges for services:					
Water and wastewater	\$ 28,161,891	\$ 26,479,609	\$ 25,613,729	\$ 26,192,910	\$ 28,081,728
Public transit	407,480	378,300	366,930	339,299	288,168
Solid waste collection	3,212,994	3,407,372	3,389,107	3,512,255	3,641,860
Airport	1,354,099	1,459,032	1,666,987	1,309,971	141,486
Parking	1,384,948	1,333,331	1,131,526	1,171,483	1,063,764
Economic development	7,636	6,270	-	-	-
Intermodal facility	-	-	-	-	4,831
Operating grants and contributions	4,336,403	3,698,755	4,664,524	9,873,639	8,866,555
Total business-type activities	<u>38,865,451</u>	<u>36,762,669</u>	<u>36,832,803</u>	<u>42,399,557</u>	<u>42,088,392</u>
 Total primary government					
Program revenues	<u>62,192,759</u>	<u>60,651,458</u>	<u>67,557,305</u>	<u>73,978,210</u>	<u>67,094,028</u>
 Net (expense)/revenue					
Government activities	(54,430,326)	(54,585,539)	(47,736,213)	(52,759,452)	(47,124,769)
Business-type activities	<u>2,075,257</u>	<u>(5,552,705)</u>	<u>(3,214,341)</u>	<u>2,767,277</u>	<u>1,726,919</u>
 Total primary government net expense	<u>(52,355,069)</u>	<u>(60,138,244)</u>	<u>(50,950,554)</u>	<u>(49,992,175)</u>	<u>(45,397,850)</u>
 General revenues					
Governmental activities:					
General revenues:					
Property taxes	16,189,320	16,457,014	17,109,789	16,993,111	17,730,992
Income taxes	16,414,572	16,581,118	16,718,592	17,664,804	17,655,425
Grants and contributions not restricted to specific programs	5,637,815	5,678,681	5,822,141	6,116,033	5,801,172
Unrestricted investment earnings (loss)	770,022	293,860	125,428	366,154	304,794
Transfers - internal activities	(600,945)	(439,951)	(631,231)	(734,424)	(809,450)
Total governmental activities	<u>38,410,784</u>	<u>38,570,722</u>	<u>39,144,719</u>	<u>40,405,678</u>	<u>40,682,933</u>
 Business-type activities:					
General revenues:					
Property taxes	-	-	321,410	363,711	331,350
Unrestricted investment earnings (loss)	269,643	49,396	8,976	624,757	590,823
Rents and leases	246,507	197,807	213,253	-	-
Transfers - internal activities	600,945	439,951	631,231	734,424	809,450
Total business-type activities	<u>1,117,095</u>	<u>687,154</u>	<u>1,174,870</u>	<u>1,722,892</u>	<u>1,731,623</u>
 Total primary government	<u>39,527,879</u>	<u>39,257,876</u>	<u>40,319,589</u>	<u>42,128,570</u>	<u>42,414,556</u>
 Change in net position					
Government activities	(16,019,542)	(16,014,817)	(8,591,494)	(12,353,774)	(6,441,836)
Business-type activities	<u>3,192,352</u>	<u>(4,865,551)</u>	<u>(2,039,471)</u>	<u>4,490,169</u>	<u>3,458,542</u>
 Total primary government	<u>\$ (12,827,190)</u>	<u>\$ (20,880,368)</u>	<u>\$ (10,630,965)</u>	<u>\$ (7,863,605)</u>	<u>\$ (2,983,294)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2021	2022	2023	2024	2025
Business-type activities:					
Charges for services:					
Water and wastewater	\$ 30,518,398	\$ 32,928,185	\$ 31,693,051	\$ 33,800,169	\$ 35,478,087
Public transit	251,862	277,628	273,927	309,413	234,875
Solid waste collection	3,769,920	3,899,425	4,084,477	4,371,477	4,530,701
Airport	168,459	208,766	222,356	213,520	210,182
Parking	776,968	628,973	501,126	424,536	876,076
Economic development	-	-	-	-	-
Intermodal facility	10,383	21,683	27,175	31,612	30,502
Operating grants and contributions	8,676,463	7,723,222	7,228,329	10,435,802	11,432,469
Total business-type activities	44,172,453	45,687,882	44,030,441	49,586,529	52,792,892
 Total primary government					
Program revenues	74,715,394	68,766,986	75,736,262	85,108,455	85,058,567
 Net (expense)/revenue					
Government activities	(35,621,226)	(45,751,924)	(56,112,153)	(49,493,110)	(44,935,820)
Business-type activities	676,280	8,724,640	(2,200,337)	1,809,867	6,318,275
 Total primary government net expense	(34,944,946)	(37,027,284)	(58,312,490)	(47,683,243)	(38,617,545)
 General revenues					
Governmental activities:					
General revenues:					
Property taxes	18,116,070	18,098,314	18,746,435	20,172,115	20,979,948
Income taxes	15,367,014	17,837,502	18,064,459	19,571,637	20,621,878
Grants and contributions not restricted to specific programs	6,647,453	7,184,032	13,649,313	13,982,508	15,072,828
Unrestricted investment earnings (loss)	(482,855)	(1,264,047)	1,241,325	3,030,658	2,958,579
Transfers - internal activities	(66,995)	(181,368)	(1,629,186)	(2,110,874)	(1,889,539)
Total governmental activities	39,580,687	41,674,433	50,072,346	54,646,044	57,743,694
 Business-type activities:					
General revenues:					
Property taxes	262,590	320,000	320,000	320,000	320,000
Unrestricted investment earnings (loss)	(5,524)	(531,540)	401,777	1,267,504	1,668,211
Rents and leases	-	-	-	-	-
Transfers - internal activities	66,995	181,368	1,629,186	2,110,874	1,889,539
Total business-type activities	324,061	(30,172)	2,350,963	3,698,378	3,877,750
 Total primary government	39,904,748	41,644,261	52,423,309	58,344,422	61,621,444
 Change in net position					
Government activities	3,959,461	(4,077,491)	(6,039,807)	5,152,934	12,807,874
Business-type activities	1,000,341	8,694,468	150,626	5,508,245	10,196,025
 Total primary government	\$ 4,959,802	\$ 4,616,977	\$ (5,889,181)	\$ 10,661,179	\$ 23,003,899

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)

	2016	2017	2018	2019	2020
General fund					
Nonspendable	\$ 508,342	\$ 376,049	\$ 457,410	\$ 183,770	\$ 241,416
Restricted	384,726	241,186	229,368	234,490	247,563
Committed	936,502	1,313,835	1,347,241	1,383,226	1,373,506
Assigned	61,973	96,131	130,763	117,019	390
Unassigned	<u>6,181,573</u>	<u>5,958,796</u>	<u>5,958,796</u>	<u>6,221,349</u>	<u>7,784,247</u>
Total general fund	<u>\$ 8,073,116</u>	<u>\$ 7,985,997</u>	<u>\$ 8,123,578</u>	<u>\$ 8,139,854</u>	<u>\$ 9,647,122</u>
All other governmental funds					
Nonspendable	\$ 1,019,048	\$ 1,024,394	\$ 932,537	\$ 879,909	\$ 885,303
Restricted	4,791,668	16,317,974	7,278,525	6,033,641	6,180,972
Committed	1,727,350	2,504,157	805,359	2,848,023	3,450,657
Assigned	<u>354,092</u>	<u>248,647</u>	<u>282,439</u>	<u>473,038</u>	<u>492,747</u>
Total all other governmental funds	<u>\$ 7,892,158</u>	<u>\$ 20,095,172</u>	<u>\$ 9,298,860</u>	<u>\$ 10,234,611</u>	<u>\$ 11,009,679</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 3
 Unaudited

■ Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2021	2022	2023	2024	2025
General fund					
Nonspendable	\$ 192,313	\$ 260,977	\$ 370,213	\$ 318,946	\$ 145,340
Restricted	246,617	482,079	572,386	903,007	941,299
Committed	1,522,791	1,377,803	1,425,626	1,436,975	1,481,092
Assigned	109,498	123,348	199,525	200,156	799,823
Unassigned	<u>12,193,420</u>	<u>13,552,074</u>	<u>12,866,737</u>	<u>12,595,157</u>	<u>12,474,267</u>
Total general fund	<u>\$ 14,264,639</u>	<u>\$ 15,796,281</u>	<u>\$ 15,434,487</u>	<u>\$ 15,454,241</u>	<u>\$ 15,841,821</u>
All other governmental funds					
Nonspendable	\$ 892,407	\$ 984,939	\$ 883,030	\$ 879,909	\$ 879,909
Restricted	7,620,523	7,092,558	7,758,860	7,831,204	7,901,718
Committed	2,188,942	2,874,373	3,526,824	5,126,569	4,985,922
Assigned	<u>423,846</u>	<u>2,325,896</u>	<u>1,533,648</u>	<u>2,504,974</u>	<u>2,489,523</u>
Total all other governmental funds	<u>\$ 11,125,718</u>	<u>\$ 13,277,766</u>	<u>\$ 13,702,362</u>	<u>\$ 16,342,656</u>	<u>\$ 16,257,072</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)

	2016	2017	2018	2019	2020
Revenues					
Income taxes	\$ 16,414,572	\$ 16,581,118	\$ 16,718,592	\$ 17,664,804	\$ 17,655,425
Property taxes	16,189,320	16,457,014	17,109,789	16,993,111	17,730,992
Licenses and permits	1,029,815	1,019,433	1,057,206	1,197,941	1,207,799
Intergovernmental	20,026,447	21,084,486	21,598,338	22,537,392	22,041,015
Charges for services	5,082,714	4,879,599	5,448,749	4,479,349	3,995,008
Fines and forfeitures	129,805	125,194	116,581	118,908	88,956
Investment earnings (loss)	501,922	157,485	3,800	750,741	650,868
Other	1,914,836	1,972,148	4,479,724	1,800,126	1,276,232
Total revenues	<u>61,289,431</u>	<u>62,276,477</u>	<u>66,532,779</u>	<u>65,542,372</u>	<u>64,646,295</u>
Expenditures					
General government	9,999,068	13,203,880	9,706,024	8,671,057	5,908,695
Public safety	27,427,085	29,417,044	41,320,776	35,080,658	32,315,635
Public works	2,571,981	2,463,778	2,873,537	2,817,820	2,735,534
Highway and streets	10,667,566	9,568,383	9,569,149	9,312,518	9,371,605
Recreation	5,495,002	5,012,445	5,220,992	3,424,227	2,751,357
Community development	1,853,905	1,126,055	1,987,820	7,707,306	3,460,685
Inspections	616,610	625,830	673,614	725,683	782,807
Non-departmental	1,286,389	1,330,575	1,323,813	1,211,464	1,142,697
Debt service:					
Principal	2,539,826	2,072,734	2,701,249	2,690,397	2,820,215
Interest and other fiscal charges	1,207,672	1,367,461	1,649,639	1,508,685	1,402,951
Total expenditures	<u>63,665,104</u>	<u>66,188,185</u>	<u>77,026,613</u>	<u>73,149,815</u>	<u>62,692,181</u>
Revenues over (under) expenditures	<u>(2,375,673)</u>	<u>(3,911,708)</u>	<u>(10,493,834)</u>	<u>(7,607,443)</u>	<u>1,954,114</u>
Other financing sources (uses)					
Issuance of bonds, notes and other liabilities	12,605,000	15,265,000	-	8,620,963	-
Premium on bonds	860,638	1,489,463	-	-	-
Payment to refunding bond escrow agent	(13,548,312)	-	-	-	-
Transfers in	5,406,192	6,588,752	5,240,901	5,693,706	5,817,544
Transfers out	(5,294,437)	(7,315,611)	(5,405,798)	(5,755,199)	(5,489,322)
Total other financing sources (uses)	<u>29,081</u>	<u>16,027,604</u>	<u>(164,897)</u>	<u>8,559,470</u>	<u>328,222</u>
Net changes in fund balances	<u>\$ (2,346,592)</u>	<u>\$ 12,115,896</u>	<u>\$ (10,658,731)</u>	<u>\$ 952,027</u>	<u>\$ 2,282,336</u>
Debt services as a percentage of noncapital expenditures	<u>6.5%</u>	<u>5.9%</u>	<u>7.1%</u>	<u>6.3%</u>	<u>7.4%</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)

	2021	2022	2023	2024	2025
Revenues					
Income taxes	\$ 15,367,014	\$ 17,837,502	\$ 18,064,459	\$ 19,232,794	\$ 20,699,055
Property taxes	18,116,070	18,098,314	18,746,435	20,172,115	20,979,948
Licenses and permits	1,097,170	1,248,324	1,105,180	986,968	898,358
Intergovernmental	26,556,969	32,305,053	34,374,622	38,142,758	36,721,122
Charges for services	4,064,133	4,702,993	4,758,761	4,799,061	4,934,482
Fines and forfeitures	58,055	70,956	64,408	98,359	74,733
Investment earnings (loss)	42,482	(570,061)	1,942,307	2,652,438	2,534,665
Other	1,301,942	1,295,953	1,479,041	2,039,205	2,561,138
 Total revenues	 66,603,835	 74,989,034	 80,535,213	 88,123,698	 89,403,501
Expenditures					
General government	6,318,790	11,335,087	12,603,402	13,633,115	15,262,191
Public safety	31,986,670	35,002,131	37,593,083	38,176,025	40,482,621
Public works	2,565,138	2,663,402	2,649,249	3,415,685	3,614,664
Highway and streets	9,356,150	11,699,016	11,784,526	13,362,908	14,676,771
Recreation	2,092,693	3,230,870	3,071,554	3,898,888	3,630,698
Community development	4,938,909	3,456,894	5,084,272	6,695,153	5,367,936
Inspections	840,235	923,756	856,847	1,017,766	1,087,263
Non-departmental	1,120,340	983,967	978,126	437,440	557,577
Debt service:					
Principal	3,088,186	3,223,556	2,815,760	2,217,074	2,431,810
Interest and other fiscal charges	1,288,109	1,166,772	1,046,602	941,931	875,292
 Total expenditures	 63,595,220	 73,685,451	 78,483,421	 83,795,985	 87,986,823
 Revenues over (under) expenditures	 3,008,615	 1,303,583	 2,051,792	 4,327,713	 1,416,678
Other financing sources (uses)					
Issuance of bonds, notes and other liabilities	737,299	425,000	-	234,614	1,053,142
Premium on bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	5,826,413	8,274,784	7,266,114	10,138,612	14,061,137
Transfers out	(4,838,771)	(6,319,677)	(9,255,104)	(12,040,891)	(16,228,961)
 Total other financing sources (uses)	 1,724,941	 2,380,107	 (1,988,990)	 (1,667,665)	 (1,114,682)
 Net changes in fund balances	 \$ 4,733,556	 \$ 3,683,690	 \$ 62,802	 \$ 2,660,048	 \$ 301,996
 Debt services as a percentage of noncapital expenditures	 7.4%	 6.7%	 5.2%	 4.1%	 4.2%

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)

	2016	2017	2018	2019	2020
Revenues					
Income taxes	\$ 16,414,572	\$ 16,581,118	\$ 16,718,592	\$ 17,664,804	\$ 17,655,425
Property taxes	14,668,381	14,950,795	15,657,346	15,437,292	16,177,669
Licenses and permits	1,021,229	1,019,433	1,057,206	1,197,941	1,207,799
Intergovernmental	8,698,540	11,717,251	10,361,118	8,538,406	8,820,790
Charges for services	2,378,225	2,482,779	4,310,766	3,774,648	3,013,652
Fines and forfeitures	129,805	125,194	116,581	118,908	88,956
Investment earnings (loss)	426,096	145,145	(4,463)	596,605	464,299
Contributions	-	-	3,407	2,878	10,988
Rents and leases	-	-	213,991	160,897	54,001
Other	1,034,513	928,761	1,601,274	445,622	693,008
Total revenues	44,771,361	47,950,476	50,035,818	47,938,001	48,186,587
Expenditures					
General government	6,772,153	6,648,823	6,757,373	5,353,716	5,232,787
Public safety	27,204,080	29,009,596	30,488,624	31,208,161	31,502,922
Public works	2,571,981	2,463,778	2,873,537	2,817,820	2,735,534
Recreation	3,301,833	3,036,624	4,322,645	3,353,181	2,741,065
Community development	-	-	607,252	686,024	668,190
Non-departmental	1,286,389	1,330,575	1,323,813	1,211,464	1,142,697
Debt service:					
Principal	-	-	345,000	180,000	185,000
Interest and other fiscal charges	-	-	98,183	57,514	50,314
Total expenditures	41,136,436	42,489,396	46,816,427	44,867,880	44,258,509
Revenues over expenditures	3,634,925	5,461,080	3,219,391	3,070,121	3,928,078
Other financing sources (uses)					
Issuance of other long-term liabilities	-	-	-	-	-
Transfers in	106,731	21,113	201,565	-	-
Transfers out	(3,637,258)	(5,569,312)	(3,283,375)	(3,053,845)	(2,420,810)
Total other financing sources (uses)	(3,530,527)	(5,548,199)	(3,081,810)	(3,053,845)	(2,420,810)
Net changes in fund balances	\$ 104,398	\$ (87,119)	\$ 137,581	\$ 16,276	\$ 1,507,268

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 5
 Unaudited

Changes in Fund Balance - General Fund

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2021	2022	2023	2024	2025
Revenues					
Income taxes	\$ 15,367,014	\$ 17,837,502	\$ 18,064,459	\$ 19,232,794	\$ 20,699,055
Property taxes	16,335,534	16,271,718	16,836,340	18,158,571	18,853,451
Licenses and permits	1,097,170	1,248,324	1,105,180	986,968	898,358
Intergovernmental	13,067,217	10,931,428	11,040,065	13,490,150	12,514,128
Charges for services	3,196,560	3,674,706	3,781,871	3,930,557	4,041,747
Fines and forfeitures	58,055	70,956	64,408	98,359	74,733
Investment earnings (loss)	45,958	(390,999)	940,518	1,277,048	1,393,572
Contributions	5,629	7,980	2,650	42,931	1,350
Rents and leases	56,261	34,569	35,425	36,841	39,798
Other	408,035	474,648	597,574	1,033,259	1,000,764
Total revenues	49,637,433	50,160,832	52,468,490	58,287,478	59,516,956
Expenditures					
General government	4,653,682	4,653,720	5,311,372	7,184,845	7,503,354
Public safety	31,253,817	33,832,162	35,672,263	36,596,277	39,169,160
Public works	2,565,138	2,663,402	2,649,249	3,415,685	3,614,664
Recreation	2,092,693	2,818,081	3,012,761	3,488,238	3,630,698
Community development	564,752	410,812	703,216	879,930	874,780
Non-departmental	1,120,340	983,967	978,126	437,440	557,577
Debt service:					
Principal	195,000	347,460	357,460	367,460	611,842
Interest and other fiscal charges	43,191	35,635	27,635	19,235	10,160
Total expenditures	42,488,613	45,745,239	48,712,082	52,389,110	55,972,235
Revenues over expenditures	7,148,820	4,415,593	3,756,408	5,898,368	3,544,721
Other financing sources (uses)					
Issuance of other long-term liabilities	-	-	-	-	1,053,142
Transfers in	62,711	-	100,528	574,000	3,461,518
Transfers out	(2,594,014)	(2,883,951)	(4,218,730)	(6,452,614)	(7,671,801)
Total other financing sources (uses)	(2,531,303)	(2,883,951)	(4,118,202)	(5,878,614)	(3,157,141)
Net changes in fund balances	\$ 4,617,517	\$ 1,531,642	\$ (361,794)	\$ 19,754	\$ 387,580

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
2025	2024	2023	\$ 1,963,701,730	\$ 1,413,389,177	\$ 127,177,017
2024	2023	2022	1,621,985,453	1,301,825,550	124,409,702
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

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		
2025	\$ 15,593,892	\$ 156,965	\$ 1,556,317,051	\$ 3,927,403,460	15.6650
2024	16,457,268	156,965	1,442,849,485	3,243,970,906	15.7580
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

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			
2025	2024	9.4870	0.5000	5.6780	15.6650	25.5000	6.0000
2024	2023	9.4870	0.5000	5.7710	15.7580	25.5000	6.0000
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

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)
2025	6.1919	3.6109	1.9986	10.3006	69.2670	51.2670
2024	6.1946	3.6109	2.0000	7.6417	66.7052	48.7052
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

(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	2016		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Consumers Energy	\$ 32,950,993	5	2.14%
Semco Energy Inc.	12,136,440	9	0.79%
Kellogg Company (WKKI)	145,818,260	1	9.47%
Denso Manufacturing MI Inc.	89,925,078	2	5.84%
Arbors of Battle Creek	-	-	0.00%
Post Foods LLC	44,519,965	3	2.89%
BCHQ Real Estate LL (Kellogg HQ)	-	-	0.00%
Redwood Battle Creek Glen Cross	-	-	0.00%
Edward Rose Development Co.	-	-	0.00%
Bronson-Acadia Joint Venture LLC	-	-	0.00%
Musashi Auto Parts-Michigan Inc.	36,162,352	4	2.35%
TRMI Inc.	21,406,021	6	1.39%
II Stanley Co Inc.	14,837,420	7	0.96%
Conagra Foods Inc.	14,089,069	8	0.92%
Graphic Packaging International	11,947,030	10	0.78%
	<hr/> <u>\$ 423,792,628</u>		<hr/> <u>27.53%</u>

continued...

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

Current Year and Nine Years Ago

Taxpayer	2025		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Consumers Energy	\$ 52,765,566	1	3.39%
Semco Energy Inc.	17,353,884	2	1.12%
Kellogg Company (WKKI)	15,940,478	3	1.02%
Denso Manufacturing MI Inc.	13,565,257	4	0.87%
Arbors of Battle Creek	11,586,957	5	0.74%
Post Foods LLC	11,116,890	6	0.71%
BCHQ Real Estate LL (Kellogg HQ)	9,664,914	7	0.62%
Redwood Battle Creek Glen Cross	8,532,800	8	0.55%
Edward Rose Development Co.	7,791,364	9	0.50%
Bronson-Acadia Joint Venture LLC	7,559,800	10	0.49%
Musashi Auto Parts-Michigan Inc.	-	-	0.00%
TRMI Inc.	-	-	0.00%
II Stanley Co Inc.	-	-	0.00%
Conagra Foods Inc.	-	-	0.00%
Graphic Packaging International	-	-	0.00%
	<hr/> <u>\$ 155,877,910</u>		<hr/> <u>10.02%</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	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date		
		Amount	% of Levy		Amount	% of Levy	
2025	\$ 23,512,786	\$ 23,495,057	99.92%	\$ 1,997	\$ 23,497,054	99.93%	
2024	22,424,789	22,400,221	99.89%	3,378	22,403,599	99.91%	
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%	

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	2016	2017	2018	2019	2020
In-City					
Residential	14,757	14,771	14,754	14,791	14,806
Commercial (1)	1,619	1,634	1,646	1,671	1,650
Industrial	130	126	126	124	123
	<u>16,506</u>	<u>16,531</u>	<u>16,526</u>	<u>16,586</u>	<u>16,579</u>
Outside City					
Emmett Township	675	699	708	714	714
Bedford Township	420	428	428	429	430
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,095</u>	<u>1,127</u>	<u>1,136</u>	<u>1,143</u>	<u>1,144</u>
Totals	<u>17,601</u>	<u>17,658</u>	<u>17,662</u>	<u>17,729</u>	<u>17,723</u>

continued...

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

Last Ten Fiscal Years

Type of User	2021	2022	2023	2024	2025
In-City					
Residential	14,967	14,979	14,973	14,879	14,894
Commercial (1)	1,511	1,562	1,519	1,630	1,639
Industrial	123	125	125	129	127
	<u>16,601</u>	<u>16,666</u>	<u>16,617</u>	<u>16,638</u>	<u>16,660</u>
Outside City					
Emmett Township	714	817	816	821	823
Bedford Township	429	437	439	442	442
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,144</u>	<u>1,254</u>	<u>1,255</u>	<u>1,263</u>	<u>1,265</u>
Totals	<u>17,745</u>	<u>17,920</u>	<u>17,872</u>	<u>17,901</u>	<u>17,925</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	2016	2017	2018	2019	2020
In-City					
Residential	83.84%	83.65%	83.54%	83.43%	83.54%
Commercial	9.20%	9.25%	9.32%	9.43%	9.31%
Industrial	0.74%	0.71%	0.71%	0.70%	0.69%
	<u>93.78%</u>	<u>93.62%</u>	<u>93.57%</u>	<u>93.55%</u>	<u>93.54%</u>
Outside City					
Emmett Township	3.84%	3.96%	4.01%	4.03%	4.03%
Bedford Township	2.39%	2.42%	2.42%	2.42%	2.43%
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>6.22%</u>	<u>6.38%</u>	<u>6.43%</u>	<u>6.45%</u>	<u>6.46%</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 11
Unaudited**■ Number of Water System Customers by User Class as a Percent of Total**

Last Ten Fiscal Years

Type of User	2021	2022	2023	2024	2025
In-City					
Residential	84.35%	83.58%	83.77%	83.11%	83.09%
Commercial	8.52%	8.72%	8.50%	9.11%	9.14%
Industrial	0.69%	0.70%	0.70%	0.72%	0.71%
	<u>93.56%</u>	<u>93.00%</u>	<u>92.97%</u>	<u>92.94%</u>	<u>92.94%</u>
Outside City					
Emmett Township	4.02%	4.56%	4.57%	4.59%	4.59%
Bedford Township	2.42%	2.44%	2.46%	2.47%	2.47%
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>6.44%</u>	<u>7.00%</u>	<u>7.03%</u>	<u>7.06%</u>	<u>7.06%</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	2016	2017	2018	2019	2020
In-City					
Residential	\$ 3,575,598	\$ 3,724,145	\$ 3,826,075	\$ 3,871,053	\$ 3,953,830
Commercial (1)	2,243,876	2,124,857	2,102,968	2,150,138	2,140,818
Industrial	<u>2,367,369</u>	<u>1,939,402</u>	<u>1,579,649</u>	<u>1,651,605</u>	<u>1,777,862</u>
	<u>8,186,843</u>	<u>7,788,404</u>	<u>7,508,692</u>	<u>7,672,796</u>	<u>7,872,510</u>
Outside City					
Emmett Township	689,318	695,064	709,973	742,075	693,906
Bedford Township	100,731	99,809	105,058	107,763	108,217
East Leroy Township	13,024	11,817	11,156	12,989	13,086
Springfield City	266,165	290,922	224,405	228,116	162,726
Pennfield Township	<u>29,562</u>	<u>35,524</u>	<u>44,202</u>	<u>46,033</u>	<u>44,912</u>
	<u>1,098,800</u>	<u>1,133,136</u>	<u>1,094,794</u>	<u>1,136,976</u>	<u>1,022,847</u>
Totals	<u>\$ 9,285,643</u>	<u>\$ 8,921,540</u>	<u>\$ 8,603,486</u>	<u>\$ 8,809,772</u>	<u>\$ 8,895,357</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 12
Unaudited

■ Water System Revenues by User Class

Last Ten Fiscal Years

Type of User	2021	2022	2023	2024	2025
In-City					
Residential	\$ 4,172,430	\$ 4,081,396	\$ 3,833,235	\$ 3,976,324	\$ 4,216,939
Commercial (1)	2,300,744	2,403,260	2,282,560	2,424,848	2,622,115
Industrial	<u>1,882,016</u>	<u>1,926,006</u>	<u>1,600,765</u>	<u>1,712,003</u>	<u>1,637,676</u>
	<u>8,355,190</u>	<u>8,410,662</u>	<u>7,716,560</u>	<u>8,113,175</u>	<u>8,476,730</u>
Outside City					
Emmett Township	777,471	796,067	766,496	797,242	802,828
Bedford Township	113,524	112,871	100,141	105,116	138,362
East Leroy Township	15,133	14,923	14,558	15,067	15,659
Springfield City	285,116	259,948	279,830	284,067	272,835
Pennfield Township	<u>66,279</u>	<u>50,295</u>	<u>50,879</u>	<u>45,768</u>	<u>49,675</u>
	<u>1,257,523</u>	<u>1,234,104</u>	<u>1,211,904</u>	<u>1,247,260</u>	<u>1,279,359</u>
Totals	<u>\$ 9,612,713</u>	<u>\$ 9,644,766</u>	<u>\$ 8,928,464</u>	<u>\$ 9,360,435</u>	<u>\$ 9,756,089</u>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGANSchedule 13
Unaudited**Water System Revenues by User Class as a Percent of Total Revenue**

Last Ten Fiscal Years

Type of User	2016	2017	2018	2019	2020
In-City					
Residential	38.51%	41.74%	44.47%	43.94%	44.45%
Commercial (1)	24.17%	23.82%	24.44%	24.41%	24.07%
Industrial	25.49%	21.74%	18.36%	18.75%	19.98%
	<u>88.17%</u>	<u>87.30%</u>	<u>87.27%</u>	<u>87.09%</u>	<u>88.50%</u>
Outside City					
Emmett Township	7.42%	7.79%	8.25%	8.42%	7.80%
Bedford Township	1.08%	1.12%	1.22%	1.22%	1.22%
East Leroy Township	0.14%	0.13%	0.13%	0.15%	0.15%
Springfield City	2.87%	3.26%	2.61%	2.59%	1.83%
Pennfield Township	0.32%	0.40%	0.51%	0.52%	0.50%
	<u>11.83%</u>	<u>12.70%</u>	<u>12.73%</u>	<u>12.91%</u>	<u>11.50%</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	2021	2022	2023	2024	2025
In-City					
Residential	43.41%	42.32%	42.95%	42.48%	43.21%
Commercial (1)	23.93%	24.92%	25.56%	25.91%	26.88%
Industrial	19.57%	19.97%	17.93%	18.29%	16.79%
	<u>86.91%</u>	<u>87.21%</u>	<u>86.44%</u>	<u>86.68%</u>	<u>86.88%</u>
Outside City					
Emmett Township	8.09%	8.25%	8.58%	8.52%	8.23%
Bedford Township	1.18%	1.17%	1.12%	1.12%	1.42%
East Leroy Township	0.16%	0.15%	0.16%	0.16%	0.16%
Springfield City	2.97%	2.70%	3.13%	3.03%	2.80%
Pennfield Township	0.69%	0.52%	0.57%	0.49%	0.51%
	<u>13.09%</u>	<u>12.79%</u>	<u>13.56%</u>	<u>13.32%</u>	<u>13.12%</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	2016 (2)	2017	2018	2019	2020
In-City					
Residential	96,499,847	109,281,509	106,630,876	103,873,324	101,247,759
Commercial (1)	95,356,781	90,252,021	89,941,367	85,985,666	80,523,471
Industrial	127,002,299	113,625,946	102,822,926	104,534,592	110,750,621
	<u>318,858,927</u>	<u>313,159,476</u>	<u>299,395,169</u>	<u>294,393,582</u>	<u>292,521,851</u>
Outside City					
Emmett Township	23,441,862	25,738,764	27,512,531	29,987,370	23,612,244
Bedford Township	2,888,704	2,820,489	3,110,360	3,090,877	2,717,530
Springfield City	16,888,943	17,389,269	17,243,502	16,925,328	19,146,343
Pennfield Township	2,164,000	2,199,500	2,255,800	2,218,600	2,213,400
	<u>45,383,509</u>	<u>48,148,022</u>	<u>50,122,193</u>	<u>52,222,175</u>	<u>47,689,517</u>
Totals	<u>364,242,436</u>	<u>361,307,498</u>	<u>349,517,362</u>	<u>346,615,757</u>	<u>340,211,368</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	2021	2022	2023	2024	2025
In-City					
Residential	110,045,782	102,042,992	102,130,095	110,833,553	103,941,741
Commercial (1)	83,408,109	89,389,011	88,781,404	94,828,831	98,742,208
Industrial	117,380,631	116,848,702	101,531,548	105,137,117	94,566,908
	<u>310,834,522</u>	<u>308,280,705</u>	<u>292,443,047</u>	<u>310,799,501</u>	<u>297,250,857</u>
Outside City					
Emmett Township	25,784,938	27,049,787	28,709,198	29,124,975	27,290,750
Bedford Township	2,894,348	2,786,151	2,631,457	2,713,538	3,424,812
Springfield City	18,010,490	18,364,274	18,592,463	16,986,845	16,833,290
Pennfield Township	2,157,900	2,521,800	2,523,400	2,235,500	2,238,400
	<u>48,847,676</u>	<u>50,722,012</u>	<u>52,456,518</u>	<u>51,060,858</u>	<u>49,787,252</u>
Totals	<u>359,682,198</u>	<u>359,002,717</u>	<u>344,899,565</u>	<u>361,860,359</u>	<u>347,038,109</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, MICHIGAN

Schedule 15
Unaudited

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

Last Ten Fiscal Years

Type of User	2016	2017	2018	2019	2020
In-City					
Residential	26.49%	30.25%	30.51%	29.97%	29.76%
Commercial (1)	26.18%	24.98%	25.73%	24.81%	23.67%
Industrial	34.87%	31.45%	29.42%	30.16%	32.55%
	<u>87.54%</u>	<u>86.67%</u>	<u>85.66%</u>	<u>84.93%</u>	<u>85.98%</u>
Outside City					
Emmett Township	6.44%	7.12%	7.87%	8.65%	6.94%
Bedford Township	0.79%	0.78%	0.89%	0.89%	0.80%
Springfield City	4.64%	4.81%	4.93%	4.88%	5.63%
Pennfield Township	0.59%	0.61%	0.65%	0.64%	0.65%
	<u>12.46%</u>	<u>13.33%</u>	<u>14.34%</u>	<u>15.07%</u>	<u>14.02%</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	2021	2022	2023	2024	2025
In-City					
Residential	30.60%	28.42%	29.61%	30.63%	29.95%
Commercial (1)	23.19%	24.90%	25.74%	26.21%	28.45%
Industrial	32.63%	32.55%	29.44%	29.05%	27.25%
	<u>86.42%</u>	<u>85.87%</u>	<u>84.79%</u>	<u>85.89%</u>	<u>85.65%</u>
Outside City					
Emmett Township	7.17%	7.53%	8.33%	8.05%	7.86%
Bedford Township	0.80%	0.78%	0.76%	0.75%	0.99%
Springfield City	5.01%	5.12%	5.39%	4.69%	4.85%
Pennfield Township	0.60%	0.70%	0.73%	0.62%	0.65%
	<u>13.58%</u>	<u>14.13%</u>	<u>15.21%</u>	<u>14.11%</u>	<u>14.35%</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
2025	455,726,203	10.50%	347,038,109	-4.10%	76.15%
2024	412,429,140	-3.23%	361,860,359	4.92%	87.74%
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%

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, 2025

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Post Foods	Breakfast Foods	28,318,594	8.16%	\$ 476,378	4.88%
Kellogg Company - Plant	Breakfast Foods	22,629,690	6.52%	377,357	3.87%
Prairie Farms Dairy	Dairy Processing	13,141,436	3.79%	225,801	2.31%
Fire Keepers Casino	Gambling/Entertainment	9,201,600	2.65%	206,572	2.12%
Westrock California LLC	Paperboard	7,122,371	2.05%	110,584	1.13%
Denso Mfg - Michigan	Automotive Parts	4,966,125	1.43%	114,113	1.17%
Bronson Battle Creek	Medical Services	4,896,300	1.41%	112,664	1.15%
VA Medical Center - Hospital	Medical Services	4,536,259	1.31%	119,725	1.23%
Rolling Hills Mobile Home Community	Mobile Home	3,665,400	1.06%	60,589	0.62%
City of Battle Creek - WWTP	Government	3,335,600	0.96%	59,539	0.61%
Transcontinental Michigan Inc	Manufacturing	2,877,348	0.83%	50,769	0.52%
Calhoun County Justice Center	Government-Jails/Courts	2,638,948	0.76%	49,441	0.51%
Bowers Aluminum Co	Aluminum Parts	2,635,472	0.76%	44,732	0.46%
Gallagher Laundry	Laundry	2,128,871	0.61%	39,554	0.41%
Parkway Manor	Apartment Complex	1,802,300	0.52%	36,759	0.38%
Silver Star Apts	Apartment Complex	1,652,240	0.48%	30,829	0.32%
Advantage Sintered Metals	Automotive Parts	1,464,372	0.42%	27,935	0.29%
River Apartments	Apartment Complex	1,360,572	0.39%	29,054	0.30%
Pedcor Investments	Apartment Complex	1,305,200	0.38%	22,979	0.24%
Kellogg Company - WKI	Food Research	1,146,180	0.33%	37,156	0.38%
Totals		120,824,878	34.82%	\$ 2,232,530	22.88%

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)									
	2016	2017 (4)	2018	2019	2020				
Inside City									
0 to 4,410,000	\$ 1.68	\$ 1.16	\$ 1.20	\$ 1.24	\$ 1.27				
4,410,001 to 11,000,000	0.82	1.16	1.20	1.24	1.27				
Over 11,000,000	1.24	1.16	1.20	1.24	1.27				
Outside City (bulk rate)									
Pennfield Township	1.23	1.78	1.78	1.78	1.78				
Springfield City	1.68	1.16	1.20	1.24	1.31				
Monthly Readiness-to-Serve Charge (2)									
(Fiscal Year Ending June 30)									
	2016	2017 (4)	2018	2019	2020				
Inside City									
5/8"	\$ 9.69	\$ 12.19	\$ 12.51	\$ 12.62	\$ 12.82				
3/4" or less	12.15	16.94	17.35	17.76	18.08				
1"	17.06	26.43	27.02	27.62	28.76				
1.5"	29.34	50.15	51.22	52.28	55.46				
2"	44.08	78.63	80.25	81.87	87.50				
3"	78.48	145.06	147.99	150.92	162.26				
4"	127.62	239.97	244.77	249.56	269.06				
6"	250.46	477.25	486.71	496.16	536.06				
8"	397.87	761.98	777.03	792.08	856.46				
10"	569.85	1,094.16	1,115.74	1,130.26	1,137.32				
Monthly Fire Sprinkler Charges (3)									
(Fiscal Year Ending June 30)									
	2016	2017 (4)	2018	2019	2020				
Inside City									
2"	\$ 7.24	\$ 7.60	\$ 7.98	\$ 8.38	\$ 8.80				
3"	13.55	14.23	14.94	15.69	16.47				
4"	22.62	23.75	24.94	26.19	27.49				
6"	45.19	47.45	49.82	52.31	54.93				
8"	72.34	75.96	79.75	83.74	87.93				
10"	103.99	109.19	114.65	120.38	126.40				

(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)

	2021	2022	2023	2024	2025
\$	1.31	\$ 1.45	\$ 1.45	\$ 1.51	\$ 1.57
	1.31	1.45	1.45	1.51	1.57
	1.31	1.45	1.45	1.51	1.57
	1.86	1.86	1.94	2.02	2.11
	1.39	1.39	1.45	1.51	1.57

Monthly Readiness-to-Serve Charge (2)

(Fiscal Year Ending June 30)

	2021	2022	2023	2024	2025
\$	13.15	\$ 13.27	\$ 13.28	\$ 13.84	\$ 14.43
	18.18	18.59	18.85	19.65	20.49
	28.23	28.82	29.98	31.25	32.58
	53.35	54.42	57.82	60.28	62.84
	83.50	85.13	91.22	95.10	99.14
	153.86	156.79	169.16	176.35	183.84
	254.36	259.16	280.50	292.42	304.85
	505.63	515.08	558.85	582.59	607.35
	807.14	822.20	892.86	930.81	970.37
	1,158.91	1,180.49	1,282.55	1,337.06	1,393.89

Monthly Fire Sprinkler Charges (3)

(Fiscal Year Ending June 30)

	2021	2022	2023	2024	2025
\$	9.24	\$ 9.97	\$ 10.39	\$ 10.83	\$ 11.29
	17.29	18.70	19.49	20.32	21.18
	28.87	31.16	32.48	33.86	35.30
	57.68	62.32	64.97	67.73	70.61
	92.33	99.71	103.95	108.37	112.98
	132.72	143.33	149.42	155.77	162.39

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

Last Ten Fiscal Years

Type of User	2016	2017	2018	2019	2020
In-City					
Residential	15,734	15,740	15,707	15,735	15,764
Commercial (1)	1,580	1,583	1,613	1,631	1,615
Industrial	120	117	118	116	116
	<u>17,434</u>	<u>17,440</u>	<u>17,438</u>	<u>17,482</u>	<u>17,495</u>
Outside City					
Emmett Township	1,685	1,688	1,686	1,690	1,688
Bedford Township	543	551	551	554	555
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,228</u>	<u>2,239</u>	<u>2,237</u>	<u>2,244</u>	<u>2,243</u>
Totals	<u>19,662</u>	<u>19,679</u>	<u>19,675</u>	<u>19,726</u>	<u>19,738</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 19
Unaudited

■ Number of Wastewater System Customers by User Class

Last Ten Fiscal Years

Type of User	2021	2022	2023	2024	2025
In-City					
Residential	15,945	15,892	15,905	15,807	15,810
Commercial (1)	1,471	1,476	1,464	1,574	1,584
Industrial	116	117	117	120	118
	<u>17,532</u>	<u>17,485</u>	<u>17,486</u>	<u>17,501</u>	<u>17,512</u>
Outside City					
Emmett Township	1,687	1,797	1,804	1,798	1,802
Bedford Township	557	562	565	562	563
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,244</u>	<u>2,359</u>	<u>2,369</u>	<u>2,360</u>	<u>2,365</u>
Totals	<u>19,776</u>	<u>19,844</u>	<u>19,855</u>	<u>19,861</u>	<u>19,877</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, 2025

Type of User	2016	2017	2018	2019	2020
In-City					
Residential	80.02%	79.98%	79.83%	79.77%	79.87%
Commercial (1)	8.04%	8.04%	8.20%	8.27%	8.18%
Industrial	0.61%	0.59%	0.60%	0.59%	0.59%
	<u>88.67%</u>	<u>88.62%</u>	<u>88.63%</u>	<u>88.62%</u>	<u>88.64%</u>
Outside City					
Emmett Township	8.57%	8.58%	8.57%	8.57%	8.55%
Bedford Township	2.76%	2.80%	2.80%	2.81%	2.81%
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>11.33%</u>	<u>11.38%</u>	<u>11.37%</u>	<u>11.38%</u>	<u>11.36%</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, 2025

Type of User	2021	2022	2023	2024	2025
In-City					
Residential	80.63%	80.08%	80.11%	79.59%	79.54%
Commercial (1)	7.44%	7.44%	7.37%	7.93%	7.97%
Industrial	0.59%	0.59%	0.59%	0.60%	0.59%
	<u>88.65%</u>	<u>88.11%</u>	<u>88.07%</u>	<u>88.12%</u>	<u>88.10%</u>
Outside City					
Emmett Township	8.53%	9.06%	9.08%	9.05%	9.07%
Bedford Township	2.82%	2.83%	2.85%	2.83%	2.83%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>11.35%</u>	<u>11.89%</u>	<u>11.93%</u>	<u>11.88%</u>	<u>11.90%</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 21
 Unaudited

■ Wastewater System Revenues by User Class

Last Ten Fiscal Years

Type of User	2016	2017	2018	2019	2020
In-City					
Residential	\$ 5,139,653	\$ 5,148,865	\$ 5,432,302	\$ 5,637,868	\$ 5,869,353
Commercial (1)	2,771,042	2,841,250	3,132,960	2,961,203	3,242,680
Industrial	<u>7,429,068</u>	<u>6,115,683</u>	<u>5,908,955</u>	<u>5,833,930</u>	<u>7,136,176</u>
	<u>15,339,763</u>	<u>14,105,798</u>	<u>14,474,217</u>	<u>14,433,001</u>	<u>16,248,209</u>
Outside City					
Emmett Township	1,221,559	1,090,616	1,026,430	1,081,177	1,202,641
Bedford Township	248,684	211,904	190,646	229,160	259,229
East Leroy Township	11,988	11,036	11,085	13,613	13,978
Springfield City	582,021	696,193	487,718	573,952	502,982
Pennfield Township	<u>621,812</u>	<u>550,298</u>	<u>489,705</u>	<u>557,253</u>	<u>622,752</u>
	<u>2,686,064</u>	<u>2,560,047</u>	<u>2,205,584</u>	<u>2,455,155</u>	<u>2,601,582</u>
Totals	<u>\$ 18,025,827</u>	<u>\$ 16,665,845</u>	<u>\$ 16,679,801</u>	<u>\$ 16,888,156</u>	<u>\$ 18,849,791</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 21
Unaudited

■ Wastewater System Revenues by User Class

Last Ten Fiscal Years

Type of User	2021	2022	2023	2024	2025
In-City					
Residential	\$ 6,238,700	\$ 6,712,516	\$ 6,327,997	\$ 6,575,620	\$ 6,985,553
Commercial (1)	3,490,002	3,894,797	3,760,162	3,994,211	4,318,594
Industrial	7,775,654	8,257,019	6,138,476	6,989,712	6,701,885
	<u>17,504,356</u>	<u>18,864,332</u>	<u>16,226,635</u>	<u>17,559,543</u>	<u>18,006,032</u>
Outside City					
Emmett Township	1,418,201	1,740,245	1,623,145	1,723,860	1,692,523
Bedford Township	279,514	348,949	312,469	338,794	369,339
East Leroy Township	16,936	19,172	18,867	19,474	20,341
Springfield City	714,152	873,456	970,142	1,004,902	1,025,369
Pennfield Township	603,539	832,539	840,010	855,988	1,029,193
	<u>3,032,342</u>	<u>3,814,361</u>	<u>3,764,633</u>	<u>3,943,018</u>	<u>4,136,765</u>
Totals	<u>\$ 20,536,698</u>	<u>\$ 22,678,693</u>	<u>\$ 19,991,268</u>	<u>\$ 21,502,561</u>	<u>\$ 22,142,798</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	2016	2017	2018	2019	2020
In-City					
Residential	28.51%	30.89%	32.57%	33.38%	31.14%
Commercial (1)	15.37%	17.05%	18.78%	17.53%	17.20%
Industrial	41.21%	36.70%	35.43%	34.54%	37.86%
	<u>85.10%</u>	<u>84.64%</u>	<u>86.78%</u>	<u>85.46%</u>	<u>86.20%</u>
Outside City					
Emmett Township	6.78%	6.54%	6.15%	6.40%	6.38%
Bedford Township	1.38%	1.27%	1.14%	1.36%	1.38%
East Leroy Township	0.07%	0.07%	0.07%	0.08%	0.07%
Springfield City	3.23%	4.18%	2.92%	3.40%	2.67%
Pennfield Township	3.45%	3.30%	2.94%	3.30%	3.30%
	<u>14.90%</u>	<u>15.36%</u>	<u>13.22%</u>	<u>14.54%</u>	<u>13.80%</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	2021	2022	2023	2024	2025
In-City					
Residential	30.38%	29.60%	31.65%	30.57%	31.55%
Commercial (1)	16.99%	17.17%	18.81%	18.58%	19.50%
Industrial	37.86%	36.41%	30.71%	32.51%	30.27%
	<u>85.23%</u>	<u>83.18%</u>	<u>81.17%</u>	<u>81.66%</u>	<u>81.32%</u>
Outside City					
Emmett Township	6.91%	7.67%	8.13%	8.02%	7.64%
Bedford Township	1.36%	1.54%	1.56%	1.58%	1.67%
East Leroy Township	0.08%	0.08%	0.09%	0.09%	0.09%
Springfield City	3.48%	3.85%	4.85%	4.67%	4.63%
Pennfield Township	2.94%	3.67%	4.20%	3.98%	4.65%
	<u>14.77%</u>	<u>16.82%</u>	<u>18.83%</u>	<u>18.34%</u>	<u>18.68%</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)
2025	19,877	2,284	2,948
2024	19,870	2,353	2,925
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

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	2016 (2)	2017	2018	2019	2020
In-City					
Residential	109,037,746	114,331,877	112,157,156	109,764,654	107,918,337
Commercial (1)	80,135,131	76,958,752	75,611,297	75,207,462	68,801,690
Industrial	41,786,764	33,223,800	33,052,416	38,215,999	39,091,900
	<u>230,959,641</u>	<u>224,514,429</u>	<u>220,820,869</u>	<u>223,188,115</u>	<u>215,811,927</u>
Outside City					
Emmett Township	31,523,803	32,901,531	33,767,468	35,373,893	30,081,969
Bedford Township	5,014,441	6,382,474	6,543,986	6,883,023	6,543,615
Springfield City	16,326,066	15,711,208	15,892,464	14,779,666	15,207,078
Pennfield Township	15,230,642	14,531,008	14,724,732	14,576,875	14,487,868
	<u>68,094,952</u>	<u>69,526,221</u>	<u>70,928,650</u>	<u>71,613,457</u>	<u>66,320,530</u>
Totals	<u>299,054,593</u>	<u>294,040,650</u>	<u>291,749,519</u>	<u>294,801,572</u>	<u>282,132,457</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	2021	2022	2023	2024	2025
In-City					
Residential	116,380,311	108,527,081	108,405,336	116,989,917	110,538,767
Commercial (1)	67,770,882	76,004,504	76,800,372	81,248,825	82,794,319
Industrial	39,625,132	41,960,342	40,566,582	44,341,069	41,349,811
	<u>223,776,325</u>	<u>226,491,927</u>	<u>225,772,290</u>	<u>242,579,811</u>	<u>234,682,897</u>
Outside City					
Emmett Township	30,875,709	32,960,660	34,243,370	33,694,507	32,461,252
Bedford Township	6,860,185	6,705,906	7,060,210	6,982,557	7,028,314
Springfield City	15,058,012	15,930,846	16,039,772	15,369,390	15,246,216
Pennfield Township	14,289,260	16,437,000	15,364,300	15,867,359	15,941,991
	<u>67,083,166</u>	<u>72,034,412</u>	<u>72,707,652</u>	<u>71,913,813</u>	<u>70,677,773</u>
Totals	<u>290,859,491</u>	<u>298,526,339</u>	<u>298,479,942</u>	<u>314,493,624</u>	<u>305,360,670</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, 2025

Type of User	2016	2017	2018	2019	2020
In-City					
Residential	36.46%	38.88%	38.44%	37.23%	38.25%
Commercial (1)	26.80%	26.17%	25.92%	25.51%	24.39%
Industrial	13.97%	11.30%	11.33%	12.96%	13.85%
	<u>77.23%</u>	<u>76.35%</u>	<u>75.69%</u>	<u>75.71%</u>	<u>76.49%</u>
Outside City					
Emmett Township	10.54%	11.19%	11.57%	12.00%	10.66%
Bedford Township	1.68%	2.17%	2.24%	2.33%	2.32%
Springfield City	5.46%	5.34%	5.45%	5.01%	5.39%
Pennfield Township	5.09%	4.94%	5.05%	4.94%	5.14%
	<u>22.77%</u>	<u>23.65%</u>	<u>24.31%</u>	<u>24.29%</u>	<u>23.51%</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, 2025

Type of User	2021	2022	2023	2024	2025
In-City					
Residential	40.01%	36.34%	36.32%	37.20%	36.21%
Commercial (1)	23.30%	25.46%	25.73%	25.83%	27.11%
Industrial	13.62%	14.06%	13.59%	14.10%	13.54%
	<u>76.93%</u>	<u>75.86%</u>	<u>75.64%</u>	<u>77.13%</u>	<u>76.86%</u>
Outside City					
Emmett Township	10.62%	11.04%	11.47%	10.71%	10.63%
Bedford Township	2.36%	2.25%	2.37%	2.22%	2.30%
Springfield City	5.18%	5.34%	5.37%	4.89%	4.99%
Pennfield Township	4.91%	5.51%	5.15%	5.05%	5.22%
	<u>23.07%</u>	<u>24.14%</u>	<u>24.36%</u>	<u>22.87%</u>	<u>23.14%</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, 2025

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Post Foods	Breakfast Foods	25,055,398	8.21%	\$ 1,850,952	8.36%
Kellogg Company - Plant	Breakfast Foods	16,317,513	5.34%	974,596	4.40%
Prairie Farms Dairy	Dairy Processing	14,118,227	4.62%	1,349,477	6.09%
Westrock California LLC	Paperboard	13,766,324	4.51%	1,245,971	5.63%
Fire Keepers Casino	Gambling/Entertainment	7,941,000	2.60%	406,334	1.84%
Denso Manufacturing	Automotive Parts	4,966,125	1.63%	214,053	0.97%
VA Medical Center - Hospital	Medical Services	4,536,259	1.49%	234,342	1.06%
Bronson Battle Creek Health Sys.	Medical Services	4,460,000	1.46%	194,605	0.88%
Rolling Hills Mobile Community	Mobile Home Park	3,644,000	1.19%	146,749	0.66%
Calhoun County Justice Center	Government-Jails/Courts	2,638,948	0.86%	114,530	0.52%
Bowers Aluminum	Aluminum Parts	2,635,472	0.86%	107,059	0.48%
Gallagher Laundry	Laundry Services	2,070,471	0.68%	87,265	0.39%
Parkway Manor	Automotive Parts	1,802,300	0.59%	82,888	0.37%
Silver Star Apts	Apartment Complex	1,483,900	0.49%	63,509	0.29%
Advantage Sintered Metals	Apartment Complex	1,464,372	0.48%	63,039	0.28%
River Apartments BC LLC	Government	1,360,572	0.45%	63,688	0.29%
Pedcor Investments (Teal Run)	Govt-Military Training	1,305,200	0.43%	53,539	0.24%
Springview Towers LTD	Apartment Complex	1,082,000	0.35%	50,948	0.23%
Ft Custer Training Center	Apartment Complex	1,046,026	0.34%	56,736	0.26%
Willow Creek Apartments LLC	Apartment Complex	990,300	0.32%	40,985	0.19%
Totals		112,684,407	36.90%	\$ 7,401,265	33.43%

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

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 27
 Unaudited

Largest Wastewater Customers

Last Ten Fiscal Years Ended June 30, 2025

Fiscal Year Ended June 30,	Post Foods		Prairie Farms Dairy		Westrock California LLC	
	Consumption	Revenue	Consumption	Revenue	Consumption	Revenue
2025	25,055,398	\$ 1,850,952	14,118,227	\$ 1,349,477	13,766,324	\$ 1,245,971
2024	23,201,461	1,591,823	13,074,124	1,101,157	12,698,957	1,086,714
2023	21,961,457	1,420,359	11,713,021	554,135	21,961,457	1,420,359
2022	17,752,674	967,335	12,905,958	195,438	8,035,116	82,691
2021	20,915,032	1,287,256	12,869,347	460,098	10,666,257	1,020,359
2020	13,732,594	880,383	12,530,638	428,957	13,401,711	1,265,532
2019	17,557,283	982,794	20,057,298	972,760	17,557,283	982,794
2018	15,226,777	940,847	1,884,889	65,517	12,837,465	1,010,017
2017	18,678,676	1,012,752	2,044,786	61,613	18,678,676	1,012,752
2016	18,665,795	1,064,837	-	-	18,665,795	1,064,837

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, 2015 to June 30, 2025

Commodity Charge

Date	Regular Commodity Rate (per ccf or 750 gallons)
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
July 1, 2023 – June 30, 2024	\$3.840
July 1, 2024 – June 30, 2025	\$4.000

Monitoring Charge

Date	Monitoring Charge (per sample)
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
July 1, 2023 – June 30, 2024	\$332.40
July 1, 2024 – June 30, 2025	\$346.53

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, 2015 to Dec 31, 2016	January 1, 2017 to June 30, 2017	July 1, 2017 to June 30, 2018	July 1, 2018 to June 30, 2019	July 1, 2019 to June 30, 2020
5/8"	\$12.95	\$11.32	\$11.89	\$12.46	\$13.03
3/4"	\$17.08	\$16.01	\$16.83	\$17.65	\$18.47
1"	\$25.36	\$25.38	\$26.70	\$28.02	\$29.34
1.5"	\$46.04	\$48.80	\$51.37	\$53.94	\$56.51
2"	\$70.85	\$76.91	\$80.98	\$85.05	\$89.12
3"	\$128.74	\$142.50	\$150.07	\$157.64	\$165.21
4"	\$211.44	\$236.20	\$248.77	\$261.34	\$273.91
6"	\$418.20	\$470.45	\$495.52	\$520.59	\$545.66
8"	\$666.31	\$751.55	\$791.62	\$831.69	\$871.76
10"	\$955.77	\$1,079.50	\$1,137.07	\$1,194.64	\$1,252.21

Meter Size	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022	July 1, 2022 to June 30, 2023	July 1, 2023 to June 30, 2024	July 1, 2024 to June 30, 2025
5/8"	\$13.60	\$15.63	\$16.29	\$16.98	\$17.70
3/4"	\$19.29	\$22.52	\$23.48	\$24.48	\$25.52
1"	\$30.66	\$36.30	\$37.84	\$39.45	\$41.13
1.5"	\$59.08	\$70.77	\$73.78	\$76.92	\$80.19
2"	\$93.19	\$112.12	\$116.89	\$121.86	\$127.04
3"	\$172.78	\$208.62	\$217.49	\$226.73	\$236.37
4"	\$286.48	\$346.47	\$361.19	\$376.54	\$392.54
6"	\$570.73	\$691.10	\$720.47	\$751.09	\$783.01
8"	\$911.83	\$1,104.65	\$1,151.60	\$1,200.54	\$1,251.56
10"	\$1,309.78	\$1,587.13	\$1,654.58	\$1,724.90	\$1,798.21

continued...

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Current Wastewater Rates

From July 1, 2015 to June 30, 2025

BOD and Suspended Solids Charges

Date	BOD Charge (per pound)	Suspended Solids Charge (per pound)
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
July 1, 2023 – June 30, 2024	\$0.2400	0.4000
July 1, 2024 – June 30, 2025	\$0.2500	0.4200

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, 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
July 1, 2023 – June 30, 2024	\$0.00
July 1, 2024 – June 30, 2025	\$0.00

continued...

Source: City of Battle Creek Finance Department

Outside City Performing Their Own Billing

Meter Size	July 1, 2015 to Dec. 31, 2016	January 1, 2016 to June 30, 2017	July 1, 2017 to June 30, 2018	July 1, 2018 to June 30, 2019	July 1, 2019 to June 30, 2020
5/8"	\$8.27	n/a	n/a	n/a	n/a
3/4"	\$12.41	n/a	n/a	n/a	n/a
1"	\$20.68	n/a	n/a	n/a	n/a
1.5"	\$41.35	n/a	n/a	n/a	n/a
2"	\$66.16	n/a	n/a	n/a	n/a
3"	\$124.05	n/a	n/a	n/a	n/a
4"	\$206.76	n/a	n/a	n/a	n/a
6"	\$413.52	n/a	n/a	n/a	n/a
8"	\$661.62	n/a	n/a	n/a	n/a
10"	\$951.09	n/a	n/a	n/a	n/a

Meter Size	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022	July 1, 2022 to June 30, 2023	July 1, 2023 to June 30, 2024	July 1, 2024 to June 30, 2025
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	Subscription Liability	Revenue Bonds (1)	Capital Leases		
2025	\$ 20,822,562	\$ 18,546	\$ 8,915,995	\$ 1,513,713	\$ 20,286,648	\$ -	-	\$ 51,557,464
2024	22,866,966	197,033	9,045,963	937,006	21,230,232	-	-	54,277,200
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

(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
0.81%	\$ 977.93
0.94%	1,029.52
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

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 29b
 Unaudited

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Year	General Bonded Debt Outstanding					
	Governmental Activities		Net General Bonded Debt	% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal				
2025	\$ 20,822,562	\$ -	\$ 20,822,562	0.33%	1.34%	\$ 394.96
2024	22,866,966	-	22,866,966	0.39%	1.58%	433.74
2023	24,826,370	-	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

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, 2025

	(1) Net Debt Outstanding	Percentage Applicable to City of Battle Creek	Amount Applicable to City of Battle Creek
Direct:			
City issued bonded debt (2)	\$ 20,822,562	100.00%	\$ 20,822,562
Installment obligations	18,546	100.00%	18,546
Promissory note	8,915,995	100.00%	8,915,995
Subscription liability	1,513,713	100.00%	<u>1,513,713</u>
			<u>31,270,816</u>
Overlapping: (3)			
Lakeview School District	92,454,368	100.00%	92,454,368
Battle Creek Public Schools	86,755,000	72.68%	63,053,534
Calhoun County	110,908,750	33.52%	37,176,613
Kellogg Community College	4,750,000	32.90%	1,562,750
Pennfield School District	47,956,060	5.51%	2,642,379
Climax-Scotts School District	25,229,870	3.95%	996,580
Harper Creek School District	44,217,398	1.48%	654,417
Kalamazoo Valley Community College	3,775,000	0.05%	<u>1,888</u>
			<u>198,542,529</u>
Total direct and overlapping debt			<u>\$ 229,813,345</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	\$ 1,946,958,849
State Equalized Value - tax abated property:	
Industrial Facilities	16,585,916
Neighborhood Enterprise Zone	<u>156,965</u>
Total State Equalized Value (SEV)	\$ 1,963,701,730
Legal debt limit (10% of SEV)	\$ 196,370,173
Outstanding debt subject to limitation	\$ 63,810,000
Less exempt obligations	<u>(4,985,000)</u>
	<u>58,825,000</u>
Legal debt margin	\$ 137,545,173
Debt subject to limitation as a percent of SEV	<u>3.00%</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
2025	\$ 196,370,173	\$ 58,825,000	\$ 137,545,173	29.96%
2024	162,198,545	63,465,000	98,733,545	39.13%
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%

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
2025	\$ 36,336,964	\$ 25,386,385	\$ 10,950,579	\$ 1,797,467	6.09
2024	36,794,502	25,921,934	10,872,568	1,761,854	6.17
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

(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
2025	52,721	\$ 6,394,526	\$ 47,947	6.70%
2024	52,721	5,790,396	43,442	5.50%
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%

(a) Battle Creek MSA data.

Sources: U.S. Census Bureau, U.S. Department of Commerce
Bureau of Economic Analysis

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers

Current Year and Nine Years Ago

Employer	2016		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,817	1	11.48%
Firekeepers Casino	1,680	3	6.85%
Veterans Administration Medical Center	1,581	4	6.44%
Hart-Doyle-Inouye Federal Center	1,500	5	6.11%
Bronson Battle Creek	1,352	7	5.51%
WK Kellogg Company	2,279	2	9.29%
Duncan Aviation	-	-	0.00%
Michigan Air National Guard	1,488	6	6.06%
Kellogg Community College	920	10	3.75%
Calhoun County Government	-	-	0.00%
Post Consumer Brands	-	-	0.00%
II Stanley Company Inc.	840	11	3.42%
City of Battle Creek	-	-	0.00%
TRMI	700	12	2.85%
Battle Creek Public Schools	1,089	8	4.44%
Meijer Inc.	927	9	3.78%
Musashi Auto Parts, Inc.	649	13	2.64%
Family Fare	513	14	2.09%
	<u>18,335</u>		<u>74.72%</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers

Current Year and Nine Years Ago

Employer	2025		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,500	1	13.06%
Firekeepers Casino	1,999	2	10.44%
Veterans Administration Medical Center	1,589	3	8.30%
Hart-Doyle-Inouye Federal Center	1,500	4	7.83%
Bronson Battle Creek	1,360	5	7.10%
WK Kellogg Company	850	6	4.44%
Duncan Aviation	800	7	4.18%
Michigan Air National Guard	800	7	4.18%
Kellogg Community College	753	9	3.93%
Calhoun County Government	682	10	3.56%
Post Consumer Brands	585	11	3.06%
II Stanley Company Inc.	570	12	2.98%
City of Battle Creek	532	13	2.78%
TRMI	524	14	2.74%
Battle Creek Public Schools	-	-	0.00%
Meijer Inc.	-	-	0.00%
Musashi Auto Parts, Inc.	-	-	0.00%
Family Fare	-	-	0.00%
	<u>15,044</u>		<u>78.58%</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	2016	2017	2018	2019	2020
General Fund and Special Revenue Funds					
Revenue Funds					
Administration	21	19	20	20	22
Community development	29	27	32	33	34
Finance	23	23	24	24	24
Police department	123	127	128	127	123
Fire department	83	81	79	79	77
Public works	58	60	59	62	54
Recreation	8	9	9	7	8
	<u>345</u>	<u>346</u>	<u>351</u>	<u>352</u>	<u>342</u>
Enterprise Funds					
Battle Creek executive airport	8	10	10	11	11
Battle Creek transit system	36	35	43	38	39
Sewer and wastewater plant	55	56	52	58	51
Water	38	39	38	39	33
Economic Development	-	-	-	-	4
	<u>137</u>	<u>140</u>	<u>143</u>	<u>146</u>	<u>138</u>
Internal Service Funds					
Information systems	11	11	9	8	8
Equipment center	15	15	15	15	13
Self insurance	2	3	2	2	2
Reproduction and stores	3	3	3	3	3
	<u>31</u>	<u>32</u>	<u>29</u>	<u>28</u>	<u>26</u>
Total	<u>513</u>	<u>518</u>	<u>523</u>	<u>526</u>	<u>506</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 35
 Unaudited

Full-Time Equivalent Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2021	2022	2023	2024	2025
General Fund and Special Revenue Funds					
Revenue Funds					
Administration	22	22	25	25	24
Community development	30	25	26	28	26
Finance	18	19	21	21	20
Police department	113	119	132	127	130
Fire department	71	73	79	81	76
Public works	58	54	61	62	60
Recreation	5	6	6	7	7
	<u>316</u>	<u>318</u>	<u>350</u>	<u>351</u>	<u>343</u>
Enterprise Funds					
Battle Creek executive airport	11	9	10	11	10
Battle Creek transit system	38	35	38	38	41
Sewer and wastewater plant	55	60	60	51	58
Water	38	42	43	39	43
Economic Development	3	2	3	3	3
	<u>145</u>	<u>148</u>	<u>154</u>	<u>142</u>	<u>155</u>
Internal Service Funds					
Information systems	9	14	15	18	17
Equipment center	14	13	15	15	15
Self insurance	2	3	3	3	3
Reproduction and stores	2	2	2	2	2
	<u>27</u>	<u>32</u>	<u>35</u>	<u>38</u>	<u>37</u>
Total	488	498	539	531	535

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	2016	2017	2018	2019	2020
Public Safety					
Police					
Number of incidents	54,569	56,688	59,736	53,668	46,091
Number of crash reports	1,903	1,886	1,911	1,778	1,663
Fire					
Number of incidents	7,086	7,222	7,271	7,578	7,683
Number of medical calls	5,197	5,308	4,871	5,002	4,869
Number of structural fires	61	68	67	69	55
Public Works					
Major street miles maintained	89	89	89	89	89
Local street miles maintained	205	205	205	205	206
Culture & Recreation					
Participation:					
Softball	624	1,020	1,080	1,212	348
Soccer	951	873	1,012	859	281
Baseball	1,132	1,359	709	758	-
Basketball	202	345	172	162	153
Floor hockey	641	852	1,022	961	922
Football	160	164	180	194	108
Tennis	58	55	44	-	-
Volleyball	119	76	97	68	25
Other	1,001	2,072	2,185	2,296	571
Aquatic center participation	30,397	26,944	28,059	31,621	17,364
Rounds of golf	36,430	37,512	40,257	43,479	41,739
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	233	137	98	221	322
Dollar value	\$ 4,967,026	\$ 4,539,512	\$ 3,938,030	\$ 45,737,925	\$ 49,894,540
Residential					
Number of permits	797	802	799	858	3,627
Dollar value	\$ 7,277,474	\$ 6,995,271	\$ 6,655,015	\$ 7,388,726	\$ 35,565,683
Totals					
Number of permits	1,030	939	897	1,079	3,949
Dollar value	\$ 12,244,500	\$ 11,534,783	\$ 10,593,045	\$ 53,126,651	\$ 85,460,223

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 36
 Unaudited

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2021	2022	2023	2024	2025
Public Safety					
Police					
Number of incidents	36,114	35,138	41,794	48,151	44,271
Number of crash reports	1,786	1,870	1,892	1,848	1,805
Fire					
Number of incidents	7,692	8,559	8,949	9,366	9,634
Number of medical calls	5,580	5,745	6,323	6,500	5,800
Number of structural fires	68	50	65	50	51
Public Works					
Major street miles maintained	89	89	91	91	91
Local street miles maintained	206	206	206	206	206
Culture & Recreation					
Participation:					
Softball	150	576	588	468	463
Soccer	342	532	581	547	605
Baseball	50	291	252	210	-
Basketball	-	147	172	155	40
Floor hockey	-	756	829	914	674
Football	-	208	235	256	207
Tennis	-	-	-	-	-
Volleyball	55	88	61	75	67
Other	586	2,201	6,353	6,555	8,583
Aquatic center participation	6,563	23,094	21,811	24,416	23,218
Rounds of golf	47,165	43,221	46,915	47,356	49,098
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	197	244	160	125	72
Dollar value	\$ 51,262,015	\$ 106,117,761	\$138,189,610	\$71,619,102	\$35,531,806
Residential					
Number of permits	1,187	908	677	1,013	983
Dollar value	\$ 18,882,576	\$ 20,301,287	\$13,715,832	\$19,367,729	\$18,436,083
Totals					
Number of permits	1,384	1,152	837	1,138	1,055
Dollar value	\$ 70,144,591	\$ 126,419,048	\$151,905,442	\$90,986,831	\$53,967,889

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	2016	2017	2018	2019	2020
Police - vehicle patrol units					
Police patrol	40	39	41	46	43
Detective	20	22	25	26	21
Other	31	33	32	25	22
SIU	8	8	9	8	7
Fire					
Fire vehicle units:					
Trucks	2	1	2	1	1
Engines	7	8	10	10	7
Other	14	15	15	15	15
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	-	-	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	1	1	1	-
Recreation center	1	1	1	1	1
Fishing structures	3	3	3	3	3
Pavilions	30	30	30	30	30
Concession	4	4	4	4	4
Swimming beach areas	1	1	1	1	1
Golf course - 27 holes	1	1	1	1	1
Trails:					
Nature	1	1	1	1	1
Multi-use	1	1	1	1	1
Playgrounds	22	22	22	22	22
Water areas -					
Water parks	1	1	1	1	1
Public Works					
Major street miles maintained	89.46	89.28	89.28	89.28	89.41
Local street miles maintained	204.52	204.55	204.55	204.55	205.88
Vehicles:					
Dump trucks	44	47	50	49	48
Heavy equipment	33	34	34	35	34
Other	208	203	210	222	213

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 37
 Unaudited

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2021	2022	2023	2024	2025
Police - vehicle patrol units					
Police patrol	38	42	43	45	55
Detective	23	21	25	26	25
Other	20	21	21	24	24
SIU	7	7	6	5	5
Fire					
Fire vehicle units:					
Trucks	1	1	1	1	1
Engines	8	7	8	8	9
Other	14	13	14	16	16
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	-	-	-	-	-
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	89.41	89.41	90.95	90.95	90.95
Local street miles maintained	205.88	205.88	205.88	205.88	205.83
Vehicles:					
Dump trucks	45	46	43	45	50
Heavy equipment	30	28	30	31	30
Other	227	233	252	245	228

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 38

Unaudited

Schedule of Insurance

As of June 30, 2025

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Airport Liability	7/1/26	\$15,747	\$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	7/1/26	\$172,101	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	7/1/26	Included in Liability Insurance	\$5 million aggregate/\$25 million all members - Data Breach and Privacy Liability/\$25,000 deductible.
Fiduciary (Designated Benefit Plan)	7/1/26	\$8,025	Coverage for Self Funded Health Plan. \$2,000,000.00 limit. \$25,000 SIR
Liquor Liability Binder Park Golf	3/8/26	\$1,825 (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, 2025

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Property/Liability Insurance	7/1/26	546,260	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	7/1/26	Included in Liability Insurance	See Excess Liability , for losses above \$1 million SIR.
Worker's Comp. (Primary)	7/1/26	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)	7/1/26	\$95,962	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	7/1/26	\$4,192	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, 2021 Through 2025

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 of Property Granted Tax Abatement	Total Taxable Value	
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
2022	2023	2024	1,412,489,803	8,228,634	1,420,718,437	5.62
2023	2024	2025	1,530,507,436	7,796,946	1,538,304,382	8.28

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2025 (2)..... \$ 29,178

(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, 2025, the Taxable Value of property located in the Zone totaled \$1,691,829. 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, 2025 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, 2021 Through 2025

Use	Fiscal Year Ended or Ending June 30				
	2021	2022	2023	2024	2025
Agricultural.....	0.19 %	0.19 %	0.18 %	0.19 %	0.19 %
Commercial.....	24.62	24.45	24.03	24.07	24.57
Industrial	12.24	11.55	11.96	11.38	10.26
Residential	58.81	59.58	59.45	60.04	60.66
Utility.....	<u>4.14</u>	<u>4.23</u>	<u>4.38</u>	<u>4.32</u>	<u>4.32</u>
Total	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>
Class	2021	2022	2023	2024	2025
Real Property	87.41 %	90.10 %	89.94 %	91.23 %	91.73 %
Personal Property	<u>10.59</u>	<u>9.90</u>	<u>10.06</u>	<u>8.77 %</u>	<u>8.27 %</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, 2021 Through 2025

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	
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
2022	2023	2024	1,713,211,643	17,798,923	1,731,010,566	10.73
2023	2024	2025	1,935,661,742	16,585,916	1,952,247,658	12.78

Per Capita Total SEV for the Fiscal Year Ending June 30, 2025 (2).....\$ 37,030

(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, 2025, the SEV of property located in the Zone totaled \$3,280,298. 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, 2025 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
Property Tax Rates
Fiscal Years Ended or Ending June 30, 2021 Through 2025

Levy July 1	Fiscal Year Ended or Ending June 30	Operating (1)				Total
		General Operating	Capital Projects	Streets/ Drainage	Police & Fire Pension (2)	
2020	2021	8.3460	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
2023	2024	7.9870	0.5000	1.5000	5.7710	15.7580
2024	2025	7.9870	0.5000	1.5000	5.6780	15.6650

(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, 2021 Through 2025

<u>Governmental Unit</u>	Fiscal Years Ended or Ending June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City of Battle Creek.....	15.9340	15.7650	15.5030	15.7580	15.6650
County of Calhoun	6.4713	6.6713	6.6611	7.6417	10.3006
State of Michigan (2).....	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3).....	6.0000	6.0000	7.5000	7.5000	7.5000
Calhoun ISD.....	6.2057	6.2057	6.1946	6.1946	6.1919
Kellogg Community College.....	3.6136	3.6136	3.6109	3.6109	3.6109
Willard Public Library.....	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>1.9986</u>
Total.....	<u>46.2246</u>	<u>46.4556</u>	<u>47.4696</u>	<u>48.7052</u>	<u>51.2670</u>

City of Battle Creek
Non-Homestead (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2021 Through 2025

<u>Governmental Unit</u>	Fiscal Years Ended or Ending June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City of Battle Creek.....	15.9340	15.7650	15.5030	15.7580	15.6650
County of Calhoun	6.6713	6.6713	6.6611	7.6417	10.3006
State of Michigan (2).....	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3).....	24.0000	24.0000	25.5000	25.5000	25.5000
Calhoun ISD.....	6.2057	6.2057	6.1946	6.1946	6.1919
Kellogg Community College.....	3.6136	3.6136	3.6109	3.6109	3.6109
Willard Public Library.....	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>1.9986</u>
Total.....	<u>64.4246</u>	<u>64.2556</u>	<u>65.4696</u>	<u>66.7052</u>	<u>69.2670</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, 2025 ranged from 24.75 to 28.60.

Source: City of Battle Creek

City of Battle Creek
Property Tax Collections
Fiscal Years Ended or Ending June 30, 2021 Through 2025

<u>Levy July 1</u>	<u>Fiscal Year Ended June 30</u>	<u>Tax Levy</u>	<u>Collections to March Following Levy</u>	<u>Percent Collected</u>
2020	2021	\$ 20,170,957	\$ 20,158,194	99.94
2021	2022	20,243,933	20,226,792	99.92
2022	2023	20,817,430	20,800,842	99.92
2023	2024	22,424,789	22,403,599	99.91
2024	2025	23,512,786	23,497,054	99.93

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.

<u>Fiscal Year Ended June 30</u>	<u>Gross Collections</u>	<u>Less: Refunds</u>	<u>Net Collections</u>	<u>% Increase Over Prior Year</u>
2021	17,493,920	2,126,906	17,655,425	(0.05)
2022	19,907,966	2,070,465	15,367,014	(12.96)
2023	20,097,241	2,032,782	17,837,501	16.08
2024	22,101,624	2,529,987	18,064,459	1.30
2025	23,026,120	2,327,139	20,698,981	8.34

City of Battle Creek
State Shared Revenues
Fiscal Years Ended or Ending June 30, 2021 Through 2025

	Fiscal Years Ended or Ending June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Constitutional	\$ 5,095,491	\$ 5,597,381	\$ 5,657,431	\$ 5,712,615	\$ 6,292,440
Statutory/CVTRS	<u>1,512,452</u>	<u>1,542,701</u>	<u>1,635,263</u>	<u>1,730,521</u>	<u>1,310,407</u>
Total State Shared Revenues	<u>\$ 6,607,943</u>	<u>\$ 7,140,082</u>	<u>\$ 7,292,694</u>	<u>\$ 7,443,136</u>	<u>\$ 7,602,847</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, 2025.

Debt Limit (1).....	\$ 196,370,173
Debt Outstanding (2)	\$63,810,000
Less: Exempt Debt (3).....	<u>4,985,000</u> <u>58,825,000</u>
Legal Debt Margin	<u>\$ 137,545,173</u>

(1) 10% of \$1,963,701,730 which is the City's Total SEV for the fiscal year ending June 30, 2025. 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, 2025, 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>
Downtown Development Authority Bonds:			
Dated March 21, 2017 (LT).....	<u>20,500,000</u>	<u>20,500,000</u>	<u>-0-</u>
Subtotal	<u>\$ 20,500,000</u>	<u>\$ 20,500,000</u>	<u>\$ -0-</u>
Tax Increment Finance Authority Bonds:			
Dated October 12, 2022 (LT).....	\$ 2,145,000	\$ 2,145,000	\$ -0-
Dated January 13, 2022 (LT).....	935,000	935,000	-0-
Dated December 29, 2021 (LT).....	<u>1,030,000</u>	<u>1,030,000</u>	<u>-0-</u>
Subtotal	<u>\$ 4,110,000</u>	<u>\$ 4,110,000</u>	<u>\$ -0-</u>
Water and Wastewater Revenue Bonds:			
Dated May 31, 2023	\$ 9,770,000	\$ 9,770,000	\$ -0-
Dated December 28, 2016, Series A (1)	4,945,000	4,945,000	-0-
Dated December 28, 2016, Series B (1)	<u>4,985,000</u>	<u>4,985,000</u>	<u>-0-</u>
Subtotal	<u>\$ 19,700,000</u>	<u>\$ 19,700,000</u>	<u>\$ -0-</u>
General Obligation Bonds:			
Dated December 28, 2016 C (LT) (1).....	\$ 11,845,000	\$ -0-	\$ 11,845,000
Dated April 14, 2016 (LT)	7,215,000	-0-	7,215,000
Dated June 29, 2011 (LT)	<u>440,000</u>	<u>-0-</u>	<u>440,000</u>
Subtotal.....	<u>\$ 19,500,000</u>	<u>\$ -0-</u>	<u>\$ 19,500,000</u>
Installment & Capital Purchase Contracts:			
City Hall Copiers	\$ 18,547	\$ -0-	\$ 18,547
Subscription Liability:			
Police Equipment.....	<u>1,513,713</u>	<u>-0-</u>	<u>\$ 1,513,713</u>
Subtotal.....	<u>\$ 1,532,260</u>	<u>\$ -0-</u>	<u>\$ 1,532,260</u>
 Total Direct Debt.....	<u>\$ 65,342,260</u>	<u>\$ 44,310,000</u>	<u>\$ 21,032,260</u>
Per Capita Net City Direct Debt (2)			\$ 398.94
Percent of Net Direct Debt to Total SEV (3).....			1.07%

			Percent of	
		Gross	Gross	City Share
<u>Overlapping Debt (4)</u>				
Battle Creek School District	\$	86,755,000	72.68	\$ 63,053,534
Climax-Scotts School District.....		25,229,870	3.95	996,580
Harper Creek School District.....		44,217,398	1.48	654,417
Lakeview Calhoun School District.....		92,454,368	100.00	92,454,368
Pennfield School District		47,956,060	5.51	2,642,379
Calhoun Intermediate School District		0	0	0
Kalamazoo Valley Intermediate School District...		0	0	0
Kalamazoo Valley Community College.....		3,775,000	0.05	1,888
Kellogg Community College		4,750,000	32.90	1,562,750
Willard Public Library		0	0	0
Calhoun County		110,908,750	33.52	37,176,613
Total Overlapping Debt	\$	<u>416,046,446</u>		<u>\$ 198,542,529</u>
Total Net Direct and Overlapping Debt	\$	<u>481,388,706</u>		<u>\$ 219,574,789</u>
Per Capita Net Overlapping Debt (2).....				\$3,765.91
Percent of Net Overlapping Debt to Total SEV (3)				10.11%
Per Capita Net Direct and Overlapping Debt (2).....				\$4,164.84
Percent of Net Direct and Overlapping Debt to Total SEV (3)				11.18%

(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 \$1,963,701,730 which is the City's Total SEV for the fiscal year ending June 30, 2025. 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, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024 (rolled forward to June 30, 2025). The components of the net pension liability of the City were as follows:

Total pension liability	\$241,732,379
Plan Fiduciary net position	<u>(201,672,609)</u>
City's net pension liability	<u><u>\$40,059,770</u></u>
Plan fiduciary net position as percentage of total pension liability	83.43%

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, 2024	\$ 243,806,548	\$ 186,239,714	\$ 57,566,834
Changes for the Year			
Service cost.....	4,562,487	-	4,562,487
Interest on total pension liability.....	14,959,093	-	14,959,093
Benefit changes	-	-	-
Differences between expected and actual experience	(8,111,142)	-	(8,111,142)
Assumption changes	-	-	-
Employer contributions	-	6,319,619	(6,319,619)
Employee contribution	-	2,114,089	(2,114,089)
Net investment income (loss).....	-	20,945,130	(20,945,130)
Benefit payments.....	(13,484,607)	(13,484,607)	-
Administrative expense.....	-	(221,800)	221,800
Other	-	(239,536)	239,536
Net changes	\$ (2,074,169)	\$ 15,432,895	\$ (17,507,064)
Balance at June 30, 2025	\$ 241,732,379	\$ 201,672,609	\$ 40,059,770

Pension Plans: Municipal Employees Retirement System of Michigan

The City's net pension liability was measured as of December 31, 2024, 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	\$ 174,512,686
Plan fiduciary net position	<u>(101,885,024)</u>
City's net pension liability	<u>\$ 72,627,662</u>
-Plan fiduciary net position as percentage of total pension liability	58.38%

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

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2023	\$ 174,512,030	\$ 97,544,230	\$ 76,967,800
Changes for the Year			
Service cost.....	2,399,517	-	2,399,517
Interest.....	12,165,464	-	12,165,464
Changes in benefits	-	-	-
Differences between expected and actual experience	(1,140,641)	-	(1,140,641)
Changes in assumptions	(871,050)	-	(871,050)
Contributions: employer	-	8,265,616	(8,265,616)
Contributions: employee.....	-	1,441,588	(1,441,588)
Net investment loss.....	-	7,399,712	(7,399,712)
Benefit payments, including refunds	(12,552,634)	(12,552,634)	-
Administrative expense	-	(213,488)	213,488
Net changes	\$ 656	\$ 4,340,794	\$ (4,340,138)
Balances at December 31, 2024	\$ 174,512,686	\$ 101,885,024	\$ 72,627,662

For the year ended June 30, 2025, the City recognized pension expense of \$11,929,883.

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, 2021 through 2025

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>City Customers</u>					
Residential	14,967	14,979	14,973	14,879	14,894
Commercial (1).....	1,511	1,562	1,519	1,630	1,639
Industrial.....	<u>123</u>	<u>125</u>	<u>125</u>	<u>129</u>	<u>127</u>
Sub-total.....	<u>16,601</u>	<u>16,666</u>	<u>16,617</u>	<u>16,638</u>	<u>16,660</u>
<u>Customer Communities</u>					
Emmett	714	817	816	821	823
Bedford.....	429	437	439	442	442
Pennfield (2).....	Bulk	Bulk	Bulk	Bulk	Bulk
Springfield (3)	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>
Sub-total.....	<u>1,144</u>	<u>1,254</u>	<u>1,255</u>	<u>1,263</u>	<u>1,265</u>
Total Customers	<u>17,744</u>	<u>17,920</u>	<u>17,872</u>	<u>17,901</u>	<u>17,925</u>

(1) Includes governmental and tax-exempt customers.

(2) Pennfield has approximately 341 metered water customers.

(3) 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, 2021 through 2025

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>City Customers (1)</u>					
Residential	15,945	15,892	15,905	15,807	15,810
Commercial (2)	1,471	1,476	1,464	1,574	1,584
Industrial.....	<u>116</u>	<u>117</u>	<u>117</u>	<u>120</u>	<u>118</u>
Sub-total.....	<u>17,532</u>	<u>17,485</u>	<u>17,486</u>	<u>17,501</u>	<u>17,512</u>
<u>Customer Communities</u>					
Emmett (3).....	1,687	1,797	1,804	1,798	1,802
Bedford (4)	557	562	565	562	563
Pennfield (5).....	Bulk	Bulk	Bulk	Bulk	Bulk
Springfield (6)	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>
Sub-total.....	<u>2,244</u>	<u>2,359</u>	<u>2,369</u>	<u>2,360</u>	<u>2,365</u>
Total Customers	<u>19,776</u>	<u>19,844</u>	<u>19,855</u>	<u>19,861</u>	<u>19,877</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, 2021 through 2025

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Residential.....	110,045,782	102,042,992	102,130,095	110,833,533	103,941,741
Commercial (2)	83,408,109	89,389,011	88,781,404	94,828,831	98,742,208
Industrial	<u>117,380.631</u>	<u>116,848.702</u>	<u>101,531.548</u>	<u>105,137.117</u>	<u>94,566.908</u>
Sub-total.....	310,834,552	308,280,705	292,443,047	310,799,501	297,250,857
<u>Customer Communities</u>					
Emmett Township	25,784,938	27,049,787	28,709,198	29,124,975	27,290,750
Bedford Township.....	2,894,348	2,786,151	2,631,457	2,713,538	3,424,812
Springfield City	18,010,490	18,364,274	18,592,463	16,986,845	16,833,290
Pennfield Township.....	<u>2,157.900</u>	<u>2,521.800</u>	<u>2,523.400</u>	<u>2,235.500</u>	<u>2,238.400</u>
Sub-total.....	<u>48,847,676</u>	<u>50,722,012</u>	<u>52,456,518</u>	<u>51,060,858</u>	<u>49,787,252</u>
Total Water Billed.....	<u>359,682.198</u>	<u>359,002,717</u>	<u>344,899,565</u>	<u>361,860,359</u>	<u>347,038,109</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, 2021 Through 2025

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Residential.....	116,380,311	108,527,081	108,405,336	116,989,917	110,538,767
Commercial (2)	67,770,882	76,004,504	76,800,372	81,248,825	82,794,319
Industrial	<u>39,625.132</u>	<u>41,960.342</u>	<u>40,566.582</u>	<u>44,341.069</u>	<u>41,349.811</u>
Sub-total.....	223,776,325	226,491,927	225,772,290	242,579,811	234,682,897
<u>Customer Communities</u>					
Emmett Township	30,875,709	32,960,660	34,243,370	33,694,507	32,461,252
Bedford Township.....	6,860,185	6,705,906	7,060,210	6,982,557	7,028,314
Springfield City	15,058,012	15,930,846	16,039,772	15,369,391	15,246,216
Pennfield Township.....	<u>14,289.260</u>	<u>16,437.000</u>	<u>15,364.300</u>	<u>15,867.359</u>	<u>15,941.991</u>
Sub-total.....	<u>67,083.166</u>	<u>72,034.412</u>	<u>72,707.652</u>	<u>71,913.813</u>	<u>70,677.773</u>
Total Wastewater Billed.....	<u>290,859.491</u>	<u>298,526.339</u>	<u>298,479.942</u>	<u>314,493.624</u>	<u>305,360.670</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, 2021 Through 2025

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Residential.....	\$ 4,172,430	\$ 4,081,396	\$ 3,833,235	\$ 3,976,324	\$ 4,216,939
Commercial (1)	2,300,744	2,403,260	2,282,560	2,424,848	2,622,115
Industrial	<u>1,882,016</u>	<u>1,926,006</u>	<u>1,600,765</u>	<u>1,712,003</u>	<u>1,637,676</u>
Sub-total.....	8,355,190	8,410,662	7,716,561	8,113,175	8,476,730
<u>Customer Communities</u>					
Emmett Township	777,471	796,067	766,496	797,242	802,828
Bedford Township.....	113,524	112,871	100,141	105,116	138,362
Leroy Township	15,133	14,923	14,558	15,067	15,659
Springfield City	285,116	259,948	279,830	284,067	272,835
Pennfield Township.....	<u>66,279</u>	<u>50,295</u>	<u>50,879</u>	<u>45,768</u>	<u>49,675</u>
Sub-total.....	<u>1,257,523</u>	<u>1,234,104</u>	<u>1,211,905</u>	<u>1,247,260</u>	<u>1,279,359</u>
Total Water Revenue.....	<u><u>\$ 9,612,713</u></u>	<u><u>\$ 9,644,766</u></u>	<u><u>\$ 8,928,466</u></u>	<u><u>\$ 9,360,435</u></u>	<u><u>\$ 9,756,089</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, 2021 Through 2025

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Residential.....	\$ 6,238,700	\$ 6,712,516	\$ 6,327,997	\$ 6,575,620	\$ 6,985,553
Commercial (1)	3,490,002	3,894,797	3,760,162	3,994,211	4,318,594
Industrial	<u>7,775,654</u>	<u>8,257,019</u>	<u>6,138,476</u>	<u>6,989,712</u>	<u>6,701,885</u>
Sub-total.....	17,504,356	18,864,332	16,226,635	17,559,544	18,006,032
<u>Customer Communities</u>					
Emmett Township	1,418,201	1,740,245	1,623,145	1,723,860	1,692,523
Bedford Township.....	279,514	348,949	312,469	338,794	369,339
Leroy Township	16,936	19,172	18,867	19,474	20,341
Springfield City	714,152	873,456	970,142	1,004,902	1,025,369
Pennfield Township.....	<u>603,539</u>	<u>832,539</u>	<u>840,010</u>	<u>855,988</u>	<u>1,029,193</u>
Sub-total.....	<u>3,032,342</u>	<u>3,814,362</u>	<u>3,764,634</u>	<u>3,943,017</u>	<u>4,136,765</u>
Total Wastewater Revenue	<u><u>\$ 20,536,698</u></u>	<u><u>\$ 22,678,694</u></u>	<u><u>\$ 19,991,269</u></u>	<u><u>\$ 21,502,561</u></u>	<u><u>\$ 22,142,797</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, 2025

<u>Customer</u>	<u>Principal Product or Service</u>	Water Volume <u>Cubic Feet</u>	Percent of <u>Total (1)</u>	Water Revenue <u>\$</u>	Percent of <u>Total (2)</u>
Post Foods	Breakfast Foods	28,318,594	8.16%	\$476,378	4.88%
Kellogg Company-Plant.....	Breakfast Foods	22,629,690	6.52	377,357	3.87
Prairie Farms Dairy.....	Dairy Processing	13,144,436	3.79	225,801	2.31
Fire Keepers Casino	Gambling/Entertain	9,201,600	2.65	206,572	2.12
Westrock California LLC.....	Paperboard	7,122,371	2.05	110,584	1.13
Denso Mfg - Michigan	Automotive Parts	4,966,125	1.43	114,113	1.17
Bronson Battle Creek.....	Medical Services	4,896,300	1.41	112,664	1.15
VA Medical Center.....	Medical Services	4,536,259	1.31	119,725	1.23
Rolling Hills Mobile Comm....	Mobile Home Park	3,665,400	1.06	60,589	0.62
City of Battle Creek – WWTP..	Government	<u>3,335,600</u>	<u>0.96</u>	<u>59,539</u>	<u>0.61</u>
	Total	<u>101,816,375</u>	<u>29.34%</u>	<u>\$1,863,322</u>	<u>19.09%</u>

(1) Based on water volume of 347,038,109 for the fiscal year ended June 30, 2025.

(2) Based on water revenue of \$9,756,089 for the fiscal year ended June 30, 2025.

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, 2025

<u>Customer</u>	<u>Principal Product or Service</u>	Wastewater Volume <u>Cubic Feet</u>	Percent of <u>Total (1)</u>	Wastewater Revenue <u>\$</u>	Percent of <u>Total (2)</u>
Post Foods.....	Breakfast Foods	25,055,398	7.22%	\$1,850,952	18.97%
Kellogg Company - Plant.....	Breakfast Foods	16,317,513	4.70	974,596	9.99
Prairie Farms Dairy.....	Dairy Processing	14,118,227	4.07	1,349,477	13.83
Westrock California LLC	Paperboard	13,766,324	3.97	1,245,971	12.77
Fire Keepers Casino	Gambling/Entertain	7,941,000	2.29	406,334	4.16
Denso Manufacturing.....	Automotive parts	4,966,125	1.43	214,053	2.19
VA Medical Center-Hospital	Medical Services	4,536,259	1.31	234,342	2.40
Bronson Battle Creek Health	Medical Services	4,460,000	1.29	194,605	1.99
Rolling Hills Mobile Comm	Mobile Home Park	3,644,000	1.05	146,749	1.50
Calhoun County Justice Ctr	Govt-Jail/Courts	<u>2,638,948</u>	<u>0.76</u>	<u>114,530</u>	<u>1.17</u>
	Total	<u>97,443,794</u>	<u>28.09%</u>	<u>\$6,731,609</u>	<u>68.97%</u>

(1) Based on treated wastewater volume of 305,360,670 for the fiscal year ended June 30, 2025.

(2) Based on wastewater revenue of \$22,142,797 for the fiscal year ended June 30, 2025.

Source: City of Battle Creek

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