

CITY OF BATTLE CREEK MICHIGAN

Prepared by the
Finance Department

2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2020



City of Battle Creek, Michigan

For the Year Ended
June 30, 2020

Comprehensive
Annual Financial
Report

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CITY OF BATTLE CREEK, MICHIGAN

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INTRODUCTORY SECTION

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CITY OF BATTLE CREEK

OFFICE OF THE CITY MANAGER

December 21, 2020

**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 comprehensive annual financial report of the City of Battle Creek, Michigan (the "City") for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020 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, 2020 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 51,475. 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 in the City, also serving two-year terms. Current Commissioners are serving three-year terms to accommodate the move of the election timing to match even-year elections. The City Commission elects a Mayor and Vice-Mayor from among its members, however that will change with the November 2020 election when the Mayor will be elected by popular vote.

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 \$2.6 billion for the year ended June 30, 2020. The residential amenities provide area residents with convenient and affordable housing to take advantage of the City's industrial, commercial, cultural, educational and recreational opportunities. The City is home to Kellogg Company's world headquarters and their Research & Development facility, the W.K. Kellogg Foundation, and the Hart-Dole-Inouye Federal Center. Battle Creek has many other major corporate community members including Post Cereals, Denso, IL Stanley, and Duncan Aviation. The City is revitalizing its downtown to accommodate food science, small business, entrepreneurs, and other innovation industries. 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 2021-2026 are over \$302 million in capital needs including airport development and maintenance projects as well as fire station/apparatus replacements. A grant-funded taxiway rehabilitation and lighting project of \$3.2 million at the airport was placed in service during the current fiscal year. Major projects at the water treatment plant (RIM Rehab) and at the wastewater treatment plant (Interceptor Rehab) were in progress, and 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 revenue profile is diverse and has shown improvement over the prior year. Income tax revenue accounts for 36.6% of general fund revenues for the year ending June 30, 2020. Property tax revenue makes up another 31.9% of general fund revenues for the year ending June 30, 2020, and the City has 1.016-mill (8.9%) margin available under the Headlee rollback limit for operation. This could generate approximately \$1,075,000 in additional property tax revenue.

A Legacy Cost Committee was established in 2015 to evaluate unfunded liabilities for pension and other postemployment benefits. This committee has been looking at best practices and cost containment, and has assisted City administration in responding to the requirements of Public Act 202 of 2017 (the Protecting Local Government Retirement and Benefits Act). In September 2019 the Committee made recommendations which were adopted with Resolution 23 dated 12/17/19 by the City Commission.

The priority based budgeting methodology has been fully implemented. This includes program identification and costing, prioritization by departments and independent committees, and analysis of mandated programs and partnership opportunities to identify potential savings. This strategic tool has assisted in the identification of actionable opportunities.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the twentieth 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 CAFR. 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 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City of Battle Creek. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Commission for their support for maintaining the highest standards of professionalism in the management of the City of Battle Creek's finances.

Rebecca L. Fleury
City Manager

Linda A. Morrison
Revenue Services Director

[Signatures omitted for security purposes.]

CITY OF BATTLE CREEK, MICHIGAN

GFOA Certificate of Achievement



Government Finance Officers Association

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

Presented to

**City of Battle Creek
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

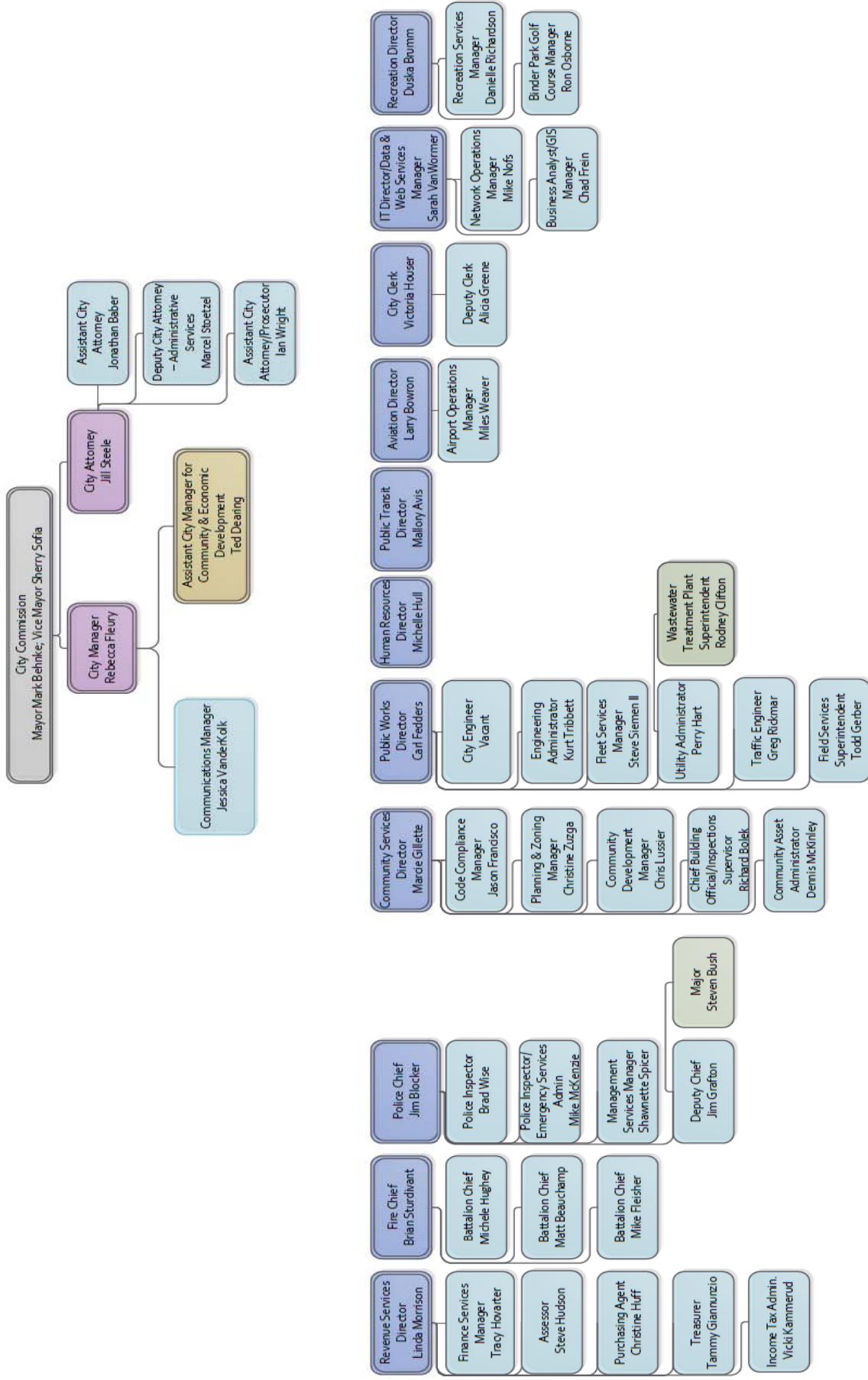
June 30, 2019

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

Susan Baldwin
Kaytee Faris
Kate Flores
Lynn Ward Gray
John Griffin
Jim Lance
Christopher Simmons

Administration

Rebecca L. Fleury
City Manager

Jill Humphreys Steele
City Attorney

Linda A. Morrison
Revenue Services Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 21, 2020

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

Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Rehmann is an independent member of Nexia International.



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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund, major street and trunkline maintenance, and special grants special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the introductory section, the statistical section, and the continuing disclosure filing are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are 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. Such 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.

The introductory section, statistical section and continuing disclosure filing are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 21, 2020, on our consideration of the City of Battle Creek, Michigan'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 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 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.

A handwritten signature in black ink that reads "Rehmann Loham LLC". The signature is fluid and cursive, with "Rehmann" on the top line and "Loham LLC" on the bottom line.

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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, 2020. 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	\$ 165,972,816
· Change in total net position	(2,983,294)
· Fund balances, governmental funds	20,656,801
· Change in fund balances, governmental funds	2,282,336
· Unassigned fund balance, general fund	7,784,247
· Change in fund balance, general fund	1,507,268
· General obligation and revenue bonds outstanding	46,020,000
· Change in general obligation and revenue bonds outstanding	(3,855,000)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information shows how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, highways and streets, recreation and community development. The business-type activities of the City include water and wastewater, public transit, solid waste collection, airport, parking, economic development, and intermodal facility.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. These component units include the Battle Creek Downtown Development Authority, the Lakeview Downtown Development Authority, the Battle Creek Tax Incremental Financing Authority, the Brownfield Redevelopment Authority, the Local Development Finance Authority, the Cereal City Development Corporation, and the Economic 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, 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 \$165,972,816 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, buildings, vehicles, equipment, systems and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 44,448,510	\$ 43,136,584	\$ 40,425,500	\$ 37,385,879	\$ 84,874,010	\$ 80,522,463
Capital assets	224,667,520	232,389,268	107,151,072	105,503,518	331,818,592	337,892,786
Total assets	269,116,030	275,525,852	147,576,572	142,889,397	416,692,602	418,415,249
Deferred outflows of resources	14,736,317	16,616,928	5,325,519	5,170,385	20,061,836	21,787,313
Liabilities						
Other liabilities	7,367,162	7,932,858	4,477,006	2,994,979	11,844,168	10,927,837
Long-term debt	46,113,994	48,682,750	16,569,172	17,830,761	62,683,166	66,513,511
Other liabilities due in more than one year:						
Net pension liability	88,338,491	90,823,177	27,903,318	27,885,156	116,241,809	118,708,333
Net other postemployment benefit liability	41,851,310	37,753,007	20,706,702	18,678,992	62,558,012	56,431,999
Total liabilities	183,670,957	185,191,792	69,656,198	67,389,888	253,327,155	252,581,680
Deferred inflows of resources	12,861,792	13,189,554	4,592,675	5,475,218	17,454,467	18,664,772
Net position						
Net investment in capital assets	191,520,117	196,784,239	91,403,421	88,322,398	282,923,538	285,106,637
Restricted	18,202,625	17,761,851	-	-	18,202,625	17,761,851
Unrestricted (deficit)	(122,403,144)	(120,784,656)	(12,750,203)	(13,127,722)	(135,153,347)	(133,912,378)
Total net position	\$ 87,319,598	\$ 93,761,434	\$ 78,653,218	\$ 75,194,676	\$ 165,972,816	\$ 168,956,110

An additional portion of the City's net position (11.0 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.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

The City's net position decreased by \$2,983,294 from the prior year net position. This is an improvement from the prior year's \$7,863,605 decrease. Compared to the prior year, the current year improvement can be attributed to a significant reduction of \$4.9 million due to the adjustment for the net pension liability and related deferrals for the police & fire pension plan. The fiscal year 2019 adjustment was an expense increase of \$7.5 million (which included changes in the assumed rate of return) and the current year adjustment was \$2.9 million. Additionally, the City received one-time grants in the prior year and general fund revenues were better than expected in the current year. All combining to result in a net position decrease that is substantially better than the prior year. More detailed descriptions of changes are in the following sections.

	Changes in Net Position					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 8,062,848	\$ 8,806,869	\$ 33,221,837	\$ 32,525,918	\$ 41,284,685	\$ 41,332,787
Grants and contributions:						
Operating	16,942,788	22,433,015	8,866,555	9,873,639	25,809,343	32,306,654
Capital	-	338,769	-	-	-	338,769
General revenues:						
Property taxes	17,730,992	16,993,111	331,350	363,711	18,062,342	17,356,822
Income taxes	17,655,425	17,664,804	-	-	17,655,425	17,664,804
Grants and contributions not restricted to specific programs	5,801,172	6,116,033	-	-	5,801,172	6,116,033
Unrestricted investment earnings	304,794	366,154	590,823	624,757	895,617	990,911
Total revenues	66,498,019	72,718,755	43,010,565	43,388,025	109,508,584	116,106,780
Expenses						
General government	10,686,689	13,560,047	-	-	10,686,689	13,560,047
Public safety	34,220,728	39,249,188	-	-	34,220,728	39,249,188
Public works	2,674,653	2,818,928	-	-	2,674,653	2,818,928
Highways and streets	15,801,903	14,773,886	-	-	15,801,903	14,773,886
Recreation	4,357,976	5,324,142	-	-	4,357,976	5,324,142
Community development	2,881,623	7,103,236	-	-	2,881,623	7,103,236
Interest on long-term debt	1,506,833	1,508,678	-	-	1,506,833	1,508,678
Water and wastewater	-	-	26,172,350	26,135,213	26,172,350	26,135,213
Public transit	-	-	5,084,066	4,819,992	5,084,066	4,819,992
Solid waste collection	-	-	3,665,768	3,539,162	3,665,768	3,539,162
Airport	-	-	3,050,388	2,919,251	3,050,388	2,919,251
Parking	-	-	1,324,223	1,520,256	1,324,223	1,520,256
Economic development	-	-	950,621	698,406	950,621	698,406
Intermodal facility	-	-	114,057	-	114,057	-
Total expenses	72,130,405	84,338,105	40,361,473	39,632,280	112,491,878	123,970,385
Change in net position, before transfers	(5,632,386)	(11,619,350)	2,649,092	3,755,745	(2,983,294)	(7,863,605)
Transfers	(809,450)	(734,424)	809,450	734,424	-	-
Change in net position	(6,441,836)	(12,353,774)	3,458,542	4,490,169	(2,983,294)	(7,863,605)
Net position, beginning of year	93,761,434	106,115,208	75,194,676	70,704,507	168,956,110	176,819,715
Net position, end of year	\$ 87,319,598	\$ 93,761,434	\$ 78,653,218	\$ 75,194,676	\$ 165,972,816	\$ 168,956,110

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities decreased the City's net position by \$6,441,836 (as compared to a prior year decrease of \$12,353,774). Key elements of this decrease and the change from the prior year include:

The total revenue decrease of \$6,220,736 is primarily due to special revenue grants including: a) the W.K. Kellogg grant for economic development of \$4.6 million, b) lead-related grants of \$1 million, and c) Michigan Department of Transportation funding pass through of \$0.9 million. All three were included in prior year one-time revenues. On the expense side, the decrease of \$12,207,700 is primarily the result of expense reductions for the grants just discussed plus the net pension liability and related deferral adjustments for the police and fire pension plan that were \$4.6 million less than the prior year.

Business-type activities. Business-type activities increased the City's net position by \$3,458,542 as compared to an increase of \$4,490,169 in the prior year. Key elements of this change from the prior year include:

Revenues in the prior year included a Federal Airport improvement grant of \$2.8 million offset by a year-over-year increase in transit grants of \$0.6 million, increases in charges for service of \$1.7 million for water and wastewater, and decreases in charges for services for transit of \$0.1 million (primarily due to COVID-19 and the waiver of fees for service for a quarter of the year). Changes in expenses include an increase in depreciation expense for the airport of \$0.1 million due to the runway improvements placed in service during the current year, additional contractual services of \$0.1 million in preparation for a rehabilitation at the federal aviation administration building, a new \$0.2 million program run by the economic development team for rent/mortgage assistance (RMAP), and the separation of the intermodal facility which had been included previously in the general fund in the amount of \$0.1 million.

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 \$20,656,801 an increase of \$2,282,336. The nonspendable portion of fund balance increased from \$1,063,679 to \$1,126,719. Nonspendable fund balance is not available for new spending because it has been set aside for the following purposes:

- to generate income for the support and maintenance of the youth center and Kellogg Arena (\$879,909); and
- for inventories and prepaid expenditures (\$246,810).

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 \$7,784,247, while total fund balance was \$9,647,122. In accordance with the City's adopted fund balance policy, the minimum unassigned fund balance in the general fund of no less than 8% of current year budgeted operating revenue has been met. The percent as of June 30, 2020 is 17.0%.

The fund balance of the City's general fund increased by \$1,507,268 during the current fiscal year. This fluctuation is primarily the result of an increase in city income tax revenues and investment earnings. Additionally, the City furloughed approximately 60 employees for the final two months of the year which had positive impacts on expenditures, although all employees were maintained on the City's insurance.

The major street and trunkline maintenance special revenue fund has a restricted fund balance of \$3,019,163 at year end. The fund is used to account for the repair and maintenance of streets and sidewalks. The fund experienced a decrease of \$20,509 in fund balance in the current year compared with a budgeted use of fund balance of \$456,950. Budgeted revenues were conservative, and a not-so-harsh winter contributed to the positive variance from budget.

The special grants special revenue fund was created to account for various grants received by the City and has a committed fund balance of \$2,597,247 at year end. The committed fund balance is comprised of promissory note proceeds in excess of expenditures for the Milton Tower economic development project (primarily in the prior year). This multi-year project has been funded through the W.K. Kellogg Foundation and the excess current year promissory note proceeds are being held for future expenditures.

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 deficit of \$14,023,044. This deficit is the result of the net pension liability and net other postemployment benefit liability. The fund had an increase in total net position for the year of \$2,487,670. 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 \$7,764,150. The fund reported a decrease in net position of \$84,336. The deficit net position is primarily a result of the change in the net pension liability, net other postemployment benefit liability and related deferred outflows/inflows.

The Battle Creek Executive Airport / FAA fund reported a net position of \$12,238,007. The fund reported a decrease in net position of \$942,223. The net position decrease is a result of increased depreciation due to the runway improvements placed in service during the current year as well as reductions in local intergovernmental subsidies.

General Fund Budgetary Highlights

The general fund ended the year with a positive net change in fund balance of \$1,507,268. This is favorable compared to the general fund original adopted budget with expenditures in excess of revenues and a use of fund balance of \$5,000. The City had budget adjustments totaling \$905,883 which resulted in a final budgeted use of fund balance in the amount of \$910,883. The City had a year end budget reduction of \$760,264 which was extremely conservative with estimated year end revenues due to the COVID-19 pandemic and the unknown impact to income tax and state shared revenue. Income tax due dates for filing were extended to July 31, 2020 and tax revenues exceeded expectations. The State was able to postpone reductions in state shared revenue until next fiscal year, and departments were held to a spending freeze for the last four months of the year due to the COVID-19 pandemic resulting in the better-than-budget year end result.

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, 2020, amounted to \$331,818,592 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings, vehicles, equipment, infrastructure and systems. Net capital assets for governmental activities decreased by 3.3%, and for business-type activities increased by 1.6%.

	City of Battle Creek's Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land and land improvements	\$ 12,165,248	\$ 13,918,319	\$ 5,310,272	\$ 5,311,711	\$ 17,475,520	\$ 19,230,030
Construction in progress	111,838	153,783	7,275,277	18,245,494	7,387,115	18,399,277
Buildings	39,261,883	42,276,503	31,956,027	18,492,989	71,217,910	60,769,492
Vehicles	6,903,882	4,508,976	1,433,162	1,270,978	8,337,044	5,779,954
Equipment	2,628,728	3,055,318	833,059	709,927	3,461,787	3,765,245
Infrastructure	163,595,941	168,476,369	-	-	163,595,941	168,476,369
Systems	-	-	60,343,275	61,472,419	60,343,275	61,472,419
Total	\$ 224,667,520	\$ 232,389,268	\$ 107,151,072	\$ 105,503,518	\$ 331,818,592	\$ 337,892,786

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 a fire truck as well as six replacement plow trucks.
- Wastewater's secondary treatment project was placed into service in the current fiscal year in the amount of \$14.4 million and is reflected in the large increase in buildings for business-type activities. The airport taxiway C project of \$3.2 million was also placed in service during the current year and is reflected in the systems balance.

Additional information on the City's capital assets can be found in Note 7 to the financial statements.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$46,020,000. Of this amount, \$30,985,000 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 30,985,000	\$ 33,475,000	\$ -	\$ -	\$ 30,985,000	\$ 33,475,000
Revenue bonds	-	-	15,035,000	16,400,000	15,035,000	16,400,000
Total	\$ 30,985,000	\$ 33,475,000	\$ 15,035,000	\$ 16,400,000	\$ 46,020,000	\$ 49,875,000

The City's total bonded debt decreased by \$3,855,000 (7.7 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 \$143,041,559.

Additional information on the City's long-term debt can be found in Note 10 to the financial statements.

Economic Factors

Low unemployment for a majority of the fiscal year has had a positive impact on the City's income tax revenue, which exceeded expectations for the fiscal year ended June 30, 2020 for the second year in a row. Investment earnings also had a positive impact on revenues for the year.

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 2020/21 fiscal year:

- Due to anticipated COVID-19 related negative impacts to income taxes and state shared revenues in the general fund, the fiscal year 2021 adopted budget reflected a use of fund balance in the amount of \$4,969,825. A mid-year adjustment has been approved and includes CARES funds passed through the state; this results in an amended budgeted use of fund balance of \$553,328. The elimination of 26 positions in fiscal years 2020 and 2021 were included in the amendment, and administration continues to search for cost-cutting measures using the priority based budgeting model and spending freezes.
- Efforts continue to fund pension and other postemployment benefit liabilities with strategies recommended by the Legacy Cost Committee.
- Property tax millage rate remained the same as the prior year, with a .359 increase in the police & fire pension component and a corresponding reduction in the general fund operating component.
- Internal service fund and administrative cost allocations continue to be evaluated.

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, 2020

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Pooled cash and investments	\$ 29,403,884	\$ 19,040,201	\$ 48,444,085	\$ 11,398,830
Receivables	13,421,139	12,801,512	26,222,651	594,745
Receivables, long-term portion	4,063,528	3,490,220	7,553,748	3,111,930
Internal balances	(3,233,026)	3,233,026	-	-
Inventories and prepaid items	792,985	1,860,541	2,653,526	46,940
Capital assets not being depreciated	2,162,171	10,835,731	12,997,902	15,685,993
Capital assets being depreciated, net	222,505,349	96,315,341	318,820,690	7,476,511
Total assets	<u>269,116,030</u>	<u>147,576,572</u>	<u>416,692,602</u>	<u>38,314,949</u>
Deferred outflows of resources				
Deferred charge on refunding	808,064	-	808,064	1,213,693
Deferred pension amounts	8,697,350	2,737,432	11,434,782	-
Deferred other postemployment benefit amounts	5,230,903	2,588,087	7,818,990	-
Total deferred outflows of resources	<u>14,736,317</u>	<u>5,325,519</u>	<u>20,061,836</u>	<u>1,213,693</u>
Liabilities				
Accounts payable and accrued liabilities	6,273,315	3,906,993	10,180,308	3,952,164
Accrued interest payable	425,844	67,424	493,268	202,915
Unearned revenue	668,003	502,589	1,170,592	25,124
Long-term debt:				
Due within one year	8,348,268	2,212,836	10,561,104	1,973,688
Due in more than one year	37,765,726	14,356,336	52,122,062	33,998,077
Other liabilities due in more than one year:				
Net pension liability	88,338,491	27,903,318	116,241,809	-
Net other postemployment benefit liability	41,851,310	20,706,702	62,558,012	-
Total liabilities	<u>183,670,957</u>	<u>69,656,198</u>	<u>253,327,155</u>	<u>40,151,968</u>
Deferred inflows of resources				
Deferred pension amounts	4,095,843	255,561	4,351,404	-
Deferred other postemployment benefit amounts	8,765,949	4,337,114	13,103,063	-
Total deferred inflows of resources	<u>12,861,792</u>	<u>4,592,675</u>	<u>17,454,467</u>	<u>-</u>
Net position				
Net investment in capital assets	191,520,117	91,403,421	282,923,538	23,121,150
Restricted for:				
Debt service	10,924,365	-	10,924,365	3,244
Endowment - nonexpendable	879,909	-	879,909	-
Endowment - expendable	107,413	-	107,413	-
Other purposes	6,290,938	-	6,290,938	1,248,960
Unrestricted (deficit)	(122,403,144)	(12,750,203)	(135,153,347)	(24,996,680)
Total net position (deficit)	<u>\$ 87,319,598</u>	<u>\$ 78,653,218</u>	<u>\$ 165,972,816</u>	<u>\$ (623,326)</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, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Primary government							
Governmental activities:							
General government	\$ 10,686,689	\$ 4,601,421	\$ 4,861,521	\$ -	\$ (1,223,747)		
Public safety	34,220,728	1,556,763	715,983	-	(31,947,982)		
Public works	2,674,653	134,530	103,302	-	(2,436,821)		
Highways and streets	15,801,903	5,921	8,737,363	-	(7,058,619)		
Recreation	4,357,976	1,717,759	13,047	-	(2,627,170)		
Community development	2,881,623	46,454	2,511,572	-	(323,597)		
Interest on long-term debt	1,506,833	-	-	-	(1,506,833)		
Total governmental activities	<u>72,130,405</u>	<u>8,062,848</u>	<u>16,942,788</u>	<u>-</u>	<u>(47,124,769)</u>		
Business-type activities:							
Water and wastewater	26,172,350	28,081,728	1,396,233	-	3,305,611		
Public transit	5,084,066	288,168	4,608,277	-	(187,621)		
Solid waste collection	3,665,768	3,641,860	52,038	-	28,130		
Airport	3,050,388	141,486	2,018,541	-	(890,361)		
Parking	1,324,223	1,063,764	-	-	(260,459)		
Economic development	950,621	-	656,801	-	(293,820)		
Intermodal facility	114,057	4,831	134,665	-	25,439		
Total business-type activities	<u>40,361,473</u>	<u>33,221,837</u>	<u>8,866,555</u>	<u>-</u>	<u>1,726,919</u>		
Total primary government	\$ 112,491,878	\$ 41,284,685	\$ 25,809,343	\$ -	\$ (45,397,850)		
Component units							
Community development	<u>\$ 9,609,228</u>	<u>\$ 833,784</u>	<u>\$ 2,276,909</u>	<u>\$ 1,465,532</u>	<u>\$ (5,033,003)</u>		

continued...

CITY OF BATTLE CREEK, MICHIGAN

■ Statement of Activities

For the Year Ended June 30, 2020

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position				
Net (expense) revenues	\$ (47,124,769)	\$ 1,726,919	\$ (45,397,850)	\$ (5,033,003)
General revenues:				
Property taxes	17,730,992	331,350	18,062,342	6,859,873
Income taxes	17,655,425	-	17,655,425	-
Grants and contributions not restricted to specific programs	5,801,172	-	5,801,172	-
Unrestricted investment earnings	304,794	590,823	895,617	552,886
Transfers	(809,450)	809,450	-	-
Total general revenues and transfers	40,682,933	1,731,623	42,414,556	7,412,759
Change in net position				
	(6,441,836)	3,458,542	(2,983,294)	2,379,756
Net position, beginning of year	93,761,434	75,194,676	168,956,110	(3,003,082)
Net position, end of year	\$ 87,319,598	\$ 78,653,218	\$ 165,972,816	\$ (623,326)

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, 2020

	General	Major Street and Trunkline Maintenance	Special Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 7,086,938	\$ 2,136,093	\$ 2,866,084	\$ 5,346,793	\$ 17,435,908
Receivables:					
Interest	1,789	-	-	38,869	40,658
Accounts	2,791,298	4,784	-	71,339	2,867,421
Special assessments	180,958	-	-	130,997	311,955
Due from other governments	686,581	909,622	385,800	418,751	2,400,754
Taxes	206,676	-	-	-	206,676
Loans	-	-	6,283,444	598,488	6,881,932
Loans, long-term portion	-	-	-	4,063,528	4,063,528
Inventories	89,798	-	-	-	89,798
Prepaid items	151,618	-	-	5,394	157,012
Interfund receivable	2,294,893	-	-	-	2,294,893
Total assets	\$ 13,490,549	\$ 3,050,499	\$ 9,535,328	\$ 10,674,159	\$ 36,750,535
Liabilities					
Accounts payable	\$ 978,497	\$ 28,930	\$ 178,435	\$ 143,677	\$ 1,329,539
Accrued payroll	2,688,461	663	-	663	2,689,787
Retentions, deposits and other liabilities	-	-	-	127,981	127,981
Interfund payable	-	-	-	192,588	192,588
Unearned revenue	47,821	1,743	476,202	44,063	569,829
Total liabilities	3,714,779	31,336	654,637	508,972	4,909,724
Deferred inflows of resources					
Unavailable revenue:					
Special assessments	128,648	-	-	130,997	259,645
Loans, grants and related interest	-	-	6,283,444	4,640,921	10,924,365
Total deferred inflows of resources	128,648	-	6,283,444	4,771,918	11,184,010
Fund balances					
Nonspendable	241,416	-	-	885,303	1,126,719
Restricted	247,563	3,019,163	-	3,161,809	6,428,535
Committed	1,373,506	-	2,597,247	853,410	4,824,163
Assigned	390	-	-	492,747	493,137
Unassigned	7,784,247	-	-	-	7,784,247
Total fund balances	9,647,122	3,019,163	2,597,247	5,393,269	20,656,801
Total liabilities, deferred inflows of resources and fund balances	\$ 13,490,549	\$ 3,050,499	\$ 9,535,328	\$ 10,674,159	\$ 36,750,535

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, 2020

Fund balances - total governmental funds	\$ 20,656,801
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,162,171
Capital assets being depreciated, net	222,505,349
Less: capital assets being accounted for in internal service funds	(6,943,868)
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	15,529,108
Portion of internal service funds cumulative net operating income attributed to business-type funds	(3,233,026)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, not included in fund balance.	
Unavailable special assessments	259,645
Loans receivable related to the sale of capital assets and other loans	10,924,365
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	808,064
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and notes from direct borrowings and direct placements payable	(42,498,204)
Accrued interest on bonds and notes from direct borrowings and direct placements payable	(425,844)
Net pension liability	(88,338,491)
Deferred outflows related to the net pension liability	8,697,350
Deferred inflows related to the net pension liability	(4,095,843)
Net other postemployment benefit liability	(41,851,310)
Deferred outflows related to the net other postemployment benefit liability	5,230,903
Deferred inflows related to the net other postemployment benefit liability	(8,765,949)
Compensated absences	<u>(3,301,623)</u>
Net position of governmental activities	<u>\$ 87,319,598</u>

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	General	Major Street and Trunkline Maintenance	Special Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 33,833,094	\$ -	\$ -	\$ 1,553,323	\$ 35,386,417
Licenses and permits	1,207,799	-	-	-	1,207,799
Intergovernmental:					
Federal	40,567	-	2,106,486	1,266,060	3,413,113
State	6,732,297	7,005,350	103,678	1,827,547	15,668,872
Local	2,047,926	-	-	911,104	2,959,030
Charges for services	3,013,652	-	-	981,356	3,995,008
Fines and forfeitures	88,956	-	-	-	88,956
Investment earnings	464,299	49,961	484	136,124	650,868
Contributions	10,988	-	358,097	51,000	420,085
Rents and leases	54,001	4,684	-	43,526	102,211
Other	693,008	3,457	-	57,471	753,936
Total revenues	48,186,587	7,063,452	2,568,745	6,827,511	64,646,295
Expenditures					
Current expenditures:					
General government	5,232,787	-	411,076	264,832	5,908,695
Public safety	31,502,922	-	685,964	126,749	32,315,635
Public works	2,735,534	-	-	-	2,735,534
Highway and streets	-	4,574,961	-	4,796,644	9,371,605
Recreation	2,741,065	-	10,292	-	2,751,357
Community development	668,190	-	1,479,981	1,312,514	3,460,685
Inspections	-	-	-	782,807	782,807
Non-departmental	1,142,697	-	-	-	1,142,697
Debt service:					
Principal	185,000	-	-	2,635,215	2,820,215
Interest	50,314	-	-	1,352,637	1,402,951
Total expenditures	44,258,509	4,574,961	2,587,313	11,271,398	62,692,181
Revenue over (under) expenditures	3,928,078	2,488,491	(18,568)	(4,443,887)	1,954,114
Other financing sources (uses)					
Transfers in	-	-	18,900	5,798,644	5,817,544
Transfers out	(2,420,810)	(2,509,000)	-	(559,512)	(5,489,322)
Total other financing sources (uses)	(2,420,810)	(2,509,000)	18,900	5,239,132	328,222
Net change in fund balances	1,507,268	(20,509)	332	795,245	2,282,336
Fund balances, beginning of year	8,139,854	3,039,672	2,596,915	4,598,024	18,374,465
Fund balances, end of year	\$ 9,647,122	\$ 3,019,163	\$ 2,597,247	\$ 5,393,269	\$ 20,656,801

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, 2020

Net change in fund balances - total governmental funds	\$ 2,282,336
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition/construction of capital assets	5,516,375
Less: acquisition/construction of capital assets being accounted for in internal service funds	(3,957,776)
Capital assets transferred to enterprise fund	(648,335)
Depreciation expense	(12,553,788)
Less: depreciation expense being accounted for in internal service funds	1,598,429
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather deferred to subsequent fiscal years.	
Change in long-term special assessments receivable	(136,053)
Change in unavailable revenues related to loans and grants receivable	272,564
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on long-term debt	2,820,215
Amount received from other entities for their share of debt principal	(515,000)
Amortization of bond premium	130,573
Amortization of bond discount	(8,657)
Amortization of deferred charge on refunding	(72,698)
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenues (expense) attributable to those funds is reported with governmental activities.	
Net operating income from governmental activities in internal service funds	4,305,204
Less: net operating income from business-type activities in internal service funds	(1,429,323)
Intergovernmental subsidies from governmental internal service funds	5,596
Interest earnings from governmental internal service funds	168,925
Loss on disposal of capital assets from governmental internal service funds	(36,000)
Transfers received in governmental internal service funds	701,075
Transfers made from governmental internal services funds	(1,190,412)
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 bonds	(153,100)
Change in the net pension liability and related deferred amounts	(3,618,406)
Change in net other postemployment benefit liability and related deferred amounts	524,637
Change in the accrual for compensated absences	<u>(448,217)</u>
Change in net position of governmental activities	<u>\$ (6,441,836)</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
City income	\$ 16,940,309	\$ 16,301,363	\$ 17,655,425	\$ 1,354,062
Real estate	13,634,617	13,406,475	13,644,500	238,025
Personal property	1,650,403	1,681,076	1,769,050	87,974
Administration fees	693,553	691,993	691,974	(19)
Other	76,800	71,726	72,145	419
 Total taxes	 32,995,682	 32,152,633	 33,833,094	 1,680,461
 Licenses and permits	 855,950	 1,116,571	 1,207,799	 91,228
 Intergovernmental:				
Federal	40,000	40,000	40,567	567
State	6,710,259	6,261,240	6,732,297	471,057
Local	1,976,372	2,153,111	2,047,926	(105,185)
 Total intergovernmental	 8,726,631	 8,454,351	 8,820,790	 366,439
 Charges for services:				
Recreation	2,361,352	1,717,241	1,649,011	(68,230)
Police services	1,410,024	1,388,344	1,364,641	(23,703)
 Total charges for services	 3,771,376	 3,105,585	 3,013,652	 (91,933)
 Fines and forfeitures	 120,000	 112,000	 88,956	 (23,044)
 Investment earnings	 250,000	 250,000	 464,299	 214,299
 Contributions	 24,300	 10,423	 10,988	 565
 Rent and leases	 51,751	 69,111	 54,001	 (15,110)
 Other	 368,126	 568,201	 693,008	 124,807
 Total revenues	 47,163,816	 45,838,875	 48,186,587	 2,347,712

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
General government:				
Administration:				
Mayor and city commission	\$ 116,243	\$ 123,690	\$ 124,919	\$ 1,229
City clerk and elections	656,110	485,423	484,589	(834)
City manager	916,693	901,666	918,147	16,481
Neighborhood code compliance	298,385	298,791	267,832	(30,959)
Labor relations	269,581	328,907	346,142	17,235
Human resources	357,684	357,240	314,998	(42,242)
Legal department	1,026,653	1,015,496	1,008,696	(6,800)
Civil service	72,771	67,256	40,360	(26,896)
Administrative reimbursements	(2,048,183)	(2,048,183)	(2,055,692)	(7,509)
Total administration	<u>1,665,937</u>	<u>1,530,286</u>	<u>1,449,991</u>	<u>(80,295)</u>
Revenue services:				
Finance	1,146,932	1,026,401	1,081,127	54,726
Purchasing	336,224	317,279	313,473	(3,806)
Treasurer's office	374,354	351,446	365,103	13,657
Assessing	1,000,064	872,735	898,422	25,687
City hall maintenance	449,019	451,396	505,820	54,424
Income tax division	683,892	634,151	618,851	(15,300)
Total revenue services	<u>3,990,485</u>	<u>3,653,408</u>	<u>3,782,796</u>	<u>129,388</u>
Total general government	<u>5,656,422</u>	<u>5,183,694</u>	<u>5,232,787</u>	<u>49,093</u>
Public safety:				
Police department	18,667,775	19,009,593	19,209,504	199,911
Fire department	10,985,240	11,353,175	11,445,387	92,212
Dispatch	817,629	848,031	848,031	-
Total public safety	<u>30,470,644</u>	<u>31,210,799</u>	<u>31,502,922</u>	<u>292,123</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Public works:				
Street and storm sewers	\$ 2,780,431	\$ 2,786,652	\$ 2,604,625	\$ (182,027)
Engineering	179,998	136,809	130,909	(5,900)
Total public works	2,960,429	2,923,461	2,735,534	(187,927)
Recreation	3,387,027	2,819,632	2,741,065	(78,567)
Community development	798,272	768,529	668,190	(100,339)
Non-departmental:				
Special projects	96,642	211,821	191,323	(20,498)
AccessVision	330,975	417,170	409,348	(7,822)
Retiree health contributions	541,206	541,206	541,206	-
Other	-	820	820	-
Total non-departmental	968,823	1,171,017	1,142,697	(28,320)
Debt service:				
Principal	185,000	185,000	185,000	-
Interest	50,314	50,314	50,314	-
Total debt service	235,314	235,314	235,314	-
Total expenditures	44,476,931	44,312,446	44,258,509	(53,937)
Revenue over expenditures	2,686,885	1,526,429	3,928,078	2,401,649
Other financing uses				
Transfers out	(2,691,885)	(2,437,312)	(2,420,810)	(16,502)
Net change in fund balance	(5,000)	(910,883)	1,507,268	2,418,151
Fund balance, beginning of year	8,139,854	8,139,854	8,139,854	-
Fund balance, end of year	\$ 8,134,854	\$ 7,228,971	\$ 9,647,122	\$ 2,418,151

concluded.

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Major Street and Trunkline Maintenance Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state	\$ 6,895,000	\$ 6,895,000	\$ 7,005,350	\$ 110,350
Investment earnings	2,500	2,500	49,961	47,461
Rents and leases	18,000	18,000	4,684	(13,316)
Other	500	500	3,457	2,957
Total revenues	6,916,000	6,916,000	7,063,452	147,452
Expenditures				
Current expenditures -				
Highways and streets	4,863,950	4,863,950	4,574,961	(288,989)
Revenues over expenditures	2,052,050	2,052,050	2,488,491	436,441
Other financing uses				
Transfers out	(2,509,000)	(2,509,000)	(2,509,000)	-
Net change in fund balances	(456,950)	(456,950)	(20,509)	436,441
Fund balance, beginning of year	3,039,672	3,039,672	3,039,672	-
Fund balance, end of year	\$ 2,582,722	\$ 2,582,722	\$ 3,019,163	\$ 436,441

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

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CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Special Grants Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal	\$ -	\$ 4,137,399	\$ 2,106,486	\$ (2,030,913)
State	-	141,859	103,678	(38,181)
Investment earnings	-	484	484	-
Contributions	-	980,806	358,097	(622,709)
Other	-	912	-	(912)
Total revenues	<u>-</u>	<u>5,261,460</u>	<u>2,568,745</u>	<u>(2,692,715)</u>
Expenditures				
Current expenditures:				
General government	-	857,938	411,076	(446,862)
Public safety	-	2,501,545	685,964	(1,815,581)
Recreation	-	42,500	10,292	(32,208)
Community development	-	2,056,902	1,479,981	(576,921)
Total expenditures	<u>-</u>	<u>5,458,885</u>	<u>2,587,313</u>	<u>(2,871,572)</u>
Revenues over (under) expenditures	-	(197,425)	(18,568)	178,857
Other financing sources				
Transfers in	<u>-</u>	<u>90,417</u>	<u>18,900</u>	<u>(71,517)</u>
Net change in fund balances	<u>-</u>	<u>(107,008)</u>	<u>332</u>	<u>107,340</u>
Fund balance, beginning of year	<u>2,596,915</u>	<u>2,596,915</u>	<u>2,596,915</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,596,915</u>	<u>\$ 2,489,907</u>	<u>\$ 2,597,247</u>	<u>\$ 107,340</u>

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2020

	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	\$ 16,909,177	\$ -	\$ 956,818	\$ 3,276,511	\$ 21,142,506	\$ 9,865,671	
Receivables:							
Interest	-	-	16,408	50,289	66,697	94,525	
Accounts	4,332,697	314	130,685	771,678	5,235,374	617,218	
Special assessments	136,243	-	-	-	136,243	-	
Due from other governments	18,618	2,835,141	157,439	-	3,011,198	-	
Loans, current portion	-	-	-	4,352,000	4,352,000	-	
Inventories	1,733,308	122,823	-	-	1,856,131	311,630	
Prepaid items	3,850	-	110	450	4,410	234,545	
Total current assets	<u>23,133,893</u>	<u>2,958,278</u>	<u>1,261,460</u>	<u>8,450,928</u>	<u>35,804,559</u>	<u>11,123,589</u>	
Noncurrent assets:							
Loans receivable, long-term portion	-	-	-	3,490,220	3,490,220	-	
Capital assets not being depreciated	6,657,445	66,499	2,606,662	1,505,125	10,835,731	48,823	
Capital assets being depreciated, net	79,109,232	2,138,986	12,283,265	2,783,858	96,315,341	6,895,045	
Total noncurrent assets	<u>85,766,677</u>	<u>2,205,485</u>	<u>14,889,927</u>	<u>7,779,203</u>	<u>110,641,292</u>	<u>6,943,868</u>	
Total assets	108,900,570	5,163,763	16,151,387	16,230,131	146,445,851	18,067,457	
Deferred outflows of resources							
Deferred pension amounts	1,898,220	606,098	206,472	26,642	2,737,432	-	
Deferred other postemployment benefit amounts	1,892,196	547,330	148,561	-	2,588,087	-	
Total deferred outflows of resources	<u>3,790,416</u>	<u>1,153,428</u>	<u>355,033</u>	<u>26,642</u>	<u>5,325,519</u>	<u>-</u>	
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	1,780,138	431,105	540,940	832,893	3,585,076	910,557	
Accrued payroll	1,325	499	-	1,400	3,224	-	
Retentions, deposits and other liabilities	222,367	-	-	96,326	318,693	-	
Accrued interest payable	67,424	-	-	-	67,424	-	
Interfund payable	-	2,037,605	-	64,700	2,102,305	-	
Unearned revenue	440,674	-	60,426	1,489	502,589	98,174	
Compensated absences, current portion	539,292	73,049	95,023	32,003	739,367	205,757	
Claims payable, current portion	-	-	-	-	-	844,988	
Lease payable, current portion	-	-	-	-	-	108,410	
Bonds payable, current portion	1,473,469	-	-	-	1,473,469	-	
Total current liabilities	<u>4,524,689</u>	<u>2,542,258</u>	<u>696,389</u>	<u>1,028,811</u>	<u>8,792,147</u>	<u>2,167,886</u>	
Noncurrent liabilities:							
Compensated absences	59,922	8,117	10,558	3,557	82,154	-	
Claims payable	-	-	-	-	-	370,463	
Bonds payable	14,274,182	-	-	-	14,274,182	-	
Net pension liability	19,349,016	6,178,107	2,104,630	271,565	27,903,318	-	
Net other postemployment benefit liability	15,139,039	4,379,061	1,188,602	-	20,706,702	-	
Total noncurrent liabilities	<u>48,822,159</u>	<u>10,565,285</u>	<u>3,303,790</u>	<u>275,122</u>	<u>62,966,356</u>	<u>370,463</u>	
Total liabilities	53,346,848	13,107,543	4,000,179	1,303,933	71,758,503	2,538,349	
Deferred inflows of resources							
Deferred pension amounts	177,214	56,584	19,276	2,487	255,561	-	
Deferred other postemployment benefit amounts	3,170,942	917,214	248,958	-	4,337,114	-	
Total deferred inflows of resources	3,348,156	973,798	268,234	2,487	4,592,675	-	
Net position							
Net investment in capital assets	70,019,026	2,205,485	14,889,927	4,288,983	91,403,421	6,835,458	
Unrestricted (deficit)	(14,023,044)	(9,969,635)	(2,651,920)	10,661,370	(15,983,229)	8,693,650	
Total net position (deficit)	\$ 55,995,982	\$ (7,764,150)	\$ 12,238,007	\$ 14,950,353	\$ 75,420,192	\$ 15,529,108	

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

CITY OF BATTLE CREEK, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2020

Net position - total enterprise funds	\$ 75,420,192
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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>\$ 78,653,218</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, 2020

	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	\$ 28,081,728	\$ 288,168	\$ 141,486	\$ 4,710,455	\$ 33,221,837	\$ 21,954,458	
Rents and leases	223,412	-	1,239,923	108,865	1,572,200	1,754,347	
Other	716,603	1,868	16,344	259,419	994,234	286,155	
Total operating revenues	<u>29,021,743</u>	<u>290,036</u>	<u>1,397,753</u>	<u>5,078,739</u>	<u>35,788,271</u>	<u>23,994,960</u>	
Operating expenses							
Personnel services	10,091,221	3,868,028	1,271,137	894,279	16,124,665	3,075,687	
Materials and supplies	2,381,830	558,099	155,974	58,951	3,154,854	1,835,796	
Contractual and other	8,073,891	496,182	688,799	4,807,094	14,065,966	13,179,844	
Depreciation	6,256,018	377,587	995,921	332,006	7,961,532	1,598,429	
Total operating expenses	<u>26,802,960</u>	<u>5,299,896</u>	<u>3,111,831</u>	<u>6,092,330</u>	<u>41,307,017</u>	<u>19,689,756</u>	
Operating income (loss)	<u>2,218,783</u>	<u>(5,009,860)</u>	<u>(1,714,078)</u>	<u>(1,013,591)</u>	<u>(5,518,746)</u>	<u>4,305,204</u>	
Nonoperating revenues (expenses)							
Property taxes	-	-	-	331,350	331,350	-	
Intergovernmental subsidies:							
Federal	26,170	2,388,782	134,942	-	2,549,894	5,596	
State	-	2,217,627	25,770	324,220	2,567,617	-	
Local	430,048	-	601,562	151,000	1,182,610	-	
Investment earnings	468,448	-	9,581	112,794	590,823	168,925	
Interest expense	(483,779)	-	-	-	(483,779)	-	
Loss on disposal of capital assets	-	-	-	-	-	(36,000)	
Total nonoperating revenues	<u>440,887</u>	<u>4,606,409</u>	<u>771,855</u>	<u>919,364</u>	<u>6,738,515</u>	<u>138,521</u>	
Income (loss) before contributions and transfers	<u>2,659,670</u>	<u>(403,451)</u>	<u>(942,223)</u>	<u>(94,227)</u>	<u>1,219,769</u>	<u>4,443,725</u>	
Capital contributions					648,335	648,335	-
Transfers in	-	319,115	-	14,000	333,115	701,075	
Transfers out	<u>(172,000)</u>	-	-	-	<u>(172,000)</u>	<u>(1,190,412)</u>	
Change in net position	<u>2,487,670</u>	<u>(84,336)</u>	<u>(942,223)</u>	<u>568,108</u>	<u>2,029,219</u>	<u>3,954,388</u>	
Net position (deficit), beginning of year	<u>53,508,312</u>	<u>(7,679,814)</u>	<u>13,180,230</u>	<u>14,382,245</u>	<u>73,390,973</u>	<u>11,574,720</u>	
Net position (deficit), end of year	<u>\$ 55,995,982</u>	<u>\$ (7,764,150)</u>	<u>\$ 12,238,007</u>	<u>\$ 14,950,353</u>	<u>\$ 75,420,192</u>	<u>\$ 15,529,108</u>	

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, 2020

Change in net position - total enterprise funds	\$ 2,029,219
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Amounts reported for *business-type activities* in the statement of activities
are different because:

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

1,429,323

Change in net position of business-type activities	<u>\$ 3,458,542</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, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Battle Creek Executive Airport / FAA	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities						
Receipts from customers and users	\$ 28,680,564	\$ 290,010	\$ 1,262,983	\$ 4,961,579	\$ 35,195,136	\$ -
Receipts from interfund services	-	-	-	-	-	23,994,960
Payments to suppliers and contractors	(9,303,182)	(1,867,907)	(291,128)	(5,659,308)	(17,121,525)	(14,996,117)
Payments to employees	(9,277,286)	(2,709,000)	(1,170,744)	(800,005)	(13,957,035)	(3,039,532)
Payments for interfund services	(1,114,389)	(215,830)	(61,443)	(37,661)	(1,429,323)	-
Net cash provided by (used in) operating activities	8,985,707	(4,502,727)	(260,332)	(1,535,395)	2,687,253	5,959,311
Cash flows from noncapital financing activities						
Transfers in	-	319,115	-	14,000	333,115	701,075
Transfers out	(172,000)	-	-	-	(172,000)	(1,190,412)
Property taxes	-	-	-	331,350	331,350	-
Intergovernmental subsidies	456,218	4,606,409	762,274	475,220	6,300,121	5,596
Net cash provided by (used in) noncapital financing activities	284,218	4,925,524	762,274	820,570	6,792,586	(483,741)
Cash flows from capital and related financing activities						
Principal and interest paid on debt	(1,927,835)	-	-	-	(1,927,835)	-
Principal paid on capital lease	-	-	-	-	-	(110,998)
Purchase of capital assets	(7,415,159)	(422,797)	(1,092,174)	(30,621)	(8,960,751)	(3,957,776)
Net cash used in capital and related financing activities	(9,342,994)	(422,797)	(1,092,174)	(30,621)	(10,888,586)	(4,068,774)
Cash flows from investing activities						
Interest earnings on investments	468,448	-	9,400	102,376	580,224	163,927
Net change in pooled cash and investments	395,379	-	(580,832)	(643,070)	(828,523)	1,570,723
Pooled cash and investments, beginning of year	16,513,798	-	1,537,650	3,919,581	21,971,029	8,294,948
Pooled cash and investments, end of year	\$ 16,909,177	\$ -	\$ 956,818	\$ 3,276,511	\$ 21,142,506	\$ 9,865,671

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	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)	\$ 2,218,783	\$ (5,009,860)	\$ (1,714,078)	\$ (1,013,591)	\$ (5,518,746)	\$ 4,305,204	
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation	6,256,018	377,587	995,921	332,006	7,961,532	1,598,429	
Changes in assets and liabilities:							
Accounts receivable	(721,547)	(26)	(22,021)	(118,649)	(862,243)	(464,827)	
Special assessments receivable	50,910	-	-	-	50,910	-	
Due from other governments	13,783	(1,451,401)	(118,038)	-	(1,555,656)	-	
Loans receivable	-	-	-	(1,114,556)	(1,114,556)	-	
Inventories	50,567	18,831	-	-	69,398	173,481	
Prepaid items	(3,850)	-	220	-	(3,630)	(64,569)	
Accounts payable and accrued liabilities	(15,947)	403,114	491,982	281,806	1,160,955	508,879	
Compensated absences	124,605	10,371	19,669	17,235	171,880	36,155	
Retentions, deposits and other liabilities	7,380	-	-	1,826	9,206	-	
Claims payable	-	-	-	-	-	(141,913)	
Interfund payable	-	922,855	-	64,700	987,555	-	
Unearned revenue	315,675	-	5,289	1,489	322,453	8,472	
Net pension liability	12,594	4,021	1,370	177	18,162	-	
Deferred outflows related to the net pension liability	748,697	239,058	81,438	10,509	1,079,702	-	
Deferred inflows related to the net pension liability	117,818	37,619	12,816	1,653	169,906	-	
Net other postemployment benefit liability	1,482,495	428,821	116,394	-	2,027,710	-	
Deferred outflows related to the net other postemployment benefit liability	(902,810)	(261,144)	(70,882)	-	(1,234,836)	-	
Deferred inflows related to the net other postemployment benefit liability	(769,464)	(222,573)	(60,412)	-	(1,052,449)	-	
Net cash provided by (used in) operating activities	\$ 8,985,707	\$ (4,502,727)	\$ (260,332)	\$ (1,535,395)	\$ 2,687,253	\$ 5,959,311	
Noncash investing, capital, and financing activities							
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 648,335	\$ 648,335	\$ -	

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, 2020

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ 96,995	\$ 257,823
Cash and cash equivalents	3,541,192	-
Investments:		
Fixed income:		
Corporate bonds	27,389,236	-
Foreign bonds	2,169,488	-
Municipal bonds	766,616	-
U.S. government securities	27,941,197	-
Equity-indexed institutional funds	35,739,329	-
Domestic equities	31,846,007	-
Foreign equities	4,509,807	-
American depositary receipts	20,633,237	-
Mutual funds	6,212,662	-
Real estate trusts	468,048	-
Interest receivable	311,545	-
Pension contributions receivable	140,827	-
Delinquent taxes receivable	-	483,661
Total assets	<u>161,766,186</u>	<u>\$ 741,484</u>
Liabilities		
Due to other governments	428,009	\$ -
Obligation for impaired investment of securities lending collateral	67,807	-
Undistributed receipts	-	741,484
Total liabilities	<u>495,816</u>	<u>\$ 741,484</u>
Net position		
Restricted for:		
Pension	154,958,172	
Other postemployment healthcare benefits	6,312,198	
	<u>161,270,370</u>	

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2020

Additions

Investment income:	
From investing activities:	
Net appreciation in fair value of investments	\$ 6,440,958
Interest and dividends	3,112,635
Less investment expenses	(518,795)
	<hr/>
Net income from investing activities	9,034,798
From securities lending activities:	
Gross earnings	43,186
Borrower rebates	24,450
Securities lending fees	6,025
	<hr/>
Net income from securities lending activities	73,661
Total net investment income	<hr/> 9,108,459
Contributions:	
Employer	7,280,362
Employee	1,970,659
	<hr/>
Total contributions	9,251,021
Total additions	<hr/>18,359,480
Deductions	
Benefit payments and refunds	13,234,996
Administrative expenses	214,289
	<hr/>
Total deductions	<hr/>13,449,285
Change to net position restricted for benefits	4,910,195
Net position, beginning of year	<hr/> 156,360,175
Net position, end of year	\$ 161,270,370

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, 2020

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Assets				
Pooled cash and investments	\$ 1,504,534	\$ 839,285	\$ 7,531,403	\$ 1,275,801
Receivables, net	350,929	3,257	84,850	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Loans receivable, net:				
Due within one year	140,000	-	-	-
Due in more than one year	362,068	-	2,749,862	-
Capital assets not being depreciated	-	-	15,685,993	-
Capital assets being depreciated, net	-	-	7,435,157	-
Total assets	<u>2,357,531</u>	<u>842,542</u>	<u>33,487,265</u>	<u>1,275,801</u>
Deferred outflows of resources				
Deferred charge on refunding	1,213,693	-	-	-
Liabilities				
Accounts payable and accrued liabilities	15,194	742,263	2,810,985	298,401
Accrued interest payable	189,509	-	13,406	-
Unearned revenue	2,069	-	-	-
Long-term debt:				
Due within one year	1,634,484	-	339,204	-
Due in more than one year	27,657,936	-	3,473,023	2,749,862
Total liabilities	<u>29,499,192</u>	<u>742,263</u>	<u>6,636,618</u>	<u>3,048,263</u>
Net position				
Investment in capital assets	-	-	23,121,150	-
Restricted for debt service	-	-	3,244	-
Restricted for loan commitments and lending activity	1,248,960	-	-	-
Unrestricted (deficit)	(27,176,928)	100,279	3,726,253	(1,772,462)
Total net position (deficit)	<u>\$ (25,927,968)</u>	<u>\$ 100,279</u>	<u>\$ 26,850,647</u>	<u>\$ (1,772,462)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Component Units

June 30, 2020

	Local Development Finance Authority	Cereal City Development Corporation	Economic Development Corporation	Total
Assets				
Pooled cash and investments	\$ 18,586	\$ 229,221	\$ -	\$ 11,398,830
Receivables, net	24	15,685	-	454,745
Inventories	-	35,908	-	35,908
Prepaid items	-	11,032	-	11,032
Loans receivable, net:				
Due within one year	-	-	-	140,000
Due in more than one year	-	-	-	3,111,930
Capital assets not being depreciated	-	-	-	15,685,993
Capital assets being depreciated, net	-	41,354	-	7,476,511
Total assets	18,610	333,200	-	38,314,949
Deferred outflows of resources				
Deferred charge on refunding	-	-	-	1,213,693
Liabilities				
Accounts payable and accrued liabilities	-	85,321	-	3,952,164
Accrued interest payable	-	-	-	202,915
Unearned revenue	-	23,055	-	25,124
Long-term debt:				
Due within one year	-	-	-	1,973,688
Due in more than one year	-	117,256	-	33,998,077
Total liabilities	-	225,632	-	40,151,968
Net position				
Investment in capital assets	-	-	-	23,121,150
Restricted for debt service	-	-	-	3,244
Restricted for loan commitments and lending activity	-	-	-	1,248,960
Unrestricted (deficit)	18,610	107,568	-	(24,996,680)
Total net position (deficit)	\$ 18,610	\$ 107,568	\$ -	\$ (623,326)

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, 2020

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Expenses				
Community development	\$ 2,666,298	\$ 1,996,931	\$ 3,266,024	\$ 246,988
Program revenues				
Charges for services	50,919	-	75,322	-
Operating grants and contributions	1,529,100	-	-	82,725
Capital grants and contributions	-	-	1,465,532	-
Total program revenues	<u>1,580,019</u>	<u>-</u>	<u>1,540,854</u>	<u>82,725</u>
Net program expenses	<u>(1,086,279)</u>	<u>(1,996,931)</u>	<u>(1,725,170)</u>	<u>(164,263)</u>
General revenues				
Property taxes	3,016,619	1,957,399	1,191,604	694,251
Unrestricted investment earnings	<u>104,439</u>	<u>32,417</u>	<u>377,050</u>	<u>38,449</u>
Total general revenues	<u>3,121,058</u>	<u>1,989,816</u>	<u>1,568,654</u>	<u>732,700</u>
Change in net position	<u>2,034,779</u>	<u>(7,115)</u>	<u>(156,516)</u>	<u>568,437</u>
Net position (deficit), beginning of year	<u>(27,962,747)</u>	<u>107,394</u>	<u>27,007,163</u>	<u>(2,340,899)</u>
Net position (deficit), end of year	<u><u>\$ (25,927,968)</u></u>	<u><u>\$ 100,279</u></u>	<u><u>\$ 26,850,647</u></u>	<u><u>\$ (1,772,462)</u></u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended June 30, 2020

	Local Development Finance Authority	Cereal City Development Corporation	Economic Development Corporation	Total
Expenses				
Community development	\$ 1,751	\$ 1,245,415	\$ 185,821	\$ 9,609,228
Program revenues				
Charges for services	-	707,543	-	833,784
Operating grants and contributions	-	479,263	185,821	2,276,909
Capital grants and contributions	-	-	-	1,465,532
Total program revenues	-	1,186,806	185,821	4,576,225
Net program expenses	(1,751)	(58,609)	-	(5,033,003)
General revenues				
Property taxes	-	-	-	6,859,873
Unrestricted investment earnings	531	-	-	552,886
Total general revenues	531	-	-	7,412,759
Change in net position	(1,220)	(58,609)	-	2,379,756
Net position (deficit), beginning of year	19,830	166,177	-	(3,003,082)
Net position (deficit), end of year	\$ 18,610	\$ 107,568	\$ -	\$ (623,326)

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

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements Available
Economic Development Corporation (EDC); promotes community and economic development in the City	City Commission appoints, may remove EDC board and would be financially responsible for any debt of the EDC	Not prepared

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.

The City reports the following major governmental funds:

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

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

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

The City has the following major enterprise funds:

Water and wastewater system enterprise 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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.

Pension and other employee benefits trust funds. These funds account for the activities of the Police and Fire Retirement System, Retiree Health Insurance Funding Trust (formerly known as Voluntary Employee Beneficiary Association), and Fire Retiree Health Care Trust, which accumulate resources for retirement and other employee benefit payments to qualified employees.

Agency funds. These funds account for assets held for other governments in an agency capacity, including property tax collections and fire insurance escrow.

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 agency 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

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

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

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

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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*.

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

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

Compensated Absences

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

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds, are reported as debt service expenditures.

Deferred Inflows of Resources

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Fund Balances

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

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

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. BUDGETARY INFORMATION

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

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

During the year ended June 30, 2020, 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:			
Mayor and city commission	\$ 123,690	\$ 124,919	\$ 1,229
City manager	901,666	918,147	16,481
Labor relations	328,907	346,142	17,235
Revenue services:			
Finance	1,026,401	1,081,127	54,726
Treasurer's office	351,446	365,103	13,657
Assessing	872,735	898,422	25,687
City hall maintenance	451,396	505,820	54,424
Public safety:			
Police department	19,009,593	19,209,504	199,911
Fire department	11,353,175	11,445,387	92,212

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, 2020:

	Primary Government	Component Units	Total
Statement of net position			
Pooled cash and investments	\$ 48,444,085	\$ 11,398,830	\$ 59,842,915
Statement of fiduciary net position			
Pooled cash and investments:			
Agency funds	257,823	-	257,823
Other employee benefits	96,995	-	96,995
Cash and cash equivalents - pension	3,541,192	-	3,541,192
Investments:			
Pension	151,462,965	-	151,462,965
Other employee benefits	6,212,662	-	6,212,662
Total	\$ 210,015,722	\$ 11,398,830	\$ 221,414,552
Deposits and investments:			
Bank deposits:			
Checking and savings		\$ 6,190,543	
Certificates of deposit (due within one year)		31,786	
Certificates of deposit (due in more than one year)		259,778	
Portfolio cash - pension		3,541,192	
Investments in securities, mutual funds and similar vehicles:			
Pool	53,217,889		
Pension	151,462,965		
Other employee benefits	6,212,662		
Cash on deposit with third party	485,497		
Cash on hand	12,240		
Total	\$ 221,414,552		

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, 2020, \$4,109,225 of the City's total bank balance of \$4,838,446 (total book balance was \$6,482,107) 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, 2020:

U.S. agencies	\$ 36,711,796
Municipal bonds	225,000
Money market accounts	<u>16,281,093</u>
 Total investments	 <u>\$ 53,217,889</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, 2020, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

Credit Risk. As of June 30, 2020, \$1,305,050 of the City's investments in securities of U.S. agencies were rated AA+ by Standard and Poor's and \$35,406,746 of the City's investments in securities of U.S. agencies were rated Aaa by Moody's. The City also held investments in municipal bonds and money market accounts, which are not rated. All of the City's investments comply with its policy regarding the types of investments it may hold.

Concentration of Credit Risk. At June 30, 2020, the investment portfolio was concentrated as follows:

	% of portfolio
U.S. agencies	
Governmental National Mortgage Association	86.7%
Federal Home Loan Bank	4.2%
Federal National Mortgage Association	8.0%
Federal Home Loan Mortgage Corporation	1.1%

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

Interest Rate Risk. As of June 30, 2020, maturities of the City's investments in the debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	Over 10
U.S. agencies	\$ 36,711,796	\$ 8,590,140	\$ 26,816,606	\$ -	\$ 1,305,050
Municipal bonds	225,000	-	95,000	130,000	-
	<u>\$ 36,936,796</u>	<u>\$ 8,590,140</u>	<u>\$ 26,911,606</u>	<u>\$ 130,000</u>	<u>\$ 1,305,050</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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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, 2020 for its investments in the money market accounts are valued using quoted prices in active markets (Level 1 inputs). Government agency securities and municipal bonds are valued by a pricing service that uses matrix pricing. Observable inputs consist of the price or yield of the underlying securities and bonds as the investments are only traded in secondary markets (Level 2 inputs).

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

The deposits and investments of the Police and Fire Retirement System Trust Fund (the "System") and of the other employee benefits trust funds 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.

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	\$ 27,389,236
Foreign bonds	2,169,488
Municipal bonds	766,616
U.S. government securities	<u>27,941,197</u>
	58,266,537
Equity-indexed institutional funds	35,739,329
Domestic equities	31,846,007
Foreign equities	4,509,807
American depositary receipts	20,633,237
Real estate trusts	<u>468,048</u>
Total investments	<u>\$ 151,462,965</u>

In addition to the above, the System and the other employee benefits trust funds had short-term investments of \$3,541,192 held in money market accounts and \$96,995 included in the City's pooled cash and investments as of June 30, 2020. Also, the Retiree Health Funding Vehicle fund, one of the other employee benefits trust funds, had \$6,212,662 held in mutual funds at year end.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

Rating	
Aaa	\$ 13,536,308
Aa1	159,796
Aa2	638,745
Aa3	512,614
A1	1,539,231
A2	2,415,584
A3	2,419,049
Baa1 and below	9,546,281
Not rated	<u>27,498,929</u>
 Totals	 <u>\$ 58,266,537</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.

Concentration of Credit Risk. At June 30, 2020, the System's investment portfolio was concentrated as follows:

% of portfolio	
Comerica - equity-indexed institutional funds	23.1%
U.S. treasury bonds	5.7%

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of June 30, 2020, maturities of the System's fixed income securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
Corporate bonds	\$ 27,389,236	\$ 770,806	\$ 9,345,803	\$ 8,204,419	\$ 9,068,208
Foreign bonds	2,169,488	154,100	1,270,791	434,986	309,611
Municipal bonds	766,616	-	-	-	766,616
U.S. government securities	<u>27,941,197</u>	<u>1,249,459</u>	<u>8,018,249</u>	<u>4,481,732</u>	<u>14,191,757</u>
	<u><u>\$ 58,266,537</u></u>	<u><u>\$ 2,174,365</u></u>	<u><u>\$ 18,634,843</u></u>	<u><u>\$ 13,121,137</u></u>	<u><u>\$ 24,336,192</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, 2020, the actual weighted average maturity was 13.37 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 international equities of \$4,509,807, foreign bonds of \$2,169,488, and American depositary receipts of \$20,633,237; these holdings are primarily in common and preferred stocks of Canadian (dollars) and European (euros) companies. The System does not have any policies regarding foreign currency risk.

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on plan investments, net of investment expenses, was 6.17%. 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 of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned. Securities on loan at year end are classified in the preceding schedule of investments according to the category for the collateral received on the securities lent.

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

Also at year end, through a cash collateral investing program provided by the custodial bank, the System has an obligation to repay \$67,807 of cash collateral that was invested in a Sigma Finance Medium Term Note, which is impaired. Any current or future recoveries from Sigma Finance are not expected.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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, 2020:

	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	\$ 447,010	\$ 26,942,226	\$ -	\$ 27,389,236
Foreign bonds	-	2,169,488	-	2,169,488
Municipal bonds	-	766,616	-	766,616
U.S. government securities	-	27,941,197	-	27,941,197
Equity-indexed institutional funds	35,739,329	-	-	35,739,329
Domestic equities	31,846,007	-	-	31,846,007
Foreign equities	4,509,807	-	-	4,509,807
American depositary receipts	20,633,237	-	-	20,633,237
Real estate trusts	-	-	468,048	468,048
	<u>\$ 93,175,390</u>	<u>\$ 57,819,527</u>	<u>\$ 468,048</u>	<u>\$ 151,462,965</u>

The City's recurring fair value measurements as of June 30, 2020 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, 2020 were related to its investments in mutual funds. These investments 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. (Level 2 inputs).

6. RECEIVABLES

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

	Governmental Activities	Business-type Activities
Interest	\$ 135,183	\$ 66,697
Accounts	4,405,772	5,813,388
Allowance for uncollectible accounts	(921,133)	(578,014)
Special assessments, due within one year	311,955	136,243
Due from other governments	2,400,754	3,011,198
Taxes	206,676	-
Loans, due within a year	6,881,932	4,352,000
Subtotal	13,421,139	12,801,512
Loans, long-term portion	4,063,528	3,490,220
	<u>\$ 17,484,667</u>	<u>\$ 16,291,732</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 2,050,333	\$ -	\$ -	\$ -	\$ 2,050,333
Construction in progress	153,783	60,676	-	(102,621)	111,838
	<u>2,204,116</u>	<u>60,676</u>	<u>-</u>	<u>(102,621)</u>	<u>2,162,171</u>
Capital assets being depreciated:					
Land improvements	25,765,273	20,100	-	(20,000)	25,765,373
Buildings	76,727,690	39,357	-	(3,448,277)	73,318,770
Vehicles	15,472,910	3,923,205	(1,152,661)	-	18,243,454
Equipment	28,001,790	310,566	(17,843)	-	28,294,513
Infrastructure	306,643,381	1,162,471	-	102,621	307,908,473
	<u>452,611,044</u>	<u>5,455,699</u>	<u>(1,170,504)</u>	<u>(3,365,656)</u>	<u>453,530,583</u>
Less accumulated depreciation for:					
Land improvements	(13,897,287)	(1,770,171)	-	17,000	(15,650,458)
Buildings	(34,451,187)	(2,408,642)	-	2,802,942	(34,056,887)
Vehicles	(10,963,934)	(1,492,299)	1,116,661	-	(11,339,572)
Equipment	(24,946,472)	(737,156)	17,843	-	(25,665,785)
Infrastructure	(138,167,012)	(6,145,520)	-	-	(144,312,532)
	<u>(222,425,892)</u>	<u>(12,553,788)</u>	<u>1,134,504</u>	<u>2,819,942</u>	<u>(231,025,234)</u>
Total capital assets being depreciated, net	<u>230,185,152</u>	<u>(7,098,089)</u>	<u>(36,000)</u>	<u>(545,714)</u>	<u>222,505,349</u>
Governmental activities capital assets, net	\$ 232,389,268	\$ (7,037,413)	\$ (36,000)	\$ (648,335)	\$ 224,667,520

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

Governmental activities:

General government	\$ 306,522
Public safety	1,059,803
Public works, including depreciation of general infrastructure assets	7,983,954
Recreation	1,605,080
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,598,429</u>
Total depreciation expense - governmental activities	\$ 12,553,788

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 3,452,863	\$ 107,591	\$ -	\$ -	\$ 3,560,454
Construction in progress	18,245,494	6,757,890	-	(17,728,107)	7,275,277
	<u>21,698,357</u>	<u>6,865,481</u>	<u>-</u>	<u>(17,728,107)</u>	<u>10,835,731</u>
Capital assets being depreciated:					
Land improvements	6,925,423	39,522	-	20,000	6,984,945
Buildings	70,918,915	27,823	(25,935)	17,831,463	88,752,266
Vehicles	4,324,111	433,727	(57,898)	-	4,699,940
Equipment	14,727,510	298,865	(692,963)	-	14,333,412
Systems	198,513,696	1,295,333	(47,613)	3,344,921	203,106,337
	<u>295,409,655</u>	<u>2,095,270</u>	<u>(824,409)</u>	<u>21,196,384</u>	<u>317,876,900</u>
Less accumulated depreciation for:					
Land improvements	(5,066,575)	(151,552)	-	(17,000)	(5,235,127)
Buildings	(52,425,926)	(1,593,306)	25,935	(2,802,942)	(56,796,239)
Vehicles	(3,053,133)	(271,543)	57,898	-	(3,266,778)
Equipment	(14,017,583)	(175,733)	692,963	-	(13,500,353)
Systems	(137,041,277)	(5,769,398)	47,613	-	(142,763,062)
	<u>(211,604,494)</u>	<u>(7,961,532)</u>	<u>824,409</u>	<u>(2,819,942)</u>	<u>(221,561,559)</u>
Total capital assets being depreciated, net	<u>83,805,161</u>	<u>(5,866,262)</u>	<u>-</u>	<u>18,376,442</u>	<u>96,315,341</u>
Business-type activities					
capital assets, net	<u>\$ 105,503,518</u>	<u>\$ 999,219</u>	<u>\$ -</u>	<u>\$ 648,335</u>	<u>\$ 107,151,072</u>
Business-type activities:					
Wastewater				\$	4,595,838
Water					1,660,180
Public transit					377,587
Airport					995,921
Parking					330,475
Intermodal facility					<u>1,531</u>
Total depreciation expense - business-type activities				<u>\$</u>	<u>7,961,532</u>

During the year ended June 30, 2020, the City created the intermodal facility enterprise fund. As a result, the intermodal facility capital assets were transferred from governmental activities to the enterprise fund and shown in the transfers columns above.

At June 30, 2020, the City had outstanding commitments through construction contracts of approximately \$1.73 million in relation to the various building, street and equipment improvements.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Activity for the TIFA for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component unit - TIFA					
Capital assets not being depreciated:					
Land	\$ 14,385,579	\$ -	\$ (271,324)	\$ -	\$ 14,114,255
Construction in progress	7,029,934	645,828	-	(6,104,024)	1,571,738
	<u>21,415,513</u>	<u>645,828</u>	<u>(271,324)</u>	<u>(6,104,024)</u>	<u>15,685,993</u>
Capital assets being depreciated:					
Land improvements	1,908,417	-	(140,021)	6,104,024	7,872,420
Buildings	315,845	-	(315,845)	-	-
Equipment	388,323	-	-	-	388,323
	<u>2,612,585</u>	<u>-</u>	<u>(455,866)</u>	<u>6,104,024</u>	<u>8,260,743</u>
Less accumulated depreciation for:					
Land improvements	(411,940)	(100,091)	17,270	-	(494,761)
Buildings	(298,900)	(2,510)	301,410	-	-
Equipment	(318,595)	(12,230)	-	-	(330,825)
	<u>(1,029,435)</u>	<u>(114,831)</u>	<u>318,680</u>	<u>-</u>	<u>(825,586)</u>
Total capital assets being depreciated, net	1,583,150	(114,831)	(137,186)	6,104,024	7,435,157
TIFA capital assets, net	\$ 22,998,663	\$ 530,997	\$ (408,510)	\$ -	\$ 23,121,150

Activity for the Cereal City Development Corporation for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component unit - CCDC					
Capital assets being depreciated:					
Equipment	\$ 19,846	\$ 27,632	\$ -	\$ -	\$ 47,478
Less accumulated depreciation for:					
Equipment	-	(6,124)	-	-	(6,124)
CCDC capital assets, net	\$ 19,846	\$ 21,508	\$ -	\$ -	\$ 41,354

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

8. 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	\$ 2,240,096	\$ 3,585,076
Accrued payroll	2,689,787	3,224
Retentions, deposits and other liabilities	127,981	318,693
Claims payable, current portion	844,988	-
Claims payable, long-term portion	<u>370,463</u>	<u>-</u>
	<u>\$ 6,273,315</u>	<u>\$ 3,906,993</u>

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2020, the following interfund balances were outstanding:

Receivable Fund	Payable Funds			Total
	Nonmajor Governmental Funds	Battle Creek Transit System Fund	Nonmajor Enterprise Funds	
General fund	\$ 192,588	\$ 2,037,605	\$ 64,700	\$ 2,294,893

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

For the year ended June 30, 2020, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	Special Grants Fund	Nonmajor Governmental Funds	Battle Creek Transit System	Nonmajor Enterprise Funds
General fund	\$ 18,900	\$ 1,985,638	\$ 319,115	\$ -
Major street and trunkline maintenance fund	-	2,500,000	-	9,000
Nonmajor governmental funds	-	157,594	-	5,000
Water and wastewater fund	-	-	-	-
Internal service funds	-	1,155,412	-	-
	<u>\$ 18,900</u>	<u>\$ 5,798,644</u>	<u>\$ 319,115</u>	<u>\$ 14,000</u>
Transfers Out	Transfers In			
	Internal Service Funds		Total	
General fund	\$ 97,157	\$ 2,420,810		
Major street and trunkline maintenance fund	-	2,509,000		
Nonmajor governmental funds	396,918	559,512		
Water and wastewater fund	172,000	172,000		
Internal service funds	35,000	1,190,412		
	<u>\$ 701,075</u>	<u>\$ 6,851,734</u>		

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

10. LONG-TERM DEBT

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

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

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
2008 building authority refunding	2023	3.000% - 4.125%	\$ 8,605,000	\$ 1,670,000
2009 building authority - golf course refunding	2025	3.000% - 4.200%	2,240,000	1,055,000
2011 building authority limited tax refunding	2026	3.000% - 4.125%	6,725,000	3,015,000
2016 capital improvement - refunding	2033	2.500% - 4.000%	12,605,000	11,140,000
2016 general obligation limited tax bonds	2042	4.000% - 5.000%	15,265,000	<u>14,105,000</u>
Total governmental activities				
				<u>\$ 30,985,000</u>
Discretely presented component units				
2009 tax increment - airport	2029	3.000% - 4.300%	\$ 3,935,000	\$ 2,120,000
2010 tax increment - airport hangar	2030	2.000% - 4.750%	3,585,000	<u>1,700,000</u>
Total component units				
				<u>\$ 3,820,000</u>

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

Year Ended June 30,	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2021	\$ 2,595,000	\$ 1,248,248	\$ 340,000	\$ 156,986
2022	2,710,000	1,143,591	350,000	143,839
2023	2,485,000	1,040,991	365,000	129,849
2024	1,835,000	940,166	380,000	115,269
2025	1,920,000	865,691	400,000	99,435
2026-2030	7,475,000	3,372,081	1,985,000	226,417
2031-2035	6,225,000	1,890,319	-	-
2036-2040	3,895,000	951,725	-	-
2041-2042	<u>1,845,000</u>	<u>93,375</u>	-	-
	<u>\$ 30,985,000</u>	<u>\$ 11,546,187</u>	<u>\$ 3,820,000</u>	<u>\$ 871,795</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

	Year of Maturity	Interest Rates	Original Amount	Amount
Business-type activities				
2011 water and wastewater system refunding	2022	3.000% - 4.000%	\$ 6,045,000	\$ 1,410,000
2016A water and wastewater system	2036	4.000% - 5.000%	7,725,000	6,490,000
2016B water and wastewater system	2036	1.660% - 4.460%	8,890,000	<u>7,135,000</u>
Total business-type activities				<u>\$ 15,035,000</u>
Discretely presented component units				
2017 downtown development refunding	2034	2.836% - 3.984%	\$ 22,260,000	\$ 22,260,000
2018 downtown development refunding	2025	2.000% - 5.000%	9,260,000	<u>6,435,000</u>
Total component units				<u>\$ 28,695,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
2021	\$ 1,405,000	\$ 626,089	\$ 1,515,000	\$ 1,137,047
2022	1,445,000	574,664	1,610,000	1,061,297
2023	740,000	535,779	1,620,000	980,797
2024	750,000	510,049	1,690,000	912,131
2025	765,000	483,274	1,760,000	839,413
2026-2030	4,115,000	1,928,962	10,560,000	3,112,278
2031-2035	4,765,000	940,102	9,940,000	996,765
2036	<u>1,050,000</u>	<u>49,881</u>	-	-
	<u>\$ 15,035,000</u>	<u>\$ 5,648,800</u>	<u>\$ 28,695,000</u>	<u>\$ 9,039,728</u>

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$6,045,000 and \$16,615,000 in water and wastewater system revenue bonds issued in June 2011 and December 2016, respectively. Proceeds from the bonds provided financing for various water main and sewer projects. The bonds are payable solely from water and wastewater customer net revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require approximately 23% of net revenues. The total principal and interest remaining to be paid on the bonds is \$20,683,800. Principal and interest paid for the current year and total customer net revenues were \$2,039,538 and \$8,931,019, respectively.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
2007 energy savings equipment contract #1	2023	4.660%	\$ 3,708,005	\$ 814,601
2008 energy savings equipment contract #2	2023	4.560%	280,000	60,802
2008 energy savings equipment contract #3	2022	4.210%	90,420	19,720
2016 city hall copiers	2021	5.280%	56,579	9,465
2017 telephone equipment	2021	n/a	494,724	<u>98,945</u>
Total governmental activities				<u>\$ 1,003,533</u>

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 454,134	\$ 37,805
2022	366,097	21,415
2023	<u>183,302</u>	<u>2,843</u>
	<u>\$ 1,003,533</u>	<u>\$ 62,063</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, 2020, 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, 2020, a total of \$2,749,862 had been drawn on the authorized amount and is currently outstanding.

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

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	\$ <u>2,749,862</u>

Notes from direct borrowings and direct placements - promissory note. During the year ended June 30, 2019, the City entered into a promissory note with the W.K. Kellogg Foundation to borrow up to \$8,775,000 to fund the redevelopment of the Milton building. As of June 30, 2020, the City had drawn a total of \$8,620,963 on the authorized amount, which is the outstanding balance at year end. Principal payments are due beginning fiscal year 2021 and interest payments are due beginning fiscal year 2025.

The promissory note outstanding at year end is as follows:

	Year of Maturity	Interest Rate	Original Amount	Amount
Governmental Activities				
2019 W.K. Kellogg Foundation note	2033	2.000%	\$ 8,775,000	\$ <u>8,620,963</u>

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 2,000,000	\$ -
2022	-	-
2023	-	-
2024	-	-
2025	752,778	1,013,732
2026-2030	3,763,890	414,026
2031-2033	<u>2,104,295</u>	<u>67,752</u>
	<u>\$ 8,620,963</u>	<u>\$ 1,495,510</u>

Loans payable. In May 2020, the Cereal City Development Corporation received \$187,000 as a loan under the Payroll Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020. The loan has a two year maturity and is subject to a 1.0% interest rate. As of June 30, 2020 the outstanding loan balance was \$117,256.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for fiscal year 2020 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 33,475,000	\$ -	\$ (2,490,000)	\$ 30,985,000	\$ 2,595,000
Notes from direct borrowings and direct placements:					
Installment obligations	1,444,746	-	(441,213)	1,003,533	454,134
Promissory note	8,620,963	-	-	8,620,963	2,000,000
Compensated absences	3,023,007	2,238,063	(1,753,690)	3,507,380	3,177,218
Deferred amounts:					
For issuance premiums	2,215,358	-	(130,573)	2,084,785	130,573
For issuance discounts	(96,324)	-	8,657	(87,667)	(8,657)
Total governmental activities debt	\$ 48,682,750	\$ 2,238,063	\$ (4,806,819)	\$ 46,113,994	\$ 8,348,268
Business-type activities					
Revenue bonds	\$ 16,400,000	\$ -	\$ (1,365,000)	\$ 15,035,000	\$ 1,405,000
Compensated absences	649,641	952,325	(780,445)	821,521	739,367
Deferred amounts -					
For issuance premiums	781,120	-	(68,469)	712,651	68,469
Total business-type activities debt	\$ 17,830,761	\$ 952,325	\$ (2,213,914)	\$ 16,569,172	\$ 2,212,836
Component units					
DDA					
Revenue bonds	\$ 30,130,000	\$ -	\$ (1,435,000)	\$ 28,695,000	\$ 1,515,000
Deferred amounts -					
For issuance premiums	716,904	-	(119,484)	597,420	119,484
Total DDA debt	\$ 30,846,904	\$ -	\$ (1,554,484)	\$ 29,292,420	\$ 1,634,484
TIFA					
General obligation bonds	\$ 4,145,000	\$ -	\$ (325,000)	\$ 3,820,000	\$ 340,000
Deferred amounts -					
For issuance discounts	(8,569)	-	796	(7,773)	(796)
Total TIFA debt	\$ 4,136,431	\$ -	\$ (324,204)	\$ 3,812,227	\$ 339,204
Brownfield					
Loans payable	\$ 2,855,834	\$ 72,189	\$ (178,161)	\$ 2,749,862	\$ -
CCDC					
Loans payable	\$ -	\$ 187,000	\$ (69,744)	\$ 117,256	\$ -

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is \$143.0 million, which significantly exceeds the City's outstanding general obligation debt subject to limitation of \$71.4 million.

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

11. 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.

12. ENDOWMENTS

Youth Center Endowment Permanent Trust Fund. For the year ended June 30, 2020, the net earnings on investments of donor-restricted endowments was \$7,042. 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 \$28,765 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, 2020, the net earnings on investments of donor-restricted endowments was \$18,820. 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 \$78,648 is reported in restricted fund balance/net position; the nonspendable endowment balance is \$623,533.

13. RISK MANAGEMENT

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

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the governmental activities using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self insured retention limits along with certain other member specific costs. Accordingly, the City records an asset for its portion of the unexpended member retention fund. At June 30, 2020, the balance of the City's member retention fund was \$485,497.

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:

	2020	2019
Estimated liability, beginning of year	\$ 1,357,364	\$ 2,103,865
Estimated claims incurred, including changes in estimates	6,740,928	5,978,267
Claim payments	<u>(6,882,841)</u>	<u>(6,724,768)</u>
Estimated liability, end of year	<u>\$ 1,215,451</u>	<u>\$ 1,357,364</u>

14. 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 2019 levy, including industrial facilities and neighborhood enterprise zone properties, but net of renaissance zones, was \$1,273,977,286. The government's general operating tax rate for fiscal 2019-20 was 9.846 mills with an additional 5.588 mills for police and fire pension and 0.5 mills for debt service.

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

15. TAX ABATEMENTS

The City received reduced property tax revenues during 2020 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 \$163,200 in reduced City tax revenues for 2020.

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 \$280,994 in reduced City tax revenues for 2020.

16. CONTINGENT LIABILITIES

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

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

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

The City is currently involved in various tax appeals pending before the Michigan Tax Tribunal. The appeals cover various commercial and industrial properties for 2020. 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 \$1.9 million in taxable value. The City is vigorously defending all litigation.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

17. DEFINED BENEFIT PENSION PLANS

Police and Fire Retirement System

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

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

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

Plan Membership. At June 30, 2019, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	268
Terminated employees entitled to but not yet receiving benefits	9
Vested and non-vested active participants	<u>177</u>
Total membership	<u>454</u>

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

Contributions. Plan members are required to contribute between 8.75% and 11.72% of their annual covered salary to the System for pension benefits, depending on bargaining unit. The City contributes such additional amounts as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. The City's pension contribution for the year ended June 30, 2020 represented 39.75% of the annual covered payroll.

Rate of Return. For the year ended June 30, 2020, the annual money-weighted rate of return on plan investments, net of investment expenses, was 6.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Beginning Balance	Credits	Interest	Distributions	Ending Balance
2020	\$ 511,994	\$ 526,969	\$ 16,098	\$ 130,172	\$ 924,889

Net Pension Liability of the City. The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 (rolled forward to June 30, 2020). The components of the net pension liability of the City were as follows:

Total pension liability	\$ 203,308,697
Plan fiduciary net position	<u>(154,958,172)</u>
City's net pension liability	<u>\$ 48,350,525</u>
Plan fiduciary net position as percentage of total pension liability	76.22%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	4.00%
Salary increases	4.50 to 16.00%, including inflation
Investment rate of return	6.50%
Retirement age	Age and service-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. From time to time one or more of the assumptions is modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the System's investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money- Weighted Rate of Return
U.S. agencies	42.00%	0.50%	0.21%
Domestic corporate securities	32.00%	4.75%	1.52%
Domestic equities	9.00%	5.00%	0.45%
American depositary receipts	3.00%	0.00%	0.00%
International equities	<u>14.00%</u>	5.00%	0.70%
	<u>100.00%</u>		
Inflation			2.25%
Administrative expenses netted above			<u>1.37%</u>
Investment rate of return			<u>6.50%</u>

Discount Rate. A single discount rate of 6.50% 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 6.50%. 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 6.50% 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
City's net pension liability	\$ 73,457,947	\$ 48,350,525	\$ 27,520,178

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, 2019	\$ 200,970,933	\$ 150,109,695	\$ 50,861,238
Changes for the year:			
Service cost	4,041,341	-	4,041,341
Interest on total pension liability	12,839,189	-	12,839,189
Benefit changes	(108,003)	-	(108,003)
Differences between expected and actual experience	(3,167,079)	-	(3,167,079)
Assumption changes	(336,475)	-	(336,475)
Employer contributions	-	5,869,972	(5,869,972)
Employee contributions	-	1,580,109	(1,580,109)
Net investment income	-	8,960,637	(8,960,637)
Benefit payments	(10,931,209)	(10,931,209)	-
Administrative expense	-	(203,023)	203,023
Medical insurance premiums	-	(428,009)	428,009
Net changes	2,337,764	4,848,477	(2,510,713)
Balances at June 30, 2020	\$ 203,308,697	\$ 154,958,172	\$ 48,350,525

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, 2020, the City recognized pension expense of \$7,671,561. At June 30, 2020, 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	\$ 2,394,274	\$ 2,875,019	\$ (480,745)
Changes in assumptions	2,380,084	264,188	2,115,896
Net difference between projected and actual earnings on pension plan investments	-	590,395	(590,395)
Total	\$ 4,774,358	\$ 3,729,602	\$ 1,044,756

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date, if any, will be recognized as a reduction in the net pension liability for the year ending June 30, 2021. 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
2021	\$ 452,116
2022	1,144,821
2023	(198,936)
2024	<u>(353,245)</u>
Total	<u>\$ 1,044,756</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 132.48% of annual payroll, or monthly amounts ranging from \$5,213 to \$114,566 depending on division/bargaining unit.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2019, 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	\$ 153,769,909
Plan fiduciary net position	<u>(85,878,625)</u>
City's net pension liability	<u>\$ 67,891,284</u>
Plan fiduciary net position as percentage of total pension liability	55.85%

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

Employees Covered by Benefit Terms. At December 31, 2019, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	423
Inactive employees entitled to but not yet receiving benefits	150
Active employees	<u>342</u>
Total membership	<u>915</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%	5.25%	3.15%
Global fixed income	20.0%	1.25%	0.25%
Private investments	<u>20.0%</u>	7.25%	1.45%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
 Investment rate of return			<u>7.60%</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2019 was 7.60% (down from 8.00% at December 31, 2018). 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, 2018	\$ 147,621,824	\$ 79,774,729	\$ 67,847,095
Changes for the year:			
Service cost	2,050,623	-	2,050,623
Interest	11,458,164	-	11,458,164
Changes in benefits	(47,708)	-	(47,708)
Differences between expected and actual experience	(829,069)	-	(829,069)
Changes in assumptions	4,356,282	-	4,356,282
Employer contributions	-	5,530,584	(5,530,584)
Employee contributions	-	999,077	(999,077)
Net investment income	-	10,596,861	(10,596,861)
Benefit payments, including refunds of employee contributions	(10,840,207)	(10,840,207)	-
Administrative expense	-	(182,419)	182,419
Net changes	6,148,085	6,103,896	44,189
Balances at December 31, 2019	\$ 153,769,909	\$ 85,878,625	\$ 67,891,284

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 7.60%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate:

1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
\$ 83,286,075	\$ 67,891,284	\$ 54,708,234

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

For the year ended June 30, 2020, the City recognized pension expense of \$8,673,515. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 315,080	\$ 621,802	\$ (306,722)
Changes in assumptions	3,267,211	-	3,267,211
Net difference between projected and actual earnings on pension plan investments	378,147	-	378,147
Contributions subsequent to the measurement date	3,960,438	621,802	3,338,636
	2,699,986	-	2,699,986
Total	\$ 6,660,424	\$ 621,802	\$ 6,038,622

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, 2021. Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 861,534
2022	1,329,429
2023	2,026,590
2024	(878,917)
Total	<u>\$ 3,338,636</u>

Summary of Pension Plans

	MERS	Police and Fire Retirement System	Total
Net pension liability (NPL)	\$ 67,891,284	\$ 48,350,525	\$ 116,241,809
Deferred outflows related to the NPL	6,660,424	4,774,358	11,434,782
Deferred inflows related to the NPL	621,802	3,729,602	4,351,404
Pension expense	8,673,515	7,671,561	16,345,076

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

18. 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 \$428,009 of health care costs of the then current retirees. Police and fire personnel retiring on or after July 1, 2007 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 other eligible City employees, the City contributes a maximum of \$200 per month on a pay-as-you-go basis towards the purchase of retiree health care.

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

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

Plan Membership. Membership of the Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	310
Vested and non-vested active participants	<u>351</u>
Total membership	<u>661</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 2% to 3% of annual pay. For the year ended June 30, 2020, plan participant and City contributions towards the cost of benefits and funding the plan were \$390,550 and \$1,410,390, respectively.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

The components of the net OPEB liability of the City at June 30, 2020, were as follows:

Total OPEB liability	\$ 68,870,210
Plan fiduciary net position	<u>6,312,198</u>
Net OPEB liability	<u>\$ 62,558,012</u>
Plan fiduciary net position as a percentage of the total OPEB liability	9.17%

Actuarial Assumptions. The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied consistently to all periods included in the measurement:

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal (level percentage of compensation)
Actuarial assumptions:	
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	7.35%
20-year Aa municipal bond rate	2.66%
Mortality	General and public safety public employer, headcount weighted, sex-distinct mortality with improvement scale MP-2019

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study dated June 30, 2014 for the Police and Fire members and June 30, 2015 for general members.

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

Rate of Return. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 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%	5.25%	3.15%
Global fixed income	20.00%	1.25%	0.25%
Private assets	<u>20.00%</u>	<u>7.25%</u>	<u>1.45%</u>
	<u><u>100.00%</u></u>		4.85%
Inflation			<u>2.50%</u>
Investment rate of return			<u>7.35%</u>

Discount Rate. A single discount rate of 2.73% was used to measure the total OPEB liability. This was a decrease over the single discount rate of 3.22% used in the prior valuation. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.35% and a municipal bond rate of 2.66%. The projection of cash flows used to determine the discount rate included reported, projected contributions while assets are drawn down to pay retiree benefits. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members until 2024. 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, 2019	\$ 62,682,479	\$ 6,250,480	\$ 56,431,999
Changes for the year:			
Service cost	1,217,385	-	1,217,385
Interest	2,024,859	-	2,024,859
Differences between expected and actual experience	(271,616)	-	(271,616)
Changes in assumptions	5,092,881	-	5,092,881
Employer contributions	-	1,410,390	(1,410,390)
Employee contributions	-	390,550	(390,550)
Net investment income	-	147,822	(147,822)
Benefit payments, including refunds of employee contributions	(1,875,778)	(1,875,778)	-
Administrative expense	-	(11,266)	11,266
Net changes	<u>6,187,731</u>	<u>61,718</u>	<u>6,126,013</u>
Balances at June 30, 2020	\$ 68,870,210	\$ 6,312,198	\$ 62,558,012

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 2.73%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.73%) or 1% higher (3.73%) than the current rate:

1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
\$ 75,067,394	\$ 62,558,012	\$ 52,755,128

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 (7.25% graded down to 3.50%)	Current Healthcare Cost Trend Rate (8.25% graded down to 4.50%)	1% Increase (9.25% graded down to 5.50%)
\$ 54,391,951	\$ 62,558,012	\$ 73,112,269

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$626,178. 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	\$ -	\$ 1,199,774	\$ (1,199,774)
Changes in assumptions	7,418,725	11,903,289	(4,484,564)
Net difference between projected and actual earnings on OPEB plan investments	400,265	-	400,265
Total	\$ 7,818,990	\$ 13,103,063	\$ (5,284,073)

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
2021	\$ (1,802,481)
2022	(1,802,481)
2023	(1,811,789)
2024	(1,119,613)
2025	<u>1,252,291</u>
Total	<u>\$ (5,284,073)</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

19. 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	
Pooled cash and investments	\$ 96,995
Investments -	
Mutual funds	6,212,662
Interest receivable	<u>2,541</u>
Total assets	<u>6,312,198</u>
Net position	
Restricted for postemployment healthcare benefits	<u>\$ 6,312,198</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Statement of Changes in Fiduciary Net Position

	Other Postemployment Benefit Plan Trust
Additions	
Investment income -	
Investment earnings and dividends	\$ 147,822
Contributions:	
Employer	1,410,390
Employee	390,550
Total contributions	<u>1,800,940</u>
Total additions	<u>1,948,762</u>
Deductions	
Benefit payments	1,875,778
Administrative expenses	<u>11,266</u>
Total deductions	<u>1,887,044</u>
Net change to net position	61,718
Net position, beginning of year	<u>6,250,480</u>
Net position, end of year	<u>\$ 6,312,198</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

20. 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	\$ 2,162,171	\$ 10,835,731
Capital assets being depreciated	<u>222,505,349</u>	<u>96,315,341</u>
	<u>224,667,520</u>	<u>107,151,072</u>
 Long-term debt related to capital assets:		
General obligation bonds	30,985,000	-
Revenue bonds	-	15,035,000
Notes from direct borrowings and direct placements	1,003,533	-
 Deferred amounts:		
For issuance premiums	2,084,785	712,651
For issuance discounts	(87,667)	-
Deferred charge on refunding	(808,064)	-
Unexpended bond proceeds	<u>(30,184)</u>	<u>-</u>
 Net long-term debt related to capital assets	<u>33,147,403</u>	<u>15,747,651</u>
 Net investment in capital assets	<u><u>\$ 191,520,117</u></u>	<u><u>\$ 91,403,421</u></u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

21. FUND BALANCES - GOVERNMENTAL FUNDS

	General	Major Street and Trunkline Maintenance	Special Grants	Nonmajor Governmental	Total Governmental
Nonspendable:					
Inventories	\$ 89,798	\$ -	\$ -	\$ -	\$ 89,798
Prepaid items	151,618	-	-	5,394	157,012
Endowments	-	-	-	879,909	879,909
	<u>241,416</u>	<u>-</u>	<u>-</u>	<u>885,303</u>	<u>1,126,719</u>
Restricted for:					
Major streets	-	3,019,163	-	-	3,019,163
Local streets	-	-	-	852,523	852,523
Michigan justice training	-	-	-	7,743	7,743
Narcotics forfeiture	-	-	-	368,320	368,320
Building inspection	-	-	-	1,113,035	1,113,035
Youth center	-	-	-	28,765	28,765
Kellogg arena	-	-	-	78,648	78,648
Special projects	247,563	-	-	682,591	930,154
Capital improvements (unexpended bond proceeds)	-	-	-	30,184	30,184
	<u>247,563</u>	<u>3,019,163</u>	<u>-</u>	<u>3,161,809</u>	<u>6,428,535</u>
Committed for:					
Special grants	-	-	2,597,247	-	2,597,247
Debt service	-	-	-	63,475	63,475
Capital projects	-	-	-	789,935	789,935
Special projects	1,373,506	-	-	-	1,373,506
	<u>1,373,506</u>	<u>-</u>	<u>2,597,247</u>	<u>853,410</u>	<u>4,824,163</u>
Assigned for:					
Departmental appropriations	-	-	-	492,747	492,747
Capital outlay and projects (encumbrances)	390	-	-	-	390
	<u>390</u>	<u>-</u>	<u>-</u>	<u>492,747</u>	<u>493,137</u>
Unassigned	7,784,247	-	-	-	7,784,247
Total fund balances, governmental funds	\$ 9,647,122	\$ 3,019,163	\$ 2,597,247	\$ 5,393,269	\$ 20,656,801

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

22. CORONAVIRUS (COVID-19)

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



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,		
	2020	2019	2018
Total pension liability			
Service cost	\$ 4,041,341	\$ 4,068,824	\$ 4,070,388
Interest on total pension liability	12,839,189	12,286,062	11,769,474
Benefit changes	(108,003)	405,223	1,505,727
Difference between expected and actual experience	(3,167,079)	2,789,999	1,955,535
Assumption changes	(336,475)	-	6,224,926
Benefit payments	(10,931,209)	(10,617,625)	(10,066,683)
Net change in total pension liability	<u>2,337,764</u>	<u>8,932,483</u>	<u>15,459,367</u>
Total pension liability, beginning of year	<u>200,970,933</u>	<u>192,038,450</u>	<u>176,579,083</u>
Total pension liability, end of year	<u>203,308,697</u>	<u>200,970,933</u>	<u>192,038,450</u>
Plan fiduciary net position			
Employer contributions	5,869,972	5,544,586	5,180,487
Employee contributions	1,580,109	1,473,592	1,478,257
Net investment income	8,960,637	9,782,101	10,201,971
Benefit payments and refunds	(10,931,209)	(10,617,625)	(10,066,683)
Administrative expense	(203,023)	(177,368)	(214,905)
Medical insurance premiums	(428,009)	(484,052)	(500,000)
Net change in plan fiduciary net position	<u>4,848,477</u>	<u>5,521,234</u>	<u>6,079,127</u>
Plan fiduciary net position, beginning of year	<u>150,109,695</u>	<u>144,588,461</u>	<u>138,509,334</u>
Plan fiduciary net position, end of year	<u>154,958,172</u>	<u>150,109,695</u>	<u>144,588,461</u>
Net pension liability	<u>\$ 48,350,525</u>	<u>\$ 50,861,238</u>	<u>\$ 47,449,989</u>
Plan fiduciary net position as a percentage of total pension liability	76.22%	74.69%	75.29%
Covered payroll	<u>\$ 14,766,506</u>	<u>\$ 14,897,135</u>	<u>\$ 14,718,606</u>
Net pension liability as a percentage of covered payroll	327.43%	341.42%	322.38%

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

CITY OF BATTLE CREEK, MICHIGAN

Required Supplementary Information

Police and Fire Retirement System

Schedule of Contributions

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

CITY OF BATTLE CREEK, MICHIGAN

Required Supplementary Information

Police and Fire Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2014	14.01%
2015	3.44%
2016	15.82%
2017	9.02%
2018	6.89%
2019	6.81%
2020	6.17%

⁽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,		
	2020	2019	2018
Total pension liability			
Service cost	\$ 2,050,623	\$ 2,056,135	\$ 1,998,171
Interest on total pension liability	11,458,164	11,210,574	10,978,431
Benefit changes	(47,708)	(25,969)	(17,297)
Difference between expected and actual experience	(829,069)	533,140	194,046
Assumption changes	4,356,282	-	-
Benefit payments and refunds	(10,840,207)	(10,512,334)	(10,048,722)
Net change in total pension liability	<u>6,148,085</u>	<u>3,261,546</u>	<u>3,104,629</u>
Total pension liability, beginning of year	<u>147,621,824</u>	<u>144,360,278</u>	<u>141,255,649</u>
Total pension liability, end of year	<u>153,769,909</u>	<u>147,621,824</u>	<u>144,360,278</u>
Plan fiduciary net position			
Employer contributions	5,530,584	5,598,951	5,382,451
Employee contributions	999,077	701,481	546,534
Net investment income (loss)	10,596,861	(3,297,646)	10,481,265
Benefit payments and refunds	(10,840,207)	(10,512,334)	(10,048,722)
Administrative expense	(182,419)	(166,380)	(166,302)
Net change in plan fiduciary net position	<u>6,103,896</u>	<u>(7,675,928)</u>	<u>6,195,226</u>
Plan fiduciary net position, beginning of year	<u>79,774,729</u>	<u>87,450,657</u>	<u>81,255,431</u>
Plan fiduciary net position, end of year	<u>85,878,625</u>	<u>79,774,729</u>	<u>87,450,657</u>
Net pension liability	<u>\$ 67,891,284</u>	<u>\$ 67,847,095</u>	<u>\$ 56,909,621</u>
Plan fiduciary net position as a percentage of total pension liability	55.85%	54.04%	60.58%
Covered payroll	<u>\$ 19,515,143</u>	<u>\$ 19,275,745</u>	<u>\$ 18,317,097</u>
Net pension liability as a percentage of covered payroll	347.89%	351.98%	310.69%

Fiscal Year Ended June 30,

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

CITY OF BATTLE CREEK, MICHIGAN

■ Required Supplementary Information

Municipal Employees Retirement System of Michigan Schedule of Contributions

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

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,			
	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 1,217,385	\$ 1,519,101	\$ 2,444,926	\$ 2,866,687
Interest on total OPEB liability	2,024,859	2,087,663	2,752,781	2,366,860
Difference between expected and actual experience	(271,616)	-	(1,747,090)	-
Assumption changes	5,092,881	4,524,282	(21,345,849)	(8,351,874)
Benefit payments	(1,875,778)	(1,920,528)	(2,178,985)	(1,600,811)
Net change in total OPEB liability	6,187,731	6,210,518	(20,074,217)	(4,719,138)
Total OPEB liability, beginning of year	<u>62,682,479</u>	<u>56,471,961</u>	<u>76,546,178</u>	<u>81,265,316</u>
Total OPEB liability, end of year	<u>68,870,210</u>	<u>62,682,479</u>	<u>56,471,961</u>	<u>76,546,178</u>
Plan fiduciary net position				
Employer contributions	1,410,390	1,446,699	1,734,099	1,204,642
Employee contributions	390,550	318,750	439,777	228,042
Net investment income	147,822	177,435	365,451	807,558
Benefit payments and refunds	(1,875,778)	(1,920,528)	(2,178,985)	(1,600,811)
Administrative expense	(11,266)	(12,876)	(14,677)	(10,920)
Net change in plan fiduciary net position	61,718	9,480	345,665	628,511
Plan fiduciary net position, beginning of year	<u>6,250,480</u>	<u>6,241,000</u>	<u>5,895,335</u>	<u>5,266,824</u>
Plan fiduciary net position, end of year	<u>6,312,198</u>	<u>6,250,480</u>	<u>6,241,000</u>	<u>5,895,335</u>
Net OPEB liability	<u>\$ 62,558,012</u>	<u>\$ 56,431,999</u>	<u>\$ 50,230,961</u>	<u>\$ 70,650,843</u>
Plan fiduciary net position as a percentage of total OPEB liability	9.17%	9.97%	11.05%	7.70%
Covered payroll	<u>\$ 25,494,729</u>	<u>\$ 29,984,686</u>	<u>\$ 28,970,711</u>	<u>\$ 30,761,954</u>
Net OPEB liability as a percentage of covered payroll	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%

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%

⁽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

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

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

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

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

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

Notes to Schedule of Contributions

Valuation date	June 30, 2019
Notes	Actuarially determined contribution amounts are calculated as of June 30 of each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage-of-payroll, closed
Remaining amortization period	Closed 30 years for benefit improvements and assumption changes Closed 25 years for all other liabilities
Asset valuation method	5-year smoothed market, with 20% corridor
Inflation	4.00%
Salary increases	4.50%-16.00%, including inflation
Investment rate of return	6.50%
Retirement age	Age and service-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation.
Mortality rates	RP-2014 Standard Mortality Tables with generation mortality improvement using projection scale MIP-2019.
Other information	There were benefit changes recognized during the year regarding DROP eligibility.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Required Supplementary Information

Municipal Employees Retirement System of Michigan

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

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

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

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 (2020, based on the 12/31/2017 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	20 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

CITY OF BATTLE CREEK, MICHIGAN

Notes to Required Supplementary Information

OPEB Information

Single-Employer Other Postemployment Benefit Plan

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

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

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

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

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

Notes to Schedule of Contributions

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal (level percentage of compensation)
Remaining amortization period	12 years
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	7.35%
Discount rate	3.22% for 2020 contribution; 2.73% for June 30, 2020 liability and 2021 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	General and public safety public employer, headcount weighted, sex-distinct mortality with improvement scale MP-2019; Disabled lives version used for disability contingency.
Health care trend rates	Trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 4.50%.
Utilization	90% of eligible employees will elect coverage at early 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, 2020

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 2,243,348	\$ 63,692	\$ 2,060,608	\$ 979,145	\$ 5,346,793
Receivables:					
Interest	13,151	17,541	-	8,177	38,869
Accounts	30	71,309	-	-	71,339
Special assessments	-	130,997	-	-	130,997
Due from other governments	418,751	-	-	-	418,751
Loans	-	598,488	-	-	598,488
Loans, long-term portion	2,788,855	1,274,673	-	-	4,063,528
Prepaid items	5,394	-	-	-	5,394
Total assets	\$ 5,469,529	\$ 2,156,700	\$ 2,060,608	\$ 987,322	\$ 10,674,159
Liabilities					
Accounts payable	\$ 78,122	\$ 404	\$ 65,151	\$ -	\$ 143,677
Accrued payroll	663	-	-	-	663
Retentions, deposits and other liabilities	127,981	-	-	-	127,981
Interfund payable	121,465	71,123	-	-	192,588
Unearned revenue	44,063	-	-	-	44,063
Total liabilities	372,294	71,527	65,151	-	508,972
Deferred inflows of resources					
Unavailable revenue:					
Special assessments	-	130,997	-	-	130,997
Loans, grants and related interest	2,750,220	1,890,701	-	-	4,640,921
Total deferred inflows of resources	2,750,220	2,021,698	-	-	4,771,918
Fund balances					
Nonspendable	5,394	-	-	879,909	885,303
Restricted	2,341,621	-	712,775	107,413	3,161,809
Committed	-	63,475	789,935	-	853,410
Assigned	-	-	492,747	-	492,747
Total fund balances	2,347,015	63,475	1,995,457	987,322	5,393,269
Total liabilities, deferred inflows of resources and fund balances	\$ 5,469,529	\$ 2,156,700	\$ 2,060,608	\$ 987,322	\$ 10,674,159

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property tax	\$ -	\$ -	\$ 1,553,323	\$ -	\$ 1,553,323
Intergovernmental:					
Federal	1,266,060	-	-	-	1,266,060
State	1,827,547	-	-	-	1,827,547
Local	-	853,647	57,457	-	911,104
Charges for services	981,356	-	-	-	981,356
Investment earnings	88,369	1,613	20,280	25,862	136,124
Contributions	-	-	51,000	-	51,000
Rents and leases	-	-	43,526	-	43,526
Other	54,373	-	3,098	-	57,471
Total revenues	4,217,705	855,260	1,728,684	25,862	6,827,511
Expenditures					
Current expenditures:					
General government	95,533	-	169,299	-	264,832
Public safety	-	-	126,749	-	126,749
Highway and streets	3,310,872	-	1,485,772	-	4,796,644
Community development	1,312,514	-	-	-	1,312,514
Inspections	782,807	-	-	-	782,807
Debt service:					
Principal	-	2,635,215	-	-	2,635,215
Interest	-	1,352,637	-	-	1,352,637
Total expenditures	5,501,726	3,987,852	1,781,820	-	11,271,398
Revenues over (under) expenditures	(1,284,021)	(3,132,592)	(53,136)	25,862	(4,443,887)
Other financing sources (uses)					
Transfers in	2,000,000	3,132,881	665,763	-	5,798,644
Transfers out	-	-	(559,512)	-	(559,512)
Total other financing sources	2,000,000	3,132,881	106,251	-	5,239,132
Net change in fund balances	715,979	289	53,115	25,862	795,245
Fund balances, beginning of year	1,631,036	63,186	1,942,342	961,460	4,598,024
Fund balances, end of year	\$ 2,347,015	\$ 63,475	\$ 1,995,457	\$ 987,322	\$ 5,393,269

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2020

	Community Development	Local Street	HOME Program	Michigan Justice Training
Assets				
Pooled cash and investments	\$ -	\$ 607,678	\$ -	\$ 7,743
Receivables:				
Interest	-	11,874	-	-
Accounts	30	-	-	-
Due from other governments	160,768	236,538	21,445	-
Loans, due in more than one year	2,750,220	-	38,635	-
Prepaid items	-	-	-	-
Total assets	\$ 2,911,018	\$ 856,090	\$ 60,080	\$ 7,743
Liabilities				
Accounts payable	\$ 42,780	\$ 2,904	\$ 12,570	\$ -
Accrued payroll	-	663	-	-
Retentions, deposits and other liabilities	-	-	-	-
Interfund payable	118,018	-	3,447	-
Unearned revenue	-	-	44,063	-
Total liabilities	160,798	3,567	60,080	-
Deferred inflows of resources				
Unavailable revenue -				
Loans, grants and related interest	<u>2,750,220</u>	-	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	852,523	-	7,743
Total fund balances	-	852,523	-	7,743
Total liabilities, deferred inflows of resources and fund balances	\$ 2,911,018	\$ 856,090	\$ 60,080	\$ 7,743

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2020

	Narcotics Forfeiture	Building Inspection Fund	Total
Assets			
Pooled cash and investments	\$ 503,732	\$ 1,124,195	\$ 2,243,348
Receivables:			
Interest	1,277	-	13,151
Accounts	-	-	30
Due from other governments	-	-	418,751
Loans, due in more than one year	-	-	2,788,855
Prepaid items	-	5,394	5,394
Total assets	\$ 505,009	\$ 1,129,589	\$ 5,469,529
Liabilities			
Accounts payable	\$ 8,708	\$ 11,160	\$ 78,122
Accrued payroll	-	-	663
Retentions, deposits and other liabilities	127,981	-	127,981
Interfund payable	-	-	121,465
Unearned revenue	-	-	44,063
Total liabilities	136,689	11,160	372,294
Deferred inflows of resources			
Unavailable revenue -			
Loans, grants and related interest	-	-	2,750,220
Fund balances			
Nonspendable	-	5,394	5,394
Restricted	368,320	1,113,035	2,341,621
Total fund balances	368,320	1,118,429	2,347,015
Total liabilities, deferred inflows of resources and fund balances	\$ 505,009	\$ 1,129,589	\$ 5,469,529

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, 2020

	Community Development	Local Street	HOME Program	Michigan Justice Training
Revenues				
Intergovernmental:				
Federal	\$ 1,188,658	\$ -	\$ 77,402	\$ -
State	-	1,694,556	-	16,863
Charges for services	-	-	-	-
Investment earnings (loss)	-	43,615	-	-
Other	30,249	2,823	16,205	-
Total revenues	1,218,907	1,740,994	93,607	16,863
Expenditures				
Current expenditures:				
General government	-	-	-	19,666
Highways and streets	-	3,310,872	-	-
Community development	1,218,907	-	93,607	-
Inspections	-	-	-	-
Total expenditures	1,218,907	3,310,872	93,607	19,666
Revenues over (under) expenditures	-	(1,569,878)	-	(2,803)
Other financing sources				
Transfers in	-	2,000,000	-	-
Net change in fund balances	-	430,122	-	(2,803)
Fund balances, beginning of year	-	422,401	-	10,546
Fund balances, end of year	\$ -	\$ 852,523	\$ -	\$ 7,743

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, 2020

	Narcotics Forfeiture	Building Inspection Fund	Total
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ 1,266,060
State	116,128	-	1,827,547
Charges for services	-	981,356	981,356
Investment earnings (loss)	13,284	31,470	88,369
Other	4,701	395	54,373
Total revenues	134,113	1,013,221	4,217,705
Expenditures			
Current expenditures:			
General government	75,867	-	95,533
Highways and streets	-	-	3,310,872
Community development	-	-	1,312,514
Inspections	-	782,807	782,807
Total expenditures	75,867	782,807	5,501,726
Revenues over (under) expenditures	58,246	230,414	(1,284,021)
Other financing sources			
Transfers in	-	-	2,000,000
Net change in fund balances	58,246	230,414	715,979
Fund balances, beginning of year	310,074	888,015	1,631,036
Fund balances, end of year	\$ 368,320	\$ 1,118,429	\$ 2,347,015

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, 2020

	Community Development		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 2,282,170	\$ 1,188,658	\$ (1,093,512)
State	-	-	-
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Other	30,249	30,249	-
Total revenues	2,312,419	1,218,907	(1,093,512)
Expenditures			
Current expenditures:			
General government	-	-	-
Highways and streets	-	-	-
Community development	2,312,419	1,218,907	(1,093,512)
Inspections	-	-	-
Total expenditures	2,312,419	1,218,907	(1,093,512)
Revenues over (under) expenditures	-	-	-
Other financing sources			
Transfers in	-	-	-
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, 2020

	Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	1,735,000	1,694,556	(40,444)
Charges for services	-	-	-
Investment earnings (loss)	-	43,615	43,615
Other	500	2,823	2,323
Total revenues	1,735,500	1,740,994	5,494
Expenditures			
Current expenditures:			
General government	-	-	-
Highways and streets	3,735,928	3,310,872	(425,056)
Community development	-	-	-
Inspections	-	-	-
Total expenditures	3,735,928	3,310,872	(425,056)
Revenues over (under) expenditures	(2,000,428)	(1,569,878)	430,550
Other financing sources			
Transfers in	2,000,000	2,000,000	-
Net change in fund balances	(428)	430,122	430,550
Fund balances, beginning of year	422,401	422,401	-
Fund balances, end of year	\$ 421,973	\$ 852,523	\$ 430,550

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, 2020

	HOME Program Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 579,873	\$ 77,402	\$ (502,471)
State	-	-	-
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Other	5,428	16,205	10,777
Total revenues	585,301	93,607	(491,694)
Expenditures			
Current expenditures:			
General government	-	-	-
Highways and streets	-	-	-
Community development	585,301	93,607	(491,694)
Inspections	-	-	-
Total expenditures	585,301	93,607	(491,694)
Revenues over (under) expenditures	-	-	-
Other financing sources			
Transfers in	-	-	-
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, 2020

	Michigan Justice Training Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	18,400	16,863	(1,537)
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Other	-	-	-
Total revenues	18,400	16,863	(1,537)
Expenditures			
Current expenditures:			
General government	20,250	19,666	(584)
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	20,250	19,666	(584)
Revenues over (under) expenditures	(1,850)	(2,803)	(953)
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	(1,850)	(2,803)	(953)
Fund balances, beginning of year	10,546	10,546	-
Fund balances, end of year	\$ 8,696	\$ 7,743	\$ (953)

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, 2020

Narcotics Forfeiture Fund			
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	150,000	116,128	(33,872)
Charges for services	-	-	-
Investment earnings (loss)	-	13,284	13,284
Other	5,800	4,701	(1,099)
Total revenues	155,800	134,113	(21,687)
Expenditures			
Current expenditures:			
General government	108,842	75,867	(32,975)
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	108,842	75,867	(32,975)
Revenues over (under) expenditures	46,958	58,246	11,288
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	46,958	58,246	11,288
Fund balances, beginning of year	310,074	310,074	-
Fund balances, end of year	\$ 357,032	\$ 368,320	\$ 11,288

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, 2020

	Building Inspection Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	-	-	-
Charges for services	551,250	981,356	430,106
Investment earnings (loss)	3,500	31,470	27,970
Other	150	395	245
Total revenues	554,900	1,013,221	458,321
Expenditures			
Current expenditures:			
General government	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Inspections	889,003	782,807	(106,196)
Total expenditures	889,003	782,807	(106,196)
Revenues over (under) expenditures	(334,103)	230,414	564,517
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	(334,103)	230,414	564,517
Fund balances, beginning of year	888,015	888,015	-
Fund balances, end of year	\$ 553,912	\$ 1,118,429	\$ 564,517

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2020

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
Assets				
Pooled cash and investments	\$ 2,004	\$ 56,377	\$ -	\$ -
Receivables:				
Interest	-	-	-	660
Accounts	-	-	-	71,309
Special assessments	-	130,997	-	-
Loans	-	-	-	63,488
Loans, long-term portion	-	-	-	139,673
Total assets	<u>\$ 2,004</u>	<u>\$ 187,374</u>	<u>\$ -</u>	<u>\$ 275,130</u>
Liabilities				
Accounts payable	\$ -	\$ 404	\$ -	\$ -
Interfund payable	-	-	-	71,123
Total liabilities	<u>-</u>	<u>404</u>	<u>-</u>	<u>71,123</u>
Deferred inflows of resources				
Unavailable revenue:				
Special assessments	-	130,997	-	-
Loans and related interest	-	-	-	203,820
Total deferred inflows of resources	<u>-</u>	<u>130,997</u>	<u>-</u>	<u>203,820</u>
Fund balances				
Committed	<u>2,004</u>	<u>55,973</u>	<u>-</u>	<u>187</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,004</u>	<u>\$ 187,374</u>	<u>\$ -</u>	<u>\$ 275,130</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2020

	Building Authority Bonds	Police Station Bonds	Total
Assets			
Pooled cash and investments	\$ 5,311	\$ -	\$ 63,692
Receivables:			
Interest	16,881	-	17,541
Accounts	-	-	71,309
Special assessments	-	-	130,997
Loans	535,000	-	598,488
Loans, long-term portion	1,135,000	-	1,274,673
Total assets	\$ 1,692,192	\$ -	\$ 2,156,700
Liabilities			
Accounts payable	\$ -	\$ -	\$ 404
Interfund payable	-	-	71,123
Total liabilities	-	-	71,527
Deferred inflows of resources			
Unavailable revenue:			
Special assessments	-	-	130,997
Loans and related interest	1,686,881	-	1,890,701
Total deferred inflows of resources	1,686,881	-	2,021,698
Fund balances			
Committed	5,311	-	63,475
Total liabilities, deferred inflows of resources and fund balances	\$ 1,692,192	\$ -	\$ 2,156,700

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds
For the Year Ended June 30, 2020

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
Revenues				
Intergovernmental - local	\$ -	\$ -	\$ -	\$ 251,309
Investment earnings	<u>-</u>	<u>1,613</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>1,613</u>	<u>-</u>	<u>251,309</u>
Expenditures				
Debt service:				
Principal	630,000	<u>-</u>	330,215	755,000
Interest	<u>134,015</u>	<u>-</u>	<u>53,105</u>	<u>426,179</u>
Total expenditures	<u>764,015</u>	<u>-</u>	<u>383,320</u>	<u>1,181,179</u>
Revenues over (under) expenditures	(764,015)	1,613	(383,320)	(929,870)
Other financing sources				
Transfers in	<u>763,750</u>	<u>-</u>	<u>383,320</u>	<u>928,811</u>
Net change in fund balances	<u>(265)</u>	<u>1,613</u>	<u>-</u>	<u>(1,059)</u>
Fund balances, beginning of year	<u>2,269</u>	<u>54,360</u>	<u>-</u>	<u>1,246</u>
Fund balances, end of year	<u>\$ 2,004</u>	<u>\$ 55,973</u>	<u>\$ -</u>	<u>\$ 187</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds
For the Year Ended June 30, 2020

	Building Authority Bonds	Police Station Bonds	Total
Revenues			
Intergovernmental - local	\$ 602,338	\$ -	\$ 853,647
Investment earnings	-	-	1,613
Total revenues	<u>602,338</u>	<u>-</u>	<u>855,260</u>
Expenditures			
Debt service:			
Principal	515,000	405,000	2,635,215
Interest	87,338	652,000	1,352,637
Total expenditures	<u>602,338</u>	<u>1,057,000</u>	<u>3,987,852</u>
Revenues over (under) expenditures	-	(1,057,000)	(3,132,592)
Other financing sources			
Transfers in	-	1,057,000	3,132,881
Net change in fund balances	-	-	289
Fund balances, beginning of year	<u>5,311</u>	<u>-</u>	<u>63,186</u>
Fund balances, end of year	<u>\$ 5,311</u>	<u>\$ -</u>	<u>\$ 63,475</u>

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2020

	Street Projects	General Capital Improvement	Capital Improvements Bonds	Police Station Capital Project	Total
Assets					
Pooled cash and investments	\$ 769,359	\$ 522,919	\$ 688,330	\$ 80,000	\$ 2,060,608
Liabilities					
Accounts payable	\$ 29,240	\$ 30,172	\$ 5,739	\$ -	\$ 65,151
Fund balances					
Restricted	-	-	682,591	30,184	712,775
Committed	740,119	-	-	49,816	789,935
Assigned	-	492,747	-	-	492,747
Total fund balances	740,119	492,747	682,591	80,000	1,995,457
Total liabilities and fund balances	\$ 769,359	\$ 522,919	\$ 688,330	\$ 80,000	\$ 2,060,608

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, 2020

	Street Projects	General Capital Improvement	Capital Improvements Bonds	Police Station Capital Project	Total
Revenue					
Property tax	\$ 1,553,323	\$ -	\$ -	\$ -	\$ 1,553,323
Intergovernmental -					
Local	57,457	-	-	-	57,457
Investment earnings	-	-	20,280	-	20,280
Contributions	-	51,000	-	-	51,000
Rents and leases	-	43,526	-	-	43,526
Other	3,098	-	-	-	3,098
Total revenue	1,613,878	94,526	20,280	-	1,728,684
Expenditures					
Current expenditures:					
General government	-	104,080	65,219	-	169,299
Public safety	-	-	862	125,887	126,749
Highways and streets	1,485,772	-	-	-	1,485,772
Total expenditures	1,485,772	104,080	66,081	125,887	1,781,820
Revenue over (under) expenditures	128,106	(9,554)	(45,801)	(125,887)	(53,136)
Other financing sources (uses)					
Transfers in	631,500	34,263	-	-	665,763
Transfers out	(157,594)	(5,000)	-	(396,918)	(559,512)
Total other financing sources (uses)	473,906	29,263	-	(396,918)	106,251
Net change in fund balances	602,012	19,709	(45,801)	(522,805)	53,115
Fund balances, beginning of year	138,107	473,038	728,392	602,805	1,942,342
Fund balances, end of year	\$ 740,119	\$ 492,747	\$ 682,591	\$ 80,000	\$ 1,995,457

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2020

	Youth Center Endowment	Kellogg Arena Endowment	Total
Assets			
Pooled cash and investments	\$ 280,278	\$ 698,867	\$ 979,145
Interest receivable	4,863	3,314	8,177
Total assets	\$ 285,141	\$ 702,181	\$ 987,322
Fund balances			
Nonspendable	\$ 256,376	\$ 623,533	\$ 879,909
Restricted	28,765	78,648	107,413
Total fund balances	\$ 285,141	\$ 702,181	\$ 987,322

CITY OF BATTLE CREEK, MICHIGAN

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

Nonmajor Permanent Funds

For the Year Ended June 30, 2020

	Youth Center Endowment	Kellogg Arena Endowment	Total
Revenues			
Investment earnings	\$ 7,042	\$ 18,820	\$ 25,862
Fund balances, beginning of year	<u>278,099</u>	<u>683,361</u>	<u>961,460</u>
Fund balances, end of year	<u>\$ 285,141</u>	<u>\$ 702,181</u>	<u>\$ 987,322</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2020

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Assets				
Current assets:				
Pooled cash and investments	\$ 549,547	\$ 620,339	\$ 1,904,521	\$ 202,104
Receivables:				
Interest	-	-	50,201	88
Accounts	-	677,573	12,432	-
Loans, current portion	-	-	4,352,000	-
Prepaid items	-	-	-	450
Total current assets	<u>549,547</u>	<u>1,297,912</u>	<u>6,319,154</u>	<u>202,642</u>
Noncurrent assets:				
Loans receivable, net	-	-	3,490,220	-
Capital assets not being depreciated	1,505,125	-	-	-
Capital assets being depreciated, net	2,106,433	-	-	-
Total noncurrent assets	<u>3,611,558</u>	<u>-</u>	<u>3,490,220</u>	<u>-</u>
Total assets	<u>4,161,105</u>	<u>1,297,912</u>	<u>9,809,374</u>	<u>202,642</u>
Deferred outflows of resources				
Deferred pension amounts	<u>-</u>	<u>26,642</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	35,467	505,823	250,000	27,468
Accrued payroll	-	-	-	1,400
Retentions, deposits and other liabilities	-	96,026	-	300
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Compensated absences, current portion	-	24,585	-	7,418
Total current liabilities	<u>35,467</u>	<u>626,434</u>	<u>250,000</u>	<u>36,586</u>
Noncurrent liabilities:				
Compensated absences	-	2,732	-	825
Net pension liability	-	271,565	-	-
Total noncurrent liabilities	<u>-</u>	<u>274,297</u>	<u>-</u>	<u>825</u>
Total liabilities	<u>35,467</u>	<u>900,731</u>	<u>250,000</u>	<u>37,411</u>
Deferred inflows of resources				
Deferred pension amounts	<u>-</u>	<u>2,487</u>	<u>-</u>	<u>-</u>
Net position				
Net investment in capital assets	3,611,558	-	-	-
Unrestricted	<u>514,080</u>	<u>421,336</u>	<u>9,559,374</u>	<u>165,231</u>
Total net position	<u>\$ 4,125,638</u>	<u>\$ 421,336</u>	<u>\$ 9,559,374</u>	<u>\$ 165,231</u>

INTERMODAL FACILITY AND TOTAL

Intermodal Facility	Total
\$ - \$ 3,276,511	
- 50,289	
81,673 771,678	
- 4,352,000	
- 450	
<u>81,673</u> <u>8,450,928</u>	
- 3,490,220	
- 1,505,125	
<u>677,425</u> <u>2,783,858</u>	
<u>677,425</u> <u>7,779,203</u>	
<u>759,098</u> <u>16,230,131</u>	
<u>-</u> <u>26,642</u>	
14,135 832,893	
- 1,400	
- 96,326	
64,700 64,700	
1,489 1,489	
- 32,003	
<u>80,324</u> <u>1,028,811</u>	
- 3,557	
<u>-</u> <u>271,565</u>	
<u>-</u> <u>275,122</u>	
<u>80,324</u> <u>1,303,933</u>	
<u>-</u> <u>2,487</u>	
677,425 4,288,983	
<u>1,349</u> <u>10,661,370</u>	
<u>\$ 678,774</u> <u>\$ 14,950,353</u>	

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, 2020

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Operating revenues				
Charges for services	\$ 1,063,764	\$ 3,641,860	\$ -	\$ -
Rents and leases	-	-	-	4,200
Other	-	52,038	193,856	13,525
Total operating revenues	1,063,764	3,693,898	193,856	17,725
Operating expenses				
Personnel services	8,801	487,039	-	392,274
Materials and supplies	-	33,796	-	24,958
Contractual and other	984,947	3,174,200	153,414	388,369
Depreciation	330,475	-	-	-
Total operating expenses	1,324,223	3,695,035	153,414	805,601
Operating income (loss)	(260,459)	(1,137)	40,442	(787,876)
Nonoperating revenues				
Property taxes	-	-	-	331,350
Intergovernmental subsidies:				
State	-	-	-	324,220
Local	-	-	-	121,000
Investment income	12,926	7,469	80,788	11,611
Total nonoperating revenues	12,926	7,469	80,788	788,181
Income (loss) before contributions and transfers	(247,533)	6,332	121,230	305
Capital contributions	-	-	-	-
Transfers in	9,000	-	-	-
Change in net position	(238,533)	6,332	121,230	305
Net position, beginning of year	4,364,171	415,004	9,438,144	164,926
Net position, end of year	\$ 4,125,638	\$ 421,336	\$ 9,559,374	\$ 165,231

INTERMODAL FACILITY RENTALS

Intermodal Facility	Total
\$ 4,831	\$ 4,710,455
104,665	108,865
-	259,419
<u>109,496</u>	<u>5,078,739</u>
6,165	894,279
197	58,951
106,164	4,807,094
1,531	332,006
<u>114,057</u>	<u>6,092,330</u>
<u>(4,561)</u>	<u>(1,013,591)</u>
-	331,350
-	324,220
30,000	151,000
-	112,794
<u>30,000</u>	<u>919,364</u>
25,439	(94,227)
648,335	648,335
<u>5,000</u>	<u>14,000</u>
678,774	568,108
-	14,382,245
<u>\$ 678,774</u>	<u>\$ 14,950,353</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2020

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Cash flows from operating activities				
Receipts from customers and users	\$ 1,072,671	\$ 3,660,447	\$ 181,424	\$ 17,725
Payments to suppliers and contractors	(951,507)	(3,170,099)	(1,034,319)	(411,157)
Payments to employees	(9,719)	(458,155)	-	(390,666)
Payments for interfund services	-	(29,267)	-	(8,394)
Net cash provided by (used in) operating activities	111,445	2,926	(852,895)	(792,492)
Cash flows from noncapital financing activities				
Transfers in	9,000	-	-	-
Property taxes	-	-	-	331,350
Intergovernmental subsidies	-	-	-	445,220
Net cash provided by noncapital financing activities	9,000	-	-	776,570
Cash flows from capital and related financing activities				
Purchase of capital assets	-	-	-	-
Cash flows from investing activities				
Interest earnings on investments	12,926	7,469	70,400	11,581
Net change in pooled cash and investments	133,371	10,395	(782,495)	(4,341)
Pooled cash and investments, beginning of year	416,176	609,944	2,687,016	206,445
Pooled cash and investments, end of year	\$ 549,547	\$ 620,339	\$ 1,904,521	\$ 202,104
Cash flows from operating activities				
Operating income (loss)	\$ (260,459)	\$ (1,137)	\$ 40,442	\$ (787,876)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	330,475	-	-	-
Changes in assets and liabilities:				
Accounts receivable	8,907	(33,451)	(12,432)	-
Loans receivable	-	-	(1,114,556)	-
Accounts payable and accrued liabilities	33,440	5,904	233,651	(5,324)
Retentions, deposits and other liabilities	-	2,726	-	(900)
Compensated absences	(918)	16,545	-	1,608
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Net pension liability	-	177	-	-
Deferred outflows related to the net pension liability	-	10,509	-	-
Deferred inflows related to the net pension liability	-	1,653	-	-
Net cash provided by (used in) operating activities	\$ 111,445	\$ 2,926	\$ (852,895)	\$ (792,492)
Noncash investing, capital, and financing activities				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -

INTERMODAL FACILITY

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

\$ 29,312	\$ 4,961,579
(92,226)	(5,659,308)
58,535	(800,005)
<u>-</u>	<u>(37,661)</u>
<u>(4,379)</u>	<u>(1,535,395)</u>

5,000	14,000
-	331,350
<u>30,000</u>	<u>475,220</u>
<u>35,000</u>	<u>820,570</u>

<u>(30,621)</u>	<u>(30,621)</u>
-----------------	-----------------

<u>-</u>	<u>102,376</u>
-	(643,070)
<u>-</u>	<u>3,919,581</u>
<u>\$ -</u>	<u>\$ 3,276,511</u>

\$ (4,561)	\$ (1,013,591)
------------	----------------

1,531	332,006
(81,673)	(118,649)
-	(1,114,556)
14,135	281,806
-	1,826
-	17,235
64,700	64,700
1,489	1,489
-	177
-	10,509
<u>-</u>	<u>1,653</u>
<u>\$ (4,379)</u>	<u>\$ (1,535,395)</u>

\$ 648,335	\$ 648,335
------------	------------

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2020

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Assets					
Current assets:					
Pooled cash and investments	\$ 1,259,117	\$ 7,483,805	\$ 1,105,709	\$ 17,040	\$ 9,865,671
Receivables:					
Interest	2,699	91,826	-	-	94,525
Accounts	56,787	557,041	-	3,390	617,218
Inventories	311,630	-	-	-	311,630
Prepaid items	-	13,039	221,506	-	234,545
Total current assets	1,630,233	8,145,711	1,327,215	20,430	11,123,589
Noncurrent assets:					
Capital assets not being depreciated	31,708	17,115	-	-	48,823
Capital assets being depreciated, net	6,172,179	-	717,209	5,657	6,895,045
Total noncurrent assets	6,203,887	17,115	717,209	5,657	6,943,868
Total assets	7,834,120	8,162,826	2,044,424	26,087	18,067,457
Liabilities					
Current liabilities:					
Accounts payable	566,657	184,191	157,057	2,652	910,557
Unearned revenue	-	98,174	-	-	98,174
Claims payable, current portion	-	844,988	-	-	844,988
Compensated absences, current portion	98,120	28,300	68,580	10,757	205,757
Lease payable, current portion	-	-	98,945	9,465	108,410
Total current liabilities	664,777	1,155,653	324,582	22,874	2,167,886
Noncurrent liabilities:					
Claims payable	-	370,463	-	-	370,463
Total liabilities	664,777	1,526,116	324,582	22,874	2,538,349
Net position					
Net investment in capital assets	6,203,887	17,115	618,264	(3,808)	6,835,458
Unrestricted	965,456	6,619,595	1,101,578	7,021	8,693,650
Total net position	\$ 7,169,343	\$ 6,636,710	\$ 1,719,842	\$ 3,213	\$ 15,529,108

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, 2020

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Operating revenues					
Charges for services	\$ 5,281,957	\$ 14,441,299	\$ 1,884,311	\$ 346,891	\$ 21,954,458
Rents and leases	1,754,347	-	-	-	1,754,347
Other	189,620	96,486	49	-	286,155
Total operating revenues	7,225,924	14,537,785	1,884,360	346,891	23,994,960
Operating expenses					
Personnel services	1,273,761	811,169	793,635	197,122	3,075,687
Materials and supplies	1,677,260	18,072	53,250	87,214	1,835,796
Contractual and other	1,733,816	10,882,549	477,905	85,574	13,179,844
Depreciation	1,440,735	-	146,378	11,316	1,598,429
Total operating expenses	6,125,572	11,711,790	1,471,168	381,226	19,689,756
Operating income (loss)	1,100,352	2,825,995	413,192	(34,335)	4,305,204
Nonoperating revenues (expenses)					
Intergovernmental subsidies - federal	5,596	-	-	-	5,596
Investment income	22,274	146,651	-	-	168,925
Loss on sale of capital assets	(36,000)	-	-	-	(36,000)
Total nonoperating revenues	(8,130)	146,651	-	-	138,521
Income (loss) before transfers	1,092,222	2,972,646	413,192	(34,335)	4,443,725
Transfers in	396,918	97,157	172,000	35,000	701,075
Transfers out	(763,750)	(426,662)	-	-	(1,190,412)
Change in net position	725,390	2,643,141	585,192	665	3,954,388
Net position, beginning of year	6,443,953	3,993,569	1,134,650	2,548	11,574,720
Net position, end of year	\$ 7,169,343	\$ 6,636,710	\$ 1,719,842	\$ 3,213	\$ 15,529,108

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2020

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Cash flows from operating activities					
Receipts from interfund services	\$ 7,225,924	\$ 14,537,785	\$ 1,884,360	\$ 346,891	\$ 23,994,960
Payments to suppliers and contractors	(2,972,446)	(11,325,922)	(522,957)	(174,792)	(14,996,117)
Payments to employees	(1,258,907)	(806,753)	(781,143)	(192,729)	(3,039,532)
Net cash provided by (used in) operating activities	2,994,571	2,405,110	580,260	(20,630)	5,959,311
Cash flows from noncapital financing activities					
Transfers in	396,918	97,157	172,000	35,000	701,075
Transfers out	(763,750)	(426,662)	-	-	(1,190,412)
Intergovernmental subsidies	5,596	-	-	-	5,596
Net cash provided by (used in) noncapital financing activities	(361,236)	(329,505)	172,000	35,000	(483,741)
Cash flows from capital and related financing activities					
Principal paid on capital lease	-	-	(98,945)	(12,053)	(110,998)
Purchase of capital assets	(3,923,205)	-	(34,571)	-	(3,957,776)
Net cash used in capital and related financing activities	(3,923,205)	-	(133,516)	(12,053)	(4,068,774)
Cash flows from investing activities					
Interest earnings on investments	19,575	144,352	-	-	163,927
Net change in pooled cash and investments	(1,270,295)	2,219,957	618,744	2,317	1,570,723
Pooled cash and investments, beginning of year	2,529,412	5,263,848	486,965	14,723	8,294,948
Pooled cash and investments, end of year	\$ 1,259,117	\$ 7,483,805	\$ 1,105,709	\$ 17,040	\$ 9,865,671
Cash flows from operating activities					
Operating income (loss)	\$ 1,100,352	\$ 2,825,995	\$ 413,192	\$ (34,335)	\$ 4,305,204
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,440,735	-	146,378	11,316	1,598,429
Changes in assets and liabilities:					
Accounts receivable	(41,698)	(421,552)	90	(1,667)	(464,827)
Inventories	173,481	-	-	-	173,481
Prepaid items	-	84,192	(148,761)	-	(64,569)
Accounts payable and accrued liabilities	307,397	44,950	156,869	(337)	508,879
Compensated absences	14,854	4,416	12,492	4,393	36,155
Claims payable	-	(141,913)	-	-	(141,913)
Unearned revenue	(550)	9,022	-	-	8,472
Net cash provided by (used in) operating activities	\$ 2,994,571	\$ 2,405,110	\$ 580,260	\$ (20,630)	\$ 5,959,311

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds
June 30, 2020

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Assets			
Pooled cash and investments	\$ -	\$ 96,995	\$ 96,995
Cash and cash equivalents	3,541,192	-	3,541,192
Investments:			
Fixed income:			
Corporate bonds	27,389,236	-	27,389,236
Foreign bonds	2,169,488	-	2,169,488
Municipal bonds	766,616	-	766,616
U.S. government securities	27,941,197	-	27,941,197
Equity-indexed institutional funds	35,739,329	-	35,739,329
Domestic equities	31,846,007	-	31,846,007
Foreign equities	4,509,807	-	4,509,807
American depositary receipts	20,633,237	-	20,633,237
Mutual funds	-	6,212,662	6,212,662
Real estate trusts	468,048	-	468,048
Interest receivable	309,004	2,541	311,545
Pension contributions receivable	140,827	-	140,827
Total assets	155,453,988	6,312,198	161,766,186
Liabilities			
Due to other governments	428,009	-	428,009
Obligation for impaired investment of securities lending collateral	67,807	-	67,807
Total liabilities	495,816	-	495,816
Net position			
Restricted for pension and postemployment healthcare benefits	<u>\$ 154,958,172</u>	<u>\$ 6,312,198</u>	<u>\$ 161,270,370</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds
For the Year Ended June 30, 2020

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Additions			
Investment income:			
From investing activities:			
Net appreciation in fair value of investments	\$ 6,440,958	\$ -	\$ 6,440,958
Investment earnings and dividends	2,964,813	147,822	3,112,635
Less investment expenses	(518,795)	-	(518,795)
Net income from investing activities	<u>8,886,976</u>	<u>147,822</u>	<u>9,034,798</u>
From securities lending activities:			
Gross earnings	43,186	-	43,186
Borrower rebates	24,450	-	24,450
Securities lending fees recovery	6,025	-	6,025
Net income from securities lending activities	<u>73,661</u>	<u>-</u>	<u>73,661</u>
Total net investment income	<u>8,960,637</u>	<u>147,822</u>	<u>9,108,459</u>
Contributions:			
Employer	5,869,972	1,410,390	7,280,362
Employee	1,580,109	390,550	1,970,659
Total contributions	<u>7,450,081</u>	<u>1,800,940</u>	<u>9,251,021</u>
Total additions	<u>16,410,718</u>	<u>1,948,762</u>	<u>18,359,480</u>
Deductions			
Benefit payments and refunds	11,359,218	1,875,778	13,234,996
Administrative expenses	203,023	11,266	214,289
Total deductions	<u>11,562,241</u>	<u>1,887,044</u>	<u>13,449,285</u>
Net change to net position	<u>4,848,477</u>	<u>61,718</u>	<u>4,910,195</u>
Net position, beginning of year	<u>150,109,695</u>	<u>6,250,480</u>	<u>156,360,175</u>
Net position, end of year	<u>\$ 154,958,172</u>	<u>\$ 6,312,198</u>	<u>\$ 161,270,370</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2020

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Assets					
Pooled cash and investments	\$ 142,791	\$ 48,810	\$ 49,970	\$ 16,252	\$ 257,823
Delinquent taxes receivable	\$ -	\$ 483,661	\$ -	\$ -	\$ 483,661
Total assets	\$ 142,791	\$ 532,471	\$ 49,970	\$ 16,252	\$ 741,484
Liabilities					
Undistributed receipts	\$ 142,791	\$ 532,471	\$ 49,970	\$ 16,252	\$ 741,484

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<i>Fire Insurance Escrow</i>				
Assets				
Pooled cash and investments	\$ 136,255	\$ 6,162,144	\$ 6,155,608	\$ 142,791
Liabilities				
Undistributed receipts	\$ 136,255	\$ 6,162,144	\$ 6,155,608	\$ 142,791
<i>Delinquent Personal Property Taxes</i>				
Assets				
Pooled cash and investments	\$ 12,374	\$ 257,847	\$ 221,411	\$ 48,810
Delinquent taxes receivable	414,517	152,125	82,981	483,661
Total assets	\$ 426,891	\$ 409,972	\$ 304,392	\$ 532,471
Liabilities				
Undistributed receipts	\$ 426,891	\$ 409,972	\$ 304,392	\$ 532,471
<i>Summer Property Tax Collection</i>				
Assets				
Pooled cash and investments	\$ -	\$ 57,166,002	\$ 57,116,032	\$ 49,970
Liabilities				
Undistributed receipts	\$ -	\$ 57,166,002	\$ 57,116,032	\$ 49,970
<i>Winter Property Tax Collection</i>				
Assets				
Pooled cash and investments	\$ -	\$ 18,074,065	\$ 18,057,813	\$ 16,252
Liabilities				
Undistributed receipts	\$ -	\$ 18,074,065	\$ 18,057,813	\$ 16,252
<i>Total All Agency Funds</i>				
Assets				
Pooled cash and investments	\$ 148,629	\$ 81,660,058	\$ 81,550,864	\$ 257,823
Delinquent taxes receivable	414,517	152,125	82,981	483,661
Total assets	\$ 563,146	\$ 81,812,183	\$ 81,633,845	\$ 741,484
Liabilities				
Undistributed receipts	\$ 563,146	\$ 81,812,183	\$ 81,633,845	\$ 741,484

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 comprehensive annual 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.	154
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.	166
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.	210
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.	217
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.	220

Sources: Unless otherwise noted, the information in these schedules are derived from the comprehensive annual 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)

	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 209,845,426	\$ 216,252,011	\$ 216,155,508	\$ 213,803,703	\$ 212,763,742
Restricted	2,434,818	2,328,940	3,326,396	2,671,582	6,422,246
Unrestricted (deficit)	21,529,980	21,344,934	16,137,588	13,828,647	(39,592,709)
Total governmental activities	\$ 233,810,224	\$ 239,925,885	\$ 235,619,492	\$ 230,303,932	\$ 179,593,279
Business-type activities					
Net investment in capital assets	\$ 94,517,336	\$ 93,175,690	\$ 92,885,198	\$ 92,099,833	\$ 91,757,657
Unrestricted (deficit)	19,336,256	19,223,068	19,988,459	20,628,055	6,044,949
Total business-type activities	\$ 113,853,592	\$ 112,398,758	\$ 112,873,657	\$ 112,727,888	\$ 97,802,606
Primary government					
Net investment in capital assets	\$ 304,362,762	\$ 309,427,701	\$ 309,040,706	\$ 305,903,536	\$ 304,521,399
Restricted	2,434,818	2,328,940	3,326,396	2,671,582	6,422,246
Unrestricted (deficit)	40,866,236	40,568,002	36,126,047	34,456,702	(33,547,760)
Total primary government	\$ 347,663,816	\$ 352,324,643	\$ 348,493,149	\$ 343,031,820	\$ 277,395,885

continued...

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

concluded.

Source: City of Battle Creek Finance Department

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

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

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

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	\$ 10,303,586	\$ 12,250,359	\$ 10,372,803	\$ 12,208,561	\$ 8,841,596
Public safety	29,053,426	27,025,682	26,952,192	27,215,335	29,790,342
Public works	2,803,968	2,396,590	1,891,765	2,199,624	2,239,223
Highways and streets	9,426,798	7,149,971	11,585,808	9,731,567	14,960,926
Recreation	6,665,571	6,280,210	6,323,529	5,759,128	6,491,021
Community development	5,321,021	6,589,947	4,907,271	3,019,449	2,709,435
Interest on long-term debt	830,920	826,922	745,018	1,206,989	1,307,722
Total governmental activities	<u>64,405,290</u>	<u>62,519,681</u>	<u>62,778,386</u>	<u>61,340,653</u>	<u>66,340,265</u>
Business-type activities:					
Water and wastewater	23,802,899	23,030,037	22,768,048	23,572,816	23,714,281
Public transit	4,498,411	4,705,296	4,924,554	4,814,924	4,551,257
Solid waste collection	2,741,558	2,865,831	2,940,000	3,004,407	2,977,648
Airport	2,634,483	2,662,373	2,511,613	2,485,677	2,512,780
Parking	1,252,970	1,406,230	1,509,283	1,549,455	1,369,956
Economic development	355,375	124,973	148,922	130,400	124,121
Intermodal facility	-	-	-	-	-
Total business-type activities	<u>35,285,696</u>	<u>34,794,740</u>	<u>34,802,420</u>	<u>35,557,679</u>	<u>35,250,043</u>
Total primary government expenses	<u>99,690,986</u>	<u>97,314,421</u>	<u>97,580,806</u>	<u>96,898,332</u>	<u>101,590,308</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	2,739,519	3,270,597	3,363,317	2,824,535	3,442,117
Public safety	1,161,679	1,148,538	960,535	907,128	900,686
Public works	323,374	98,263	84,207	201,493	120,379
Highways and streets	25,511	7,498	4,251	27,929	13,953
Recreation	3,516,153	3,735,452	3,635,347	3,250,950	3,400,581
Community development	54,440	607,631	830,898	277,924	135,693
Operating grants and contributions	15,277,402	21,767,295	12,618,453	10,289,625	12,533,025
Capital grants and contributions	-	-	-	-	762,199
Total governmental activities	<u>23,098,078</u>	<u>30,635,274</u>	<u>21,497,008</u>	<u>17,779,584</u>	<u>21,308,633</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
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)

	2011	2012	2013	2014	2015
Business-type activities:					
Charges for services:					
Water and wastewater	21,159,499	23,093,486	24,221,426	25,051,611	26,556,368
Public transit	405,754	423,116	415,699	425,705	430,572
Solid waste collection	2,841,261	2,865,400	2,863,898	3,082,169	3,094,738
Airport	1,189,936	1,358,819	1,364,368	1,365,747	1,389,514
Parking	872,937	1,117,414	1,229,770	1,330,971	1,398,498
Economic development	139,425	163,229	37,639	91,571	55,703
Intermodal facility	-	-	-	-	-
Operating grants and contributions	6,021,711	4,197,347	5,060,638	3,571,072	3,987,451
Total business-type activities	<u>32,630,523</u>	<u>33,218,811</u>	<u>35,193,438</u>	<u>34,918,846</u>	<u>36,912,844</u>
Total primary government					
Program revenues	<u>55,728,601</u>	<u>63,854,085</u>	<u>56,690,446</u>	<u>52,698,430</u>	<u>58,221,477</u>
Net (expense)/revenue					
Government activities	(41,307,212)	(31,884,407)	(41,281,378)	(43,561,069)	(45,031,632)
Business-type activities	<u>(2,655,173)</u>	<u>(1,575,929)</u>	<u>391,018</u>	<u>(638,833)</u>	<u>1,662,801</u>
Total primary government net expense	<u>(43,962,385)</u>	<u>(33,460,336)</u>	<u>(40,890,360)</u>	<u>(44,199,902)</u>	<u>(43,368,831)</u>
General revenues					
Governmental activities:					
General revenues:					
Property taxes	16,711,960	16,542,171	15,809,783	16,258,935	16,028,806
Income taxes	13,548,759	15,009,421	16,234,540	16,093,707	16,475,837
Grants and contributions not restricted to specific programs	5,599,849	5,296,135	5,271,399	5,336,347	5,441,022
Unrestricted investment earnings	1,070,544	1,176,170	371,196	953,036	856,338
Transfers - internal activities	<u>(562,941)</u>	<u>(23,829)</u>	<u>(349,082)</u>	<u>(396,516)</u>	<u>(453,061)</u>
Total governmental activities	<u>36,368,171</u>	<u>38,000,068</u>	<u>37,337,836</u>	<u>38,245,509</u>	<u>38,348,942</u>
Business-type activities:					
General revenues:					
Property taxes	-	-	-	-	-
Unrestricted investment earnings (loss)	80,674	97,266	(63,487)	96,548	74,665
Rents and leases	-	-	-	-	-
Transfers - internal activities	<u>562,941</u>	<u>23,829</u>	<u>349,082</u>	<u>396,516</u>	<u>453,061</u>
Total business-type activities	<u>643,615</u>	<u>121,095</u>	<u>285,595</u>	<u>493,064</u>	<u>527,726</u>
Total primary government	<u>37,011,786</u>	<u>38,121,163</u>	<u>37,623,431</u>	<u>38,738,573</u>	<u>38,876,668</u>
Change in net position					
Government activities	(4,939,041)	6,115,661	(3,943,542)	(5,315,560)	(6,682,690)
Business-type activities	<u>(2,011,558)</u>	<u>(1,454,834)</u>	<u>676,613</u>	<u>(145,769)</u>	<u>2,190,527</u>
Total primary government	<u>\$ (6,950,599)</u>	<u>\$ 4,660,827</u>	<u>\$ (3,266,929)</u>	<u>\$ (5,461,329)</u>	<u>\$ (4,492,163)</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	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>

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)

	2011	2012	2013	2014	2015
General fund					
Nonspendable	\$ 499,983	\$ 865,127	\$ 448,287	\$ 484,653	\$ 455,414
Restricted	336,529	163,327	146,469	147,134	103,499
Committed	783,357	892,532	835,064	844,624	891,241
Assigned	1,489,087	1,064,255	68,152	91,720	101,236
Unassigned	<u>4,682,496</u>	<u>4,895,117</u>	<u>6,171,173</u>	<u>6,580,891</u>	<u>6,417,328</u>
Total general fund	<u>\$ 7,791,452</u>	<u>\$ 7,880,358</u>	<u>\$ 7,669,145</u>	<u>\$ 8,149,022</u>	<u>\$ 7,968,718</u>
All other governmental funds					
Nonspendable	\$ 1,120,738	\$ 964,756	\$ 1,012,623	\$ 1,016,652	\$ 1,011,593
Restricted	689,873	556,164	755,079	11,477,425	6,468,777
Committed	958,394	2,209,308	2,389,690	2,436,895	2,418,119
Assigned	649,881	599,288	1,329,963	739,577	454,581
Unassigned (deficit)	<u>(512,389)</u>	<u>-</u>	<u>(179,235)</u>	<u>(131,387)</u>	<u>(9,922)</u>
Total all other governmental funds	<u>\$ 2,906,497</u>	<u>\$ 4,329,516</u>	<u>\$ 5,308,120</u>	<u>\$ 15,539,162</u>	<u>\$ 10,343,148</u>

continued...

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	354,092	248,647	282,439	473,038	492,747
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>

concluded.

Source: City of Battle Creek Finance Department

Note: The City implemented GASB Statement No. 54 in fiscal year 2011. Previous years were not restated.

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 4
 Unaudited

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
Revenues					
Income taxes	\$ 13,548,759	\$ 15,009,421	\$ 16,234,540	\$ 16,093,707	\$ 16,475,837
Property taxes	16,711,960	16,542,171	15,809,783	16,258,935	16,028,806
Licenses and permits	1,198,154	813,942	832,745	922,738	965,987
Intergovernmental	19,635,529	25,974,924	17,729,297	15,443,105	17,614,000
Charges for services	4,479,740	5,235,921	5,058,388	4,520,247	4,778,052
Fines and forfeitures	138,191	151,470	143,710	134,497	127,535
Investment income	756,002	648,835	110,735	559,839	555,685
Other	3,511,690	5,225,127	3,441,665	2,968,516	2,026,275
Total revenues	<u>59,980,025</u>	<u>69,601,811</u>	<u>59,360,863</u>	<u>56,901,584</u>	<u>58,572,177</u>
Expenditures					
General government	9,025,067	10,840,690	8,324,868	13,218,040	8,934,304
Public safety	26,296,938	25,721,232	25,856,822	25,587,422	26,469,518
Public works	2,739,101	2,422,655	1,801,123	2,152,726	2,103,888
Highway and streets	9,674,093	13,336,410	10,504,607	9,261,973	14,242,456
Recreation	5,613,072	5,396,641	5,404,433	4,784,815	5,438,183
Community development	4,371,354	5,871,937	3,729,026	1,725,369	1,452,582
Inspections	1,080,883	400,956	432,009	438,325	580,355
Unallocated	-	1,230,028	1,789,974	1,272,866	1,350,777
Debt service:					
Principal retirement	2,363,469	1,843,730	1,439,473	1,960,721	2,342,497
Interest	895,686	723,652	748,414	1,183,898	1,346,762
Bond issuance costs	153,331	-	-	312,339	-
Total expenditures	<u>62,212,994</u>	<u>67,787,931</u>	<u>60,030,749</u>	<u>61,898,494</u>	<u>64,261,322</u>
Revenues over (under) expenditures	<u>(2,232,969)</u>	<u>1,813,880</u>	<u>(669,886)</u>	<u>(4,996,910)</u>	<u>(5,689,145)</u>
Other financing sources (uses)					
Issuance of bonds and notes	6,725,000	-	-	15,370,000	-
Premium (discount) on bonds	250,294	-	-	383,666	-
Payment to refunding bond escrow agent	(6,818,624)	-	-	-	-
Proceeds from sales of capital assets	1,029,881	-	-	-	-
Transfers in	7,706,637	5,629,173	6,035,359	5,400,117	6,559,688
Transfers out	(7,423,378)	(5,931,128)	(4,598,082)	(5,445,954)	(6,246,861)
Total other financing sources (uses)	<u>1,469,810</u>	<u>(301,955)</u>	<u>1,437,277</u>	<u>15,707,829</u>	<u>312,827</u>
Net changes in fund balances	\$ (763,159)	\$ 1,511,925	\$ 767,391	\$ 10,710,919	\$ (5,376,318)
Debt services as a percentage of noncapital expenditures	<u>6.0%</u>	<u>4.7%</u>	<u>4.2%</u>	<u>6.0%</u>	<u>6.8%</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)

	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 income	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
Unallocated	1,286,389	1,330,575	1,323,813	1,211,464	1,142,697
Debt service:					
Principal retirement	2,539,826	2,072,734	2,701,249	2,690,397	2,820,215
Interest	1,207,672	1,367,461	1,649,639	1,508,685	1,402,951
Bond issuance costs	-	-	-	-	-
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 and notes	12,605,000	15,265,000	-	8,620,963	-
Premium (discount) on bonds	860,638	1,489,463	-	-	-
Payment to refunding bond escrow agent	(13,548,312)	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-	-
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>

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 5
 Unaudited

Changes in Fund Balances - General Fund

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
Revenues					
Income taxes	\$ 13,548,759	\$ 15,009,421	\$ 16,234,540	\$ 16,093,707	\$ 16,475,837
Property taxes	16,711,960	14,909,932	14,227,428	14,683,943	14,504,834
Licenses and permits	1,160,839	698,145	696,355	744,302	868,181
Intergovernmental	6,731,957	6,353,111	6,595,260	6,659,514	6,809,508
Charges for services	2,142,591	2,228,868	2,026,494	1,981,271	2,040,194
Fines and forfeitures	138,191	151,470	143,710	134,497	127,535
Investment earnings (loss)	687,076	577,687	146,653	511,395	516,880
Contributions	-	-	-	-	-
Rents and leases	-	-	-	-	-
Other	2,142,638	3,167,419	1,833,188	1,965,686	872,559
Total revenues	43,264,011	43,096,053	41,903,628	42,774,315	42,215,528
Expenditures					
General government	7,521,606	7,082,687	7,268,561	7,225,082	6,371,999
Public safety	25,607,110	24,741,135	25,021,620	25,303,386	25,835,041
Public works	2,739,101	2,422,655	1,801,123	2,152,726	2,103,888
Recreation	3,284,606	3,017,352	2,887,026	2,708,291	3,001,790
Community development	-	-	-	-	-
Non-departmental	1,053,986	1,230,028	1,789,974	1,272,866	1,350,777
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	40,206,409	38,493,857	38,768,304	38,662,351	38,663,495
Revenues over (under) expenditures	3,057,602	4,602,196	3,135,324	4,111,964	3,552,033
Other financing sources (uses)					
Transfers in	888,345	167,792	1,056	16,600	-
Sale of land and other assets	973,692	-	-	-	-
Transfers out	(5,767,462)	(4,681,082)	(3,347,593)	(3,648,687)	(3,732,337)
Total other financing sources (uses)	(3,905,425)	(4,513,290)	(3,346,537)	(3,632,087)	(3,732,337)
Net changes in fund balances	\$ (847,823)	\$ 88,906	\$ (211,213)	\$ 479,877	\$ (180,304)

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 5
 Unaudited

Changes in Fund Balances - 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	-	-	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 (under) expenditures	3,634,925	5,461,080	3,219,391	3,070,121	3,928,078
Other financing sources (uses)					
Transfers in	106,731	21,113	201,565	-	-
Sale of land and other assets	-	-	-	-	-
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

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
2020	2019	2018	\$ 1,281,987,110	\$ 1,104,909,615	\$ 148,389,245
2019	2018	2017	1,257,426,739	1,076,813,647	155,035,548
2018	2017	2016	1,394,675,388	1,063,247,903	150,132,197
2017	2016	2015	1,374,803,682	1,056,829,386	162,533,256
2016	2015	2014	1,597,755,968	1,058,229,131	331,368,399
2015	2014	2013	1,580,734,432	1,071,816,975	323,079,746
2014	2013	2012	1,601,470,703	1,090,543,166	321,394,012
2013	2012	2011	1,672,651,855	1,125,760,929	324,590,974
2012	2011	2010	1,727,239,263	1,147,982,019	323,603,422
2011	2010	2009	1,828,928,429	1,191,931,916	327,774,301

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		
2020	\$ 32,840,820	\$ 40,104	\$ 1,286,179,784	\$ 2,563,974,220	15.9340
2019	51,542,516	40,104	1,283,431,815	2,514,853,478	15.7490
2018	58,777,497	52,084	1,272,209,681	2,789,350,776	15.7490
2017	67,913,737	52,084	1,287,328,463	2,749,607,364	15.4190
2016	149,463,733	52,084	1,539,113,347	3,195,511,936	14.7360
2015	146,581,873	62,440	1,541,541,034	3,161,468,864	14.7360
2014	143,777,085	96,372	1,555,810,635	3,202,941,406	14.7360
2013	163,610,573	149,072	1,614,111,548	3,345,303,710	14.7360
2012	171,383,082	315,736	1,643,284,259	3,454,478,526	14.7360
2011	177,283,387	493,409	1,697,483,013	3,657,856,858	14.4760

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			
2020	2019	9.8460	0.5000	5.5880	15.9340	24.0000	6.0000
2019	2018	9.8460	0.5000	5.4030	15.7490	24.0000	6.0000
2018	2017	10.2400	0.5000	5.0090	15.7490	24.0000	6.0000
2017	2016	10.2400	0.5000	4.6790	15.4190	24.0000	6.0000
2016	2015	10.2400	-	4.4960	14.7360	24.3200	6.0000
2015	2014	10.3070	-	4.4290	14.7360	24.6000	6.0000
2014	2013	10.6480	-	4.0880	14.7360	24.8500	6.0000
2013	2012	10.9270	-	3.8090	14.7360	24.3400	6.0000
2012	2011	10.9880	-	3.7480	14.7360	24.3400	6.0000
2011	2010	10.9880	-	3.4880	14.4760	24.4400	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)
2020	6.2057	3.6136	2.0000	6.4713	64.2246	46.2246
2019	6.2057	3.6136	2.0000	6.4713	64.0396	46.0396
2018	6.2057	3.6136	2.0000	6.4713	64.0396	46.0396
2017	6.2057	3.6136	2.0000	6.4713	63.7096	45.7096
2016	6.2057	3.6136	2.0000	6.4713	63.3466	45.3466
2015	6.2057	3.6136	2.0000	6.4713	63.6266	45.6266
2014	6.2057	3.6136	2.0000	6.4713	63.8766	45.8766
2013	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636
2012	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636
2011	6.2057	3.7106	2.0000	6.3713	63.2036	45.2036

(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	2011		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 136,231,015	1	8.03%
Consumers Energy	22,667,489	4	1.34%
Semco Energy Inc.	13,956,012	6	0.82%
Denso Manufacturing MI Inc.	47,860,022	3	2.82%
Post Foods LLC	49,199,576	2	2.90%
Denso Manufacturing North Carolina	-	-	0.00%
Musashi Auto Parts-Michigan Inc.	11,569,007	8	0.68%
Edward Rose Development Co.	-	-	0.00%
II Stanley Co. Inc.	-	-	0.00%
TRMI Inc.	-	-	0.00%
Lakeview Square LLC	13,757,902	7	0.81%
Ralcorp Holdings Inc.	16,289,426	5	0.96%
Pacific Coast Packaging Corp	8,498,281	9	0.50%
Graphic Packaging International	<u>8,464,666</u>	10	<u>0.50%</u>
	<u><u>\$ 328,493,396</u></u>		<u><u>19.35%</u></u>

continued...

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

Current Year and Nine Years Ago

Taxpayer	2020		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 56,989,719	1	4.43%
Consumers Energy	41,159,021	2	3.20%
Semco Energy Inc.	17,399,249	3	1.35%
Denso Manufacturing MI Inc.	17,079,875	4	1.33%
Post Foods LLC	10,402,856	5	0.81%
Denso Manufacturing North Carolina	9,392,087	6	0.73%
Musashi Auto Parts-Michigan Inc.	8,651,417	7	0.67%
Edward Rose Development Co.	6,421,907	8	0.50%
II Stanley Co. Inc.	6,360,544	9	0.49%
TRMI Inc.	6,356,268	10	0.49%
Lakeview Square LLC	-	-	0.00%
Ralcorp Holdings Inc.	-	-	0.00%
Pacific Coast Packaging Corp	-	-	0.00%
Graphic Packaging International	-	-	0.00%
	<hr/>	<hr/>	<hr/>
	<u>\$ 180,212,943</u>		<u>14.01%</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	
2020	\$ 20,052,215	\$ 20,013,011	99.80%	\$ 408	\$ 20,013,419	99.81%	
2019	19,568,359	19,528,723	99.80%	2,090	19,530,813	99.81%	
2018	19,173,957	19,127,382	99.76%	580	19,127,962	99.76%	
2017	18,905,774	18,872,333	99.82%	3,248	18,875,581	99.84%	
2016	20,813,769	20,779,353	99.83%	8,403	20,787,756	99.88%	
2015	20,686,120	20,672,222	99.93%	1,967	20,674,189	99.94%	
2014	21,005,303	20,940,399	99.69%	4,911	20,945,310	99.71%	
2013	21,447,205	21,408,738	99.82%	3,195	21,411,933	99.84%	
2012	22,158,202	22,104,514	99.76%	12,611	22,117,125	99.81%	
2011	22,579,440	22,506,975	99.68%	25,414	22,532,389	99.79%	

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	2011	2012	2013	2014	2015
In-City					
Residential	14,318	14,430	14,814	14,791	14,765
Commercial (1)	1,557	1,557	1,622	1,628	1,617
Industrial	124	128	129	132	131
	<u>15,999</u>	<u>16,115</u>	<u>16,565</u>	<u>16,551</u>	<u>16,513</u>
Outside City					
Emmett Township	648	649	669	669	668
Bedford Township	418	430	438	430	426
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,066</u>	<u>1,079</u>	<u>1,107</u>	<u>1,099</u>	<u>1,094</u>
Totals	<u>17,065</u>	<u>17,194</u>	<u>17,672</u>	<u>17,650</u>	<u>17,607</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 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>

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	2011	2012	2013	2014	2015
In-City					
Residential	83.90%	83.92%	83.83%	83.80%	83.86%
Commercial	9.12%	9.06%	9.18%	9.22%	9.18%
Industrial	0.73%	0.74%	0.72%	0.75%	0.74%
	<u>93.75%</u>	<u>93.72%</u>	<u>93.73%</u>	<u>93.77%</u>	<u>93.79%</u>
Outside City					
Emmett Township	3.80%	3.78%	3.79%	3.79%	3.79%
Bedford Township	2.45%	2.50%	2.48%	2.44%	2.42%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>6.25%</u>	<u>6.28%</u>	<u>6.27%</u>	<u>6.23%</u>	<u>6.21%</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	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>

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	2011	2012	2013	2014	2015
In-City					
Residential	\$ 2,973,697	\$ 3,197,288	\$ 3,410,041	\$ 3,403,962	\$ 3,478,565
Commercial (1)	1,683,483	1,886,236	2,099,206	2,092,311	2,028,652
Industrial	<u>1,750,581</u>	<u>2,047,362</u>	<u>2,005,796</u>	<u>2,133,970</u>	<u>2,179,161</u>
	<u>6,407,761</u>	<u>7,130,886</u>	<u>7,515,043</u>	<u>7,630,243</u>	<u>7,686,378</u>
Outside City					
Emmett Township	518,833	568,638	495,823	610,684	626,495
Bedford Township	97,724	90,044	101,866	92,695	98,325
East Leroy Township	14,230	23,539	34,188	19,460	12,481
Springfield City	208,408	252,402	275,733	333,441	272,671
Pennfield Township	<u>66,760</u>	<u>28,274</u>	<u>55,498</u>	<u>29,619</u>	<u>27,805</u>
	<u>905,956</u>	<u>962,897</u>	<u>963,108</u>	<u>1,085,899</u>	<u>1,037,776</u>
Totals	<u>\$ 7,313,717</u>	<u>\$ 8,093,783</u>	<u>\$ 8,478,151</u>	<u>\$ 8,716,142</u>	<u>\$ 8,724,154</u>

continued...

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>

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	2011	2012	2013	2014	2015
In-City					
Residential	40.66%	39.50%	40.22%	39.05%	39.87%
Commercial (1)	23.02%	23.30%	24.76%	24.01%	23.25%
Industrial	23.94%	25.30%	23.66%	24.48%	24.98%
	<u>87.61%</u>	<u>88.10%</u>	<u>88.64%</u>	<u>87.54%</u>	<u>88.10%</u>
Outside City					
Emmett Township	7.09%	7.03%	5.85%	7.01%	7.18%
Bedford Township	1.34%	1.11%	1.20%	1.06%	1.13%
East Leroy Township	0.19%	0.29%	0.40%	0.22%	0.14%
Springfield City	2.85%	3.12%	3.25%	3.83%	3.13%
Pennfield Township	0.91%	0.35%	0.66%	0.34%	0.32%
	<u>12.39%</u>	<u>11.90%</u>	<u>11.36%</u>	<u>12.46%</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>

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	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>

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	2011	2012	2013	2014	2015 (2)
In-City					
Residential	125,730,875	110,428,535	128,321,154	113,821,573	105,232,458
Commercial (1)	103,704,045	94,180,609	108,996,437	101,258,848	91,052,374
Industrial	108,505,973	135,043,271	130,981,050	131,575,143	127,625,133
	<u>337,940,893</u>	<u>339,652,415</u>	<u>368,298,641</u>	<u>346,655,564</u>	<u>323,909,965</u>
Outside City					
Emmett Township	22,469,497	20,989,946	22,861,381	25,097,179	23,111,371
Bedford Township	3,357,542	3,387,117	3,989,779	3,281,149	3,127,698
Springfield City	20,371,021	20,084,605	20,452,628	18,474,474	16,888,944
Pennfield Township	2,532,700	2,506,600	2,238,500	2,223,900	2,123,500
	<u>48,730,760</u>	<u>46,968,268</u>	<u>49,542,288</u>	<u>49,076,702</u>	<u>45,251,513</u>
Totals	<u>386,671,653</u>	<u>386,620,683</u>	<u>417,840,929</u>	<u>395,732,266</u>	<u>369,161,478</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	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>

concluded.

(1) This class includes commercial and governmental users.

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

Source: City of Battle Creek Treasurer's Office

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

Last Ten Fiscal Years

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	32.52%	28.56%	30.71%	28.76%	28.51%
Commercial (1)	26.82%	24.36%	26.09%	25.59%	24.66%
Industrial	28.06%	34.93%	31.35%	33.25%	34.57%
	<u>87.40%</u>	<u>87.85%</u>	<u>88.15%</u>	<u>87.60%</u>	<u>87.74%</u>
Outside City					
Emmett Township	5.81%	5.43%	5.47%	6.34%	6.26%
Bedford Township	0.87%	0.88%	0.95%	0.83%	0.85%
Springfield City	5.27%	5.19%	4.89%	4.67%	4.57%
Pennfield Township	0.66%	0.65%	0.54%	0.56%	0.58%
	<u>12.60%</u>	<u>12.15%</u>	<u>11.85%</u>	<u>12.40%</u>	<u>12.26%</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 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	2019
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>

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
2020	412,501,337	-2.05%	340,211,368	-1.85%	82.48%
2019	421,137,701	-7.23%	346,615,757	-0.83%	82.30%
2018	453,945,187	-0.51%	349,517,362	-3.26%	77.00%
2017	456,264,706	-2.34%	361,307,498	-0.81%	79.19%
2016	467,175,134	1.93%	364,242,436	-1.33%	77.97%
2015	458,343,805	-3.76%	369,161,478	-6.71%	80.54%
2014	476,232,936	-0.45%	395,732,266	-5.29%	83.10%
2013	478,366,477	-6.11%	417,840,929	8.08%	87.35%
2012	509,471,267	5.72%	386,620,683	-0.01%	75.89%
2011	481,914,359	1.07%	386,671,653	-0.24%	80.24%

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, 2020

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Post Foods	Breakfast Foods	33,311,712	9.79%	\$ 450,311	5.06%
Kellogg Company - Plant	Breakfast Foods	25,509,438	7.50%	338,204	3.80%
Prairie Farms Dairy	Dairy Processing	12,530,638	3.68%	175,233	1.97%
Graphic Packaging/MI Paperboard	Paper Mill	10,731,483	3.15%	149,591	1.68%
Fire Keepers Casino	Gambling/Entertainment	7,430,800	2.18%	139,570	1.57%
Denso Mfg - Michigan	Automotive Parts	4,637,093	1.36%	89,078	1.00%
Rock-Tenn/Waldorf Corp	Paperboard	4,204,219	1.24%	60,306	0.68%
VA Medical Center - Hospital	Medical Services	3,692,209	1.09%	87,031	0.98%
Bronson Battle Creek	Medical Services	3,122,875	0.92%	68,831	0.77%
Adient (fka Johnson Controls)	Heating & Venting	3,062,827	0.90%	47,455	0.53%
City of Battle Creek - WWTP	Government	2,859,900	0.84%	42,385	0.48%
Calhoun County Justice Center	Government-Jails/Courts	2,566,442	0.75%	39,311	0.44%
Ft Custer Trng Ctr-Milt&Vet Affrs	Government	2,449,296	0.72%	33,090	0.37%
Musashi Auto Parts Inc	Automotive Parts	2,400,200	0.71%	49,800	0.56%
Gallagher Laundry	Laundry	1,803,470	0.53%	28,000	0.31%
Pedcor Investments (Teal Run Apts)	Apartment Complex	1,288,800	0.38%	18,402	0.21%
River Oaks Apts	Apartment Complex	1,230,800	0.36%	16,374	0.18%
VA Medical Center - Laundry	Laundry	1,198,300	0.35%	20,378	0.23%
Kellogg Company - Research	Food Research	1,155,442	0.34%	28,576	0.32%
Kellogg Company - Headquarters	Food Research	1,062,559	0.31%	23,149	0.26%
Totals		126,248,503	37.11%	\$ 1,905,075	21.42%

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)									
	2011	2012	2013	2014	2015				
Inside City									
0 to 4,410,000	\$ 1.32	\$ 1.39	\$ 1.46	\$ 1.53	\$ 1.60				
4,410,001 to 11,000,000	0.64	0.07	0.71	0.74	0.78				
Over 11,000,000	0.97	1.02	1.07	1.12	1.18				
Outside City (bulk rate)									
Pennfield Township	0.95	1.01	1.06	1.11	1.17				
Springfield City	1.32	1.39	1.46	1.53	1.60				
Monthly Readiness-to-Serve Charge (2)									
(Fiscal Year Ending June 30)									
	2011	2012	2013	2014	2015				
Inside City									
5/8"	\$ 7.59	\$ 7.97	\$ 8.37	\$ 8.79	\$ 9.23				
3/4" or less	9.52	10.00	10.50	11.02	11.57				
1"	13.37	14.04	14.74	15.48	16.25				
1.5"	22.99	24.14	25.35	26.61	27.94				
2"	34.54	36.27	38.08	39.98	41.98				
3"	61.49	64.56	67.79	71.18	74.74				
4"	99.99	104.99	110.24	115.75	121.54				
6"	196.24	206.05	216.35	227.17	238.53				
8"	311.74	327.33	343.69	360.88	378.92				
10"	446.49	468.81	492.26	516.87	542.71				
Monthly Fire Sprinkler Charges (3)									
(Fiscal Year Ending June 30)									
	2011	2012	2013	2014	2015				
Inside City									
2"	\$ 5.67	\$ 5.95	\$ 6.25	\$ 6.56	\$ 6.89				
3"	10.62	11.15	11.71	12.29	12.91				
4"	17.72	18.61	19.54	20.51	21.54				
6"	35.41	37.18	39.04	40.99	43.04				
8"	56.68	59.51	62.49	65.61	68.89				
10"	81.48	85.55	89.83	94.32	99.04				

(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)

	2016	2017 (4)	2018	2019	2020
\$	1.68	\$ 1.16	\$ 1.20	\$ 1.24	\$ 1.27
	0.82	1.16	1.20	1.24	1.27
	1.24	1.16	1.20	1.24	1.27
	1.23	1.78	1.78	1.78	1.78
	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
\$	9.69	\$ 12.19	\$ 12.51	\$ 12.51	\$ 13.15
	12.15	16.94	17.35	17.76	18.18
	17.06	26.43	27.02	27.62	28.23
	29.34	50.15	51.22	52.28	53.35
	44.08	78.63	80.25	81.87	83.50
	78.48	145.06	147.99	150.92	153.86
	127.62	239.97	244.77	249.56	254.36
	250.46	477.25	486.71	496.16	505.63
	397.87	761.98	777.03	792.08	807.14
	569.85	1,094.16	1,115.74	1,137.32	1,158.91

Monthly Fire Sprinkler Charges (3)

(Fiscal Year Ending June 30)

	2016	2017 (4)	2018	2019	2020
\$	7.24	\$ 7.60	\$ 7.98	\$ 8.38	\$ 8.80
	13.55	14.23	14.94	15.69	16.47
	22.62	23.75	24.94	26.19	27.49
	45.19	47.45	49.82	52.31	54.93
	72.34	75.96	79.75	83.74	87.93
	103.99	109.19	114.65	120.38	126.40

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

Last Ten Fiscal Years

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	15,287	15,304	15,812	15,785	15,745
Commercial (1)	1,518	1,500	1,570	1,576	1,570
Industrial	116	119	119	122	121
	<u>16,921</u>	<u>16,923</u>	<u>17,501</u>	<u>17,483</u>	<u>17,436</u>
Outside City					
Emmett Township	1,631	1,690	1,660	1,683	1,681
Bedford Township	540	553	563	553	549
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,171</u>	<u>2,243</u>	<u>2,223</u>	<u>2,236</u>	<u>2,230</u>
Totals	<u>19,092</u>	<u>19,166</u>	<u>19,724</u>	<u>19,719</u>	<u>19,666</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	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
	17,434	17,440	17,438	17,482	17,495
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
	2,228	2,239	2,237	2,244	2,243
Totals	19,662	19,679	19,675	19,726	19,738

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, 2020

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	80.07%	79.85%	80.17%	80.05%	80.06%
Commercial (1)	7.95%	7.83%	7.96%	7.99%	7.98%
Industrial	0.61%	0.62%	0.60%	0.62%	0.62%
	<u>88.63%</u>	<u>88.30%</u>	<u>88.73%</u>	<u>88.66%</u>	<u>88.66%</u>
Outside City					
Emmett Township	8.54%	8.82%	8.42%	8.53%	8.55%
Bedford Township	2.83%	2.88%	2.85%	2.80%	2.79%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>11.37%</u>	<u>11.70%</u>	<u>11.27%</u>	<u>11.34%</u>	<u>11.34%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 20
Unaudited

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

Last Ten Fiscal Years Ended June 30, 2020

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>

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	2011	2012	2013	2014	2015
In-City					
Residential	\$ 4,145,313	\$ 4,323,322	\$ 4,450,077	\$ 4,764,798	\$ 4,941,109
Commercial (1)	2,169,252	2,340,662	2,385,212	2,592,433	2,576,867
Industrial	<u>4,732,896</u>	<u>5,220,780</u>	<u>5,815,387</u>	<u>5,564,090</u>	<u>6,810,953</u>
	<u>11,047,461</u>	<u>11,884,764</u>	<u>12,650,676</u>	<u>12,921,321</u>	<u>14,328,929</u>
Outside City					
Emmett Township	858,298	852,108	905,189	1,087,836	1,137,984
Bedford Township	193,916	236,027	130,388	228,892	241,437
East Leroy Township	12,961	24,345	35,571	16,971	11,468
Springfield City	482,238	536,885	557,175	586,192	595,998
Pennfield Township	<u>447,255</u>	<u>519,595</u>	<u>545,549</u>	<u>551,887</u>	<u>570,497</u>
	<u>1,994,668</u>	<u>2,168,960</u>	<u>2,173,872</u>	<u>2,471,778</u>	<u>2,557,384</u>
Totals	<u>\$ 13,042,129</u>	<u>\$ 14,053,724</u>	<u>\$ 14,824,548</u>	<u>\$ 15,393,099</u>	<u>\$ 16,886,313</u>

continued...

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>

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	2011	2012	2013	2014	2015
In-City					
Residential	31.78%	30.76%	30.02%	30.95%	29.26%
Commercial (1)	16.63%	16.66%	16.09%	16.84%	15.26%
Industrial	36.29%	37.15%	39.23%	36.15%	40.33%
	<u>84.71%</u>	<u>84.57%</u>	<u>85.34%</u>	<u>83.94%</u>	<u>84.86%</u>
Outside City					
Emmett Township	6.58%	6.06%	6.11%	7.07%	6.74%
Bedford Township	1.49%	1.68%	0.88%	1.49%	1.43%
East Leroy Township	0.10%	0.17%	0.24%	0.11%	0.07%
Springfield City	3.70%	3.82%	3.76%	3.81%	3.53%
Pennfield Township	3.43%	3.70%	3.68%	3.59%	3.38%
	<u>15.29%</u>	<u>15.43%</u>	<u>14.66%</u>	<u>16.06%</u>	<u>15.14%</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	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>

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)
2020	19,738	2,110	3,285
2019	19,726	2,205	3,164
2018	19,675	2,182	3,237
2017	19,679	2,200	3,165
2016	19,662	2,237	3,158
2015	19,666	2,216	3,127
2014	19,719	2,287	3,233
2013	19,724	2,356	3,043
2012	19,166	2,278	3,380
2011	19,092	2,330	3,188

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	2011	2012	2013	2014	2015 (2)
In-City					
Residential	119,253,007	115,628,965	121,420,791	118,523,455	111,516,777
Commercial (1)	79,250,599	76,113,173	79,329,661	80,966,406	74,033,282
Industrial	44,410,403	45,466,669	43,565,656	37,475,733	43,364,117
	<u>242,914,009</u>	<u>237,208,807</u>	<u>244,316,108</u>	<u>236,965,594</u>	<u>228,914,176</u>
Outside City					
Emmett Township	30,339,592	28,112,337	32,937,121	32,620,458	30,937,747
Bedford Township	5,409,186	5,798,143	5,866,583	5,462,014	5,251,629
Springfield City	16,990,491	17,028,636	16,822,846	16,791,021	16,858,507
Pennfield Township	15,813,350	16,344,800	14,984,100	14,855,300	15,111,650
	<u>68,552,619</u>	<u>67,283,916</u>	<u>70,610,650</u>	<u>69,728,793</u>	<u>68,159,533</u>
Totals	<u>311,466,628</u>	<u>304,492,723</u>	<u>314,926,758</u>	<u>306,694,387</u>	<u>297,073,709</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	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>

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, 2020

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	38.29%	37.97%	38.56%	38.65%	37.54%
Commercial (1)	25.44%	25.00%	25.19%	26.40%	24.92%
Industrial	14.26%	14.93%	13.83%	12.22%	14.60%
	<u>77.99%</u>	<u>77.90%</u>	<u>77.58%</u>	<u>77.26%</u>	<u>77.06%</u>
Outside City					
Emmett Township	9.74%	9.23%	10.46%	10.64%	10.41%
Bedford Township	1.74%	1.90%	1.86%	1.78%	1.77%
Springfield City	5.45%	5.60%	5.34%	5.47%	5.67%
Pennfield Township	5.08%	5.37%	4.76%	4.84%	5.09%
	<u>22.01%</u>	<u>22.10%</u>	<u>22.42%</u>	<u>22.74%</u>	<u>22.94%</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, 2020

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>

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, 2020

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Graphic Packaging/MI Paperboard	Paper Mill	21,128,289	7.49%	\$ 1,576,120	8.36%
Kellogg Company - Plant	Breakfast Foods	19,764,572	7.01%	1,085,083	5.76%
Post Foods	Breakfast Foods	13,732,594	4.87%	880,383	4.67%
Rock-Tenn/Waldorf Corp	Paperboard	13,401,711	4.75%	1,265,532	6.71%
Prairie Farms Dairy	Dairy Processing	12,530,638	4.44%	428,957	2.28%
Fire Keepers Casino	Gambling/Entertainment	6,806,400	2.41%	398,396	2.11%
Denso Manufacturing	Automotive Parts	4,637,093	1.64%	165,832	0.88%
VA Medical Center - Hospital	Medical Services	3,692,209	1.31%	161,085	0.85%
Adient (fka Johnson Controls)	Heating & Venting	3,062,827	1.09%	108,331	0.57%
Bronson Battle Creek Health Sys.	Medical Services	2,886,100	1.02%	107,906	0.57%
Calhoun County Justice Center	Government-Jails/Courts	2,566,442	0.91%	91,989	0.49%
Ft Custer Training Center	Govt-Military Training	2,449,296	0.87%	82,490	0.44%
Musashi Auto Parts Inc	Automotive Parts	2,183,400	0.77%	75,208	0.40%
Gallagher Laundry	Laundry Services	1,763,370	0.63%	61,965	0.33%
Pedcor Investments (Teal Run)	Apartment Complex	1,288,800	0.46%	43,983	0.23%
River Oaks Apts	Apartment Complex	1,230,800	0.44%	42,033	0.22%
VA Medical Center - Laundry	Laundry Services	1,135,800	0.40%	41,204	0.22%
Federal Center	Government	766,141	0.27%	38,245	0.20%
Kellogg Company - Research	Food Research	906,242	0.32%	37,410	0.20%
River Apts	Apartment Complex	782,228	0.28%	32,647	0.17%
Totals		116,714,952	41.37%	\$ 6,724,799	35.68%

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

Source: City of Battle Creek Treasurer's Office

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

Last Ten Fiscal Years Ended June 30, 2019

Fiscal Year Ended June 30,	Kellogg Company - Plant		Graphic Packaging/ MI Paperboard		Post Foods	
	Consumption	Revenue	Consumption	Revenue	Consumption	Revenue
2020	19,764,572	\$ 1,085,083	21,128,289	\$ 1,576,120	13,732,594	\$ 880,383
2019	20,057,298	972,760	19,787,487	1,575,543	17,557,283	982,794
2018	26,335,561	1,298,942	15,354,074	1,198,843	15,226,777	940,847
2017	33,097,513	1,836,219	19,500,504	1,318,531	18,678,676	1,012,752
2016	37,451,373	2,054,596	20,810,403	1,353,332	18,665,795	1,064,837
2015	36,730,863	2,145,752	20,691,327	1,204,360	17,275,989	957,122
2014	40,663,447	1,881,377	19,534,989	1,026,706	20,099,514	1,239,005
2013	36,616,531	1,700,951	21,209,655	1,075,708	16,555,655	1,187,606
2012	39,537,470	1,664,917	18,827,932	842,539	18,013,957	1,115,070
2011	41,883,378	1,717,446	16,115,040	735,338	13,191,771	693,319

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, 2010 to June 30, 2020

Commodity Charge

Date	Regular Commodity Rate (per ccf or 750 gallons)
July 1, 2010 – June 30, 2011	\$2.010
July 1, 2011 – June 30, 2012	\$2.110
July 1, 2012 – June 30, 2013	\$2.220
July 1, 2013 – June 30, 2014	\$2.330
July 1, 2014 – June 30, 2015	\$2.440
July 1, 2015 – December 31, 2016	\$2.570
January 1, 2017 – June 30, 2017	\$2.890
July 1, 2017 – June 30, 2018	\$3.040
July 1, 2018 – June 30, 2019	\$3.190
July 1, 2019 – June 30, 2020	\$3.340

Monitoring Charge

Date	Monitoring Charge (per sample)
July 1, 2010 – June 30, 2011	\$89.80
July 1, 2011 – June 30, 2012	\$94.29
July 1, 2012 – June 30, 2013	\$99.00
July 1, 2013 – June 30, 2014	\$103.95
July 1, 2014 – June 30, 2015	\$109.15
July 1, 2015 – December 31, 2016	\$114.61
January 1, 2017 – June 30, 2017	\$176.04
July 1, 2017 – June 30, 2018	\$184.78
July 1, 2018 – June 30, 2019	\$193.53
July 1, 2019 – June 30, 2020	\$202.27

continued...

Source: City of Battle Creek Finance Department

Readiness to Serve Charges

Inside City and Outside City Customers Billed by City

Meter Size	Current	July 1, 2010 to June 30, 2011	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015
5/8"	\$11.75	\$10.15	\$10.66	\$11.19	\$11.75	\$12.34
3/4"	\$15.50	\$13.39	\$14.06	\$14.76	\$15.50	\$16.28
1"	\$23.00	\$19.87	\$20.86	\$21.91	\$23.00	\$24.15
1.5"	\$41.76	\$36.07	\$37.87	\$39.77	\$41.76	\$43.84
2"	\$64.26	\$55.51	\$58.29	\$61.20	\$64.26	\$67.47
3"	\$116.77	\$100.87	\$105.91	\$111.21	\$116.77	\$122.61
4"	\$191.78	\$165.67	\$173.95	\$182.65	\$191.78	\$201.37
6"	\$379.32	\$327.67	\$344.05	\$361.26	\$379.32	\$398.28
8"	\$604.36	\$522.07	\$548.17	\$575.58	\$604.36	\$634.58
10"	\$866.91	\$748.87	\$786.31	\$825.63	\$866.91	\$910.26

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

continued...

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Current Wastewater Rates

From July 1, 2010 to June 30, 2020

BOD and Suspended Solids Charges

Date	BOD Charge (per pound)	Suspended Solids Charge (per pound)
July 1, 2010 – June 30, 2011	\$0.1574	0.2118
July 1, 2011 – June 30, 2012	\$0.1653	0.2224
July 1, 2012 – June 30, 2013	\$0.1753	0.2335
July 1, 2013 – June 30, 2014	\$0.1822	0.2452
July 1, 2014 – June 30, 2015	\$0.1913	0.2574
July 1, 2015 – December 31, 2016	\$0.2009	0.2703
January 1, 2017 – June 30, 2017	\$0.1842	0.2213
July 1, 2017 – June 30, 2018	\$0.1919	0.2313
July 1, 2018 – June 30, 2019	\$0.1996	0.2413
July 1, 2019 – June 30, 2020	\$0.2072	0.2513

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, 2010 – June 30, 2011	\$0.81
July 1, 2011 – June 30, 2012	\$0.85
July 1, 2012 – June 30, 2013	\$0.89
July 1, 2013 – June 30, 2014	\$0.94
July 1, 2014 – June 30, 2015	\$0.98
July 1, 2015 – June 30, 2016	\$1.03
July 1, 2016 – June 30, 2017	\$0.00
July 1, 2017 – June 30, 2018	\$0.00
July 1, 2018 – June 30, 2019	\$0.00
July 1, 2019 – June 30, 2020	\$0.00

continued...

Source: City of Battle Creek Finance Department

Outside City Performing Their Own Billing

Meter Size	Current	July 1, 2010 to June 30, 2011	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015
5/8"	\$7.50	\$6.48	\$6.80	\$7.14	\$7.50	\$7.88
3/4"	\$11.25	\$9.72	\$10.21	\$10.72	\$11.25	\$11.81
1"	\$18.75	\$16.20	\$17.01	\$17.86	\$18.75	\$19.69
1.5"	\$37.51	\$32.40	\$34.02	\$35.72	\$37.51	\$39.38
2"	\$60.01	\$51.84	\$54.43	\$57.15	\$60.01	\$63.01
3"	\$112.52	\$97.20	\$102.06	\$107.16	\$112.52	\$118.15
4"	\$187.54	\$162.00	\$170.10	\$178.61	\$187.54	\$196.91
6"	\$375.07	\$324.00	\$340.20	\$357.21	\$375.07	\$393.82
8"	\$600.11	\$518.40	\$544.32	\$571.54	\$600.11	\$630.12
10"	\$862.66	\$745.20	\$782.46	\$821.58	\$862.66	\$905.80

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

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Ratios of Total Outstanding Debt

Last Ten Fiscal Years

Year	Governmental Activities			Business-type Activities			Total Primary Government
	General Obligation Bonds	Installment Obligations	Promissory Note	General Obligation Bonds	Revenue Bonds (1)	Capital Leases	
2020	\$ 32,982,118	\$ 1,003,533	\$ 8,620,963	\$ -	\$ 15,747,651	\$ -	\$ 58,354,265
2019	35,594,034	1,444,746	8,620,963	-	17,181,120	-	62,840,863
2018	38,090,950	1,870,522	-	-	18,579,589	42,626	58,583,687
2017	40,612,866	2,281,561	-	-	19,943,058	83,072	62,920,557
2016	25,687,717	2,183,807	-	-	5,545,073	185,573	33,602,170
2015	27,208,801	2,404,545	-	-	7,650,827	323,650	37,587,823
2014	29,329,373	2,667,042	-	-	9,718,581	494,130	42,209,126
2013	15,326,278	3,084,762	-	-	11,533,335	656,732	30,601,107
2012	16,545,805	3,479,235	-	-	12,865,000	855,100	33,745,140
2011	17,945,000	3,857,965	-	250,000	14,520,000	1,082,294	37,655,259

(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
1.08%	\$ 1,133.64
1.21%	1,226.23
1.14%	1,142.29
1.27%	1,220.95
0.71%	651.34
0.76%	725.17
0.88%	814.09
0.64%	590.21
0.70%	650.20
0.81%	723.19

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 29b
 Unaudited

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Year	General Bonded Debt Outstanding						% of Actual Taxable Value of Property	Per Capita		
	Governmental Activities		Business-type Activities							
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds	Net General Bonded Debt	% of Personal Income					
2020	\$ 32,982,118	\$ (8,825)	-	\$ 32,973,293	0.61%	2.56%	\$ 640.74			
2019	35,594,034	(7,388)	-	35,586,646	0.69%	2.77%	694.56			
2018	38,090,950	(510,217)	-	37,580,733	0.74%	2.95%	742.72			
2017	40,612,866	(8,950)	-	40,603,916	0.82%	3.15%	788.08			
2016	25,687,717	(9,160)	-	25,678,557	0.54%	1.67%	497.93			
2015	27,208,801	(104,025)	-	27,104,776	0.55%	1.76%	524.93			
2014	29,329,373	(17,300)	-	29,312,073	0.61%	1.88%	565.68			
2013	15,326,278	(9,300)	-	15,316,978	0.32%	0.95%	295.60			
2012	16,545,805	(9,300)	-	16,536,505	0.34%	1.01%	318.80			
2011	17,945,000	(5,972)	250,000	18,189,028	0.39%	1.07%	344.65			
2010	19,880,000	(6,209)	485,000	20,358,791	0.45%	1.15%	379.77			

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, 2020

	(1) Net Debt Outstanding	Percentage Applicable to City of Battle Creek	Amount Applicable to City of Battle Creek
Direct:			
City issued bonded debt (2)	\$ 32,982,118	100.00%	\$ 32,982,118
Installment obligations	1,003,533	100.00%	1,003,533
Promissory note	8,620,963	100.00%	<u>8,620,963</u>
			<u>42,606,614</u>
Overlapping: (3)			
Lakeview School District	60,838,373	100.00%	60,838,373
Battle Creek Public Schools	44,525,000	70.43%	31,358,958
Calhoun County	78,613,350	34.04%	26,759,984
Kellogg Community College	12,300,000	33.93%	4,173,390
Pennfield School District	28,152,387	4.13%	1,162,694
Harper Creek School District	56,557,791	0.25%	141,394
Climax-Scotts School District	11,570,365	3.78%	437,360
Kalamazoo RESA	2,590,000	0.06%	1,554
Kalamazoo Valley Community College	7,025,000	0.05%	3,513
Willard Public Library	435,000	55.40%	<u>240,990</u>
			<u>125,118,209</u>
Total direct and overlapping debt			<u>\$ 167,724,823</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	\$ 1,397,030,766
State Equalized Value - tax abated property:	
Industrial Facilities	33,344,717
Neighborhood Enterprise Zone	<u>40,104</u>
Total State Equalized Value (SEV)	<u>\$ 1,430,415,587</u>
Legal debt limit (10% of SEV)	\$ 143,041,559
Outstanding debt subject to limitation	\$ 78,535,000
Less exempt obligations	<u>(7,135,000)</u>
	<u>71,400,000</u>
Legal debt margin	<u>\$ 71,641,559</u>
Debt subject to limitation as a percent of SEV	<u>4.99%</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
2020	\$ 143,041,559	\$ 71,400,000	\$ 71,641,559	49.92%
2019	141,252,335	76,585,000	64,667,335	54.22%
2018	139,467,539	81,970,000	57,497,539	58.77%
2017	137,480,368	87,045,000	50,435,368	63.31%
2016	159,775,597	67,035,000	92,740,597	41.96%
2015	158,073,443	74,512,544	83,560,899	47.14%
2014	160,147,070	81,122,042	79,025,028	50.65%
2013	167,265,186	86,884,761	80,380,425	51.94%
2012	172,723,926	70,681,234	102,042,692	40.92%
2011	182,892,843	77,051,316	105,841,527	42.13%

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
2020	\$ 29,477,961	\$ 20,546,942	\$ 8,931,019	\$ 2,039,538	4.38
2019	27,303,704	20,547,371	6,756,333	2,048,609	3.30
2018	26,424,364	19,585,368	6,838,996	2,055,335	3.33
2017	26,703,276	19,371,198	7,332,078	2,214,162	3.31
2016	28,647,154	18,478,024	10,169,130	2,210,990	4.60
2015	26,653,760	16,625,760	10,028,000	2,208,762	4.54
2014	25,174,150	16,432,935	8,741,215	2,265,350	3.86
2013	24,197,436	15,601,499	8,595,937	2,265,125	3.79
2012	23,225,329	15,793,089	7,432,240	2,455,437	3.03
2011	23,058,232	15,480,363	7,577,869	2,283,994	3.32

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

(2) Excludes depreciation expense.

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

Source: City of Battle Creek Finance Department

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 33
Unaudited

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	(a) Personal Income (thousands of dollars)	(a) Per Capita Personal Income	Unemployment Rate
2020	51,475	\$ 5,416,654	\$ 40,276	15.30%
2019	51,247	5,188,500	38,683	4.60%
2018	51,286	5,118,164	38,086	4.50%
2017	51,534	4,963,912	36,958	4.40%
2016	51,589	4,732,090	35,084	4.40%
2015	51,833	4,923,591	36,468	5.40%
2014	51,848	4,812,597	35,623	6.70%
2013	51,848	4,812,597	35,623	8.40%
2012	51,900	4,812,597	35,623	11.20%
2011	52,068	4,644,128	34,267	11.20%
2010	52,347	4,518,817	33,209	13.30%

(a) Battle Creek MSA data.

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

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers

Current Year and Nine Years Ago

Employer	2011		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,085	2	9.38%
Kellogg Company	2,500	1	11.24%
Veterans Administration Med Center	1,300	5	5.85%
Hart-Doyle-Inouye Federal Center	1,556	3	7.00%
Bronson Battle Creek	1,400	4	6.30%
Battle Creek Public Schools	1,089	7	4.90%
Fort Custer Training Center	-	-	0.00%
II Stanley Company, Inc.	750	9	3.37%
TRMI	-	-	0.00%
Michigan Air National Guard	1,127	6	5.07%
Kellogg Community College	920	8	4.14%
Musashi Auto Parts Inc.	700	10	3.15%
Felpausch Food Centers	700	10	3.15%
	<u>14,127</u>		<u>63.55%</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers

Current Year and Nine Years Ago

Employer	2020		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,616	1	13.09%
Kellogg Company	2,000	2	10.00%
Veterans Administration Med Center	1,600	3	8.00%
Hart-Doyle-Inouye Federal Center	1,500	4	7.50%
Bronson Battle Creek	1,204	5	6.02%
Battle Creek Public Schools	1,089	6	5.45%
Fort Custer Training Center	825	7	4.13%
II Stanley Company, Inc.	750	8	3.75%
TRMI	696	9	3.48%
Michigan Air National Guard	650	10	3.25%
Kellogg Community College	-	-	-
Musashi Auto Parts Inc.	-	-	-
Family Fare	-	-	-
	<u>12,930</u>		<u>64.68%</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	2011	2012	2013	2014	2015
General Fund and Special Revenue Funds					
Revenue Funds					
Administration	24	18	20	18	18
Community development	24	25	26	28	29
Finance	22	23	21	22	23
Police department	133	123	119	122	126
Fire department	82	79	77	78	80
Public works	54	54	57	60	59
Recreation	6	6	6	10	10
	<u>345</u>	<u>328</u>	<u>326</u>	<u>338</u>	<u>345</u>
Enterprise Funds					
Battle Creek executive airport	10	10	10	10	10
Battle Creek transit system	38	40	39	36	37
Sewer and wastewater plant	57	59	55	56	55
Water	40	37	38	38	39
Economic Development	-	-	-	-	-
	<u>145</u>	<u>146</u>	<u>142</u>	<u>140</u>	<u>141</u>
Internal Service Funds					
Information systems	11	10	9	13	13
Equipment center	15	15	14	14	14
Self insurance	3	3	3	3	3
Reproduction and stores	3	3	3	3	3
	<u>32</u>	<u>31</u>	<u>29</u>	<u>33</u>	<u>33</u>
Total	522	505	497	511	519

continued...

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>

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	2011	2012	2013	2014	2015
Public Safety					
Police					
Number of incidents	58,529	58,741	56,276	44,599	44,686
Number of crash reports	1,755	1,703	1,802	2,004	1,980
Fire					
Number of incidents	5,701	5,258	6,071	6,441	6,940
Number of medical calls	2,547	3,800	3,958	4,149	4,847
Number of structural fires	65	78	60	48	47
Public Works					
Major street miles maintained	90	90	90	90	90
Local street miles maintained	204	204	204	205	205
Culture & Recreation					
Participation:					
Softball	1,711	1,789	732	840	734
Soccer	712	745	817	735	948
Baseball	2,003	2,097	1,242	1,019	1,265
Basketball	134	73	34	54	198
Floor hockey	566	795	732	608	655
Football	115	134	136	149	223
Tennis	-	-	-	106	56
Volleyball	-	-	-	91	78
Other	1,132	708	493	814	891
Aquatic center participation	23,003	28,321	23,217	24,796	27,919
Rounds of golf	48,350	49,583	43,016	40,935	41,684
Parks maintained	29	24	24	24	24
Number of linear park trail miles	25	25	25	25	25
Building Permits					
Commercial and Industrial					
Number of permits	138	204	188	177	236
Dollar value	\$ 17,807,968	\$ 25,353,933	\$ 23,102,086	\$ 12,174,483	\$ 15,739,032
Residential					
Number of permits	680	986	865	740	634
Dollar value	\$ 6,052,107	\$ 7,566,696	\$ 7,342,332	\$ 9,863,788	\$ 4,151,057
Totals					
Number of permits	818	1,190	1,052	917	870
Dollar value	\$ 23,860,075	\$ 32,920,629	\$ 30,444,418	\$ 22,038,271	\$ 19,890,089

continued...

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

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	2011	2012	2013	2014	2015
Police - vehicle patrol units					
Police patrol	44	43	43	40	40
Detective	17	17	18	20	20
Other	21	23	24	21	21
SIU	7	7	7	10	10
Fire					
Fire vehicle units:					
Trucks	2	2	2	2	2
Engines	8	8	8	8	8
Other	10	11	11	11	11
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	-	-	-	-	-
Recreation					
Parks:					
Parkland acreage	1,036	1,036	1,036	1,036	1,036
Natural area acreage	380	380	380	380	380
Picnic areas	15	15	15	15	15
Buildings:					
Log cabins	1	1	1	1	1
Recreation center	1	1	1	1	1
Fishing structures	3	3	3	3	3
Pavilions	16	16	25	25	29
Concession	4	4	4	4	4
Swimming beach areas	1	1	1	1	1
Golf course - 27 holes	1	1	1	1	1
Trails:					
Nature	1	1	1	1	1
Multi-use	1	1	1	1	1
Playgrounds	22	22	22	22	22
Water areas -					
Water parks	1	1	1	1	1
Public Works					
Major street miles maintained	90.11	90.11	90.11	90.11	90.11
Local street miles maintained	204.49	204.49	204.44	204.52	204.52
Vehicles:					
Dump trucks	44	45	46	46	46
Heavy equipment	37	31	32	28	28
Other	201	205	207	211	211

continued...

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

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 38

Unaudited

Schedule of Insurance

As of June 30, 2020

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Airport Liability	7/1/21	\$18,650	\$60,000,000 CSL each occ.; \$1,000 ded. per occ./\$10,000 agg., \$60,000,000 per aircraft/occ Hangar Keepers liability. Terrorism declined.
Auto Liability	7/1/21	\$146,696	First dollar coverage for MI no-fault benefits and uninsured/underinsured claims. \$1,000,000 SIR for all other liability coverages. \$25,000 SIR per vehicle / \$50,000 per occurrence for property damage. \$50,000 deductible for Fire/EMS vehicles. ACV coverage on all vehicles except Fire Protection Vehicles which are covered at replacement cost.
Vehicle Physical Damage			
Data Breach, Privacy Electronic Media	7/1/21	Included in Liability Insurance	\$5 million aggregate/\$25 million all members - Data Breach and Privacy Liability/\$25,000 deductible.
Fiduciary (Designated Benefit Plan)	7/1/21	\$7,890	Coverage for Self Funded Health Plan. \$2,000,000.00 limit. \$25,000 SIR
Liquor Liability Binder Park Golf	3/8/21	\$1,275.00 (including surplus lines tax, fees)	\$1,000,000 each common cause/annual aggregate limit. No deductible. Note: License in name of Cereal City Development Corporation/City of Battle Creek. (excludes Terrorism).

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 38

Unaudited

Schedule of Insurance

As of June 30, 2020

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Property/Liability Insurance	7/1/21	\$404,528	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 for 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	7/1/21	Included in Liability Insurance	See Excess Liability , for losses above \$1 million SIR.
Worker's Comp. (Primary)	7/1/21	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)	7/1/21	\$55,396	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	7/1/21	\$3,166	Coverage for employee tools Limit \$500,000 per occurrence, \$10,000 per item. \$1,000 deductible

concluded.

**City of Battle Creek
Total Taxable Value
Fiscal Years Ended or Ending June 30, 2016 Through 2020**

Assessed Value as of December 31	Year of State Equalization And Tax Levy	City's Fiscal Year Ended or Ending June 30	Equivalent			Percent Increase Over Prior Year
			Ad Valorem Taxable Value	Taxable Value of Property Granted Tax Abatement Under Act 198 (1)	Total Taxable Value	
2014	2015	2016	\$ 1,376,780,502	\$ 74,642,041	\$ 1,451,422,543	(0.26) %
2015	2016	2017	1,206,148,717	33,956,869	1,240,105,586	(14.56)
2016	2017	2018	1,201,286,395	29,388,749	1,230,675,144	(0.76)
2017	2018	2019	1,220,014,593	25,771,258	1,245,785,851	(1.23)
2018	2019	2020	1,242,325,628	16,420,410	1,258,746,038	(1.04)

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2020 (2)..... \$ 24,046.19

(1) See "Tax Abatement" herein. Does not include the value of property located within the City's Renaissance Zone (the "Zone") which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376"). Act 376 was designed to stimulate private investment with the Zone through the abatement of certain property, income and business taxes. For the fiscal year ending June 30, 2020, the Taxable Value of property located in the Zone totaled \$1,527,367. 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, 2020 the Taxable Value of the property located in the NEZ totaled \$40,104.

(2) Based on the City's 2010 Census of 52,347.

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, 2016 Through 2020**

<u>Use</u>	Fiscal Year Ended or Ending June 30				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Agricultural.....	0.14 %	0.19 %	0.19 %	0.19 %	0.18 %
Commercial.....	21.12	24.36	24.82	24.64	24.48
Industrial	29.44	17.56	15.70	15.36	13.77
Residential	46.80	54.74	55.81	56.27	57.55
Utility.....	<u>2.50</u>	<u>3.16</u>	<u>3.48</u>	<u>3.54</u>	<u>4.02</u>
Total	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>
<u>Class</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	Real Property	72.82 %	85.03 %	86.26 %	86.16 %
Personal Property	<u>27.18</u>	<u>14.97</u>	<u>13.74</u>	<u>13.84</u>	<u>12.46</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, 2016 Through 2020

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year Ended or Ending June 30	SEV of Property			Percent Increase Over Prior Year
			Ad Valorem SEV	Abatement Under Act 198 (1)	Total SEV	
2014	2015	2016	\$ 1,434,612,189	\$ 149,284,082	\$ 1,583,896,271	1.07 %
2015	2016	2017	1,292,577,442	68,065,655	1,360,643,097	(14.10)
2016	2017	2018	1,322,119,981	59,201,289	1,381,321,270	1.52
2017	2018	2019	1,348,307,734	51,707,400	1,400,015,134	1.35
2018	2019	2020	1,385,238,255	33,344,717	1,418,582,972	1.33

Per Capita Total SEV for the Fiscal Year Ending June 30, 2020 (2).....\$ 27,099.60

(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, 2020, the SEV of property located in the Zone totaled \$3,227,442. 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, 2020 the Taxable Value of the property located in the NEZ totaled \$40,104.

(2) Based on the City's 2010 census of 52,347.

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, 2016 Through 2020

Levy July 1	Fiscal Year Ended or Ending June 30	Operating (1)					Total
		General Operating	Capital Projects	Streets/ Drainage	Police & Fire Pension (2)		
2015	2016	8.7400	-	1.5000	4.4960	14.7360	
2016	2017	8.7400	0.5000	1.5000	4.6790	15.4190	
2017	2018	8.7400	0.5000	1.5000	5.0090	15.7490	
2018	2019	8.3460	0.5000	1.5000	5.4030	15.7490	
2019	2020	8.3460	0.5000	1.5000	5.5880	15.9340	

(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, 2016 Through 2020

<u>Governmental Unit</u>	<u>Fiscal Years Ended or Ending June 30</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of Battle Creek.....	14.7360	15.4190	15.7490	15.7490	15.9340
County of Calhoun	6.4713	6.4713	6.4713	6.4713	6.4713
State of Michigan (2).....	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3).....	6.3200	6.0000	6.0000	6.0000	6.0000
Calhoun ISD	6.2057	6.2057	6.2057	6.2057	6.2057
Kellogg Community College.....	3.6136	3.6136	3.6136	3.6136	3.6136
Willard Public Library.....	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Total	<u>45.3466</u>	<u>45.7096</u>	<u>46.0396</u>	<u>46.0396</u>	<u>46.2246</u>

City of Battle Creek
Non-Homestead (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2016 Through 2020

<u>Governmental Unit</u>	<u>Fiscal Years Ended or Ending June 30</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020(3)</u>
City of Battle Creek.....	14.7360	15.4190	15.7490	15.7490	15.9340
County of Calhoun	6.4713	6.4713	6.4713	6.4713	6.4713
State of Michigan (2).....	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3).....	24.3200	24.0000	24.0000	24.0000	24.0000
Calhoun ISD	6.2057	6.2057	6.2057	6.2057	6.2057
Kellogg Community College.....	3.6136	3.6136	3.6136	3.6136	3.6136
Willard Public Library.....	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Total	<u>63.3466</u>	<u>63.7096</u>	<u>64.0396</u>	<u>64.0396</u>	<u>64.2246</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, 2020 ranged from 28.60 to 25.00.

Source: City of Battle Creek

**City of Battle Creek
Property Tax Collections
Fiscal Years Ended or Ending June 30, 2016 Through 2020**

Levy <u>July 1</u>	Fiscal Year Ended <u>June 30</u>	Tax <u>Levy</u>	Collections to March <u>Following Levy</u>	Percent <u>Collected</u>
2015	2016	\$ 20,813,769	\$ 20,779,353	99.83%
2016	2017	18,905,774	18,872,333	99.82
2017	2018	19,173,957	19,127,382	99.76
2018	2019	19,568,359	19,528,723	99.80
2019	2020	20,052,215	20,013,011	99.80

CITY INCOME TAX

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

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

Fiscal Year Ended <u>June 30</u>	Gross Collections	Less: Refunds	Net Collections	% Increase Over Prior Year
2016	\$18,808,711	\$2,394,139	\$16,414,572	(0.4)%
2017	18,462,650	1,881,532	16,581,117	1.0
2018	18,827,058	2,108,467	16,718,591	0.8
2019	19,454,034	1,789,230	17,664,804	5.7
2020	19,535,481	1,880,056	17,655,425	(0.05)

**City of Battle Creek
State Shared Revenues
Fiscal Years Ended or Ending June 30, 2016 Through 2020**

	Fiscal Years Ended or Ending June 30				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Constitutional	\$ 3,962,883	\$ 4,191,285	\$ 4,301,987	\$ 4,498,185	\$ 4,493,812
Statutory/CVTRS	<u>1,436,386</u>	<u>1,436,386</u>	<u>1,478,658</u>	<u>1,478,448</u>	<u>1,260,375</u>
Total State Shared Revenues	<u><u>\$ 5,399,269</u></u>	<u><u>\$ 5,627,671</u></u>	<u><u>\$ 5,780,645</u></u>	<u><u>\$ 5,976,633</u></u>	<u><u>\$ 5,754,187</u></u>

CITY DEBT

Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of June 30, 2020.

Debt Limit (1).....	\$ 141,858,297
Debt Outstanding (2).....	\$79,538,532
Less: Exempt Debt (3).....	<u>13,625,000</u>
Legal Debt Margin	<u><u>\$ 65,913,532</u></u> <u><u>\$ 75,944,765</u></u>

(1) 10% of \$1,418,582,972 which is the City's Total SEV for the fiscal year ending June 30, 2020. See "Property Valuations" herein.

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

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

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

Debt Statement

The following table reflects a breakdown of the City's direct and overlapping debt as of June 30, 2020, 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

City Direct Debt	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Building Authority Bonds:			
Dated December 29, 2009 (LT).....	\$ 1,055,000	\$ 1,055,000	\$ -0-
Dated February 28, 2008 (LT).....	<u>1,670,000</u>	<u>1,670,000</u>	<u>-0-</u>
Subtotal	<u>\$ 2,725,000</u>	<u>\$ 2,725,000</u>	<u>\$ -0-</u>
Downtown Development Authority Bonds:			
Dated February 27, 2018 (LT).....	\$ 6,435,000	\$ 6,435,000	\$ -0-
Dated March 21, 2017 (LT).....	<u>22,260,000</u>	<u>22,260,000</u>	<u>-0-</u>
Subtotal	<u>\$ 28,695,000</u>	<u>\$ 28,695,000</u>	<u>\$ -0-</u>
Tax Increment Finance Authority Bonds:			
Dated March 31, 2010 (LT).....	\$ 1,700,000	\$ 1,700,000	\$ -0-
Dated January 20, 2009 (LT).....	<u>2,120,000</u>	<u>2,120,000</u>	<u>-0-</u>
Subtotal	<u>\$ 3,820,000</u>	<u>\$ 3,820,000</u>	<u>\$ -0-</u>
Water and Wastewater Revenue Bonds: Dated			
Dated December 28, 2016, Series A (1)	\$ 6,490,000	\$ 6,490,000	\$ -0-
Dated December 28, 2016, Series B (1)	<u>7,135,000</u>	<u>7,135,000</u>	<u>-0-</u>
Subtotal	<u>\$ 13,625,000</u>	<u>\$ 13,625,000</u>	<u>\$ -0-</u>
General Obligation Bonds:			
Dated December 28, 2016 C (LT) (1).....	\$ 14,105,000	\$ -0-	\$ 14,105,000
Dated April 14, 2016 (LT)	11,140,000	-0-	11,140,000
Dated June 29, 2011 (LT)	<u>4,425,000</u>	<u>1,410,000</u>	<u>3,015,000</u>
Subtotal.....	<u>\$ 29,670,000</u>	<u>\$ 1,410,000</u>	<u>\$ 28,260,000</u>
Installment & Capital Purchase Contracts:			
Energy Savings Equipment	\$ 895,123	\$ -0-	\$ 895,123
City Hall Copiers	9,465	-0-	9,465
Telephone Equipment	98,945	-0-	98,945
Airport Snow Blowers Lease.....	0	-0-	0
Subtotal.....	<u>\$ 1,003,533</u>	<u>\$ -0-</u>	<u>\$ 1,003,533</u>
Total Direct Debt.....	<u>\$ 79,538,533</u>	<u>\$ 50,275,000</u>	<u>\$ 29,263,533</u>
Per Capita Net City Direct Debt (2)			\$ 559.03
Percent of Net Direct Debt to Total SEV (3).....			2.06%

<u>Overlapping Debt (4)</u>	<u>Gross</u>	<u>Gross</u>	Percent of	<u>City Share</u>
Battle Creek School District	\$ 44,525,000	70.43	\$	31,358,958
Climax-Scotts School District.....	11,570,365	3.78		437,360
Harper Creek School District.....	56,557,791	0.25		141,394
Lakeview Calhoun School District.....	60,838,373	100.00		60,838,373
Pennfield School District	28,152,387	4.13		1,162,694
Calhoun Intermediate School District.....	0	31.69		0
Kalamazoo Valley Intermediate School District....	2,590,000	0.06		1,554
Kalamazoo Valley Community College.....	7,025,000	0.05		3,513
Kellogg Community College	12,300,000	33.93		4,173,390
Willard Public Library	435,000	55.40		240,990
Calhoun County	<u>78,613,350</u>	34.04		<u>26,759,984</u>
Total Overlapping Debt	<u><u>\$ 302,607,266</u></u>			<u><u>\$ 125,118,209</u></u>
 Total Net Direct and Overlapping Debt	<u><u>\$ 382,145,798</u></u>			<u><u>\$ 154,381,741</u></u>
 Per Capita Net Overlapping Debt (2).....				\$2,390.17
Percent of Net Overlapping Debt to Total SEV (3)				8.82%
 Per Capita Net Direct and Overlapping Debt (2).....				\$2,949.20
Percent of Net Direct and Overlapping Debt to Total SEV (3)				10.88%

(1) The Bonds described herein. Including the Water and Wastewater System Revenue Bonds, Series 2016A and the Water and Wastewater System Revenue Bonds, Series 2016B (Federally Taxable – Qualified Energy Conservation Bonds).
 (2) Based on the City's 2010 Census of 52,347
 (3) Based on \$1,418,582,972 which is the City's Total SEV for the fiscal year ending June 30, 2020. 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 (rolled forward to June 30, 2020). The components of the net pension liability of the City were as follows:

Total pension liability	\$203,308,697
Plan Fiduciary net position	<u>(154,958,172)</u>
City's net pension liability	<u><u>\$ 48,350,525</u></u>
 Plan fiduciary net position as percentage of total pension liability	76.22%

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, 2019	\$ 200,970,933	\$ 150,109,695	\$ 50,861,238
Changes for the Year			
Service cost	4,041,341	-	4,041,341
Interest on total pension liability	12,839,189	-	12,839,189
Benefit changes	(108,003)	-	(108,003)
Differences between expected and actual experience	(3,167,079)	-	(3,167,079)
Assumption change	(336,475)	-	(336,475)
Employer contributions	-	5,869,972	(5,869,972)
Employee contribution	-	1,580,109	(1,580,109)
Net investment income	-	8,960,637	(8,960,637)
Benefit payments	(10,931,209)	(10,931,209)	-
Administrative expense	-	(203,023)	203,023
Other	-	(428,009)	428,009
Net changes	\$ 2,337,764	\$ 4,848,477	\$ (2,510,713)
Balance at June 30, 2020	\$ 203,308,697	\$ 154,958,172	\$ 48,350,525

Pension Plans: Municipal Employees Retirement System of Michigan

The City's net pension liability was measured as of December 31, 2019, 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	\$153,769,909
Plan fiduciary net position	<u>85,878,625</u>
City's net pension liability	<u>\$ 67,891,284</u>
Plan fiduciary net position as percentage of total pension liability	55.85%

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, 2018	\$ 147,621,824	\$ 79,774,729	\$ 67,847,095
Changes for the Year			
Service cost	2,050,623	-	2,050,623
Interest	11,458,164	-	11,458,164
Changes in benefits	(47,708)	-	(47,708)
Differences between expected and actual experience	(829,069)	-	(829,069)
Changes in assumptions	4,356,282	-	4,356,282
Contributions: employer	-	5,530,584	(5,530,584)
Contributions: employee	-	999,077	(999,077)
Net investment income	-	10,596,861	(10,596,861)
Benefit payments, including refunds	(10,840,207)	(10,840,207)	-
Administrative expense	-	(182,419)	182,419
Net changes	\$ 6,148,085	\$ 6,103,896	\$ 44,189
Balances at December 31, 2019	\$ 153,769,909	\$ 85,878,625	\$ 67,891,284

For the year ended June 30, 2020, the City recognized pension expense of \$8,673,515.

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, 2016 through 2020

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>City Customers</u>					
Residential	14,757	14,771	14,754	14,791	14,806
Commercial (1).....	1,619	1,634	1,646	1,671	1,650
Industrial.....	<u>130</u>	<u>126</u>	<u>126</u>	<u>124</u>	<u>123</u>
Sub-total.....	<u>16,506</u>	<u>16,513</u>	<u>16,526</u>	<u>16,586</u>	<u>16,579</u>
<u>Customer Communities</u>					
Emmett	675	699	708	714	714
Bedford.....	420	428	428	429	430
Leroy (2).....	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield (3).....	Bulk	Bulk	Bulk	Bulk	Bulk
Springfield (4)	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>
Sub-total.....	<u>1,095</u>	<u>1,127</u>	<u>1,136</u>	<u>1,143</u>	<u>1,144</u>
Total Customers	<u>17,601</u>	<u>17,658</u>	<u>17,662</u>	<u>17,729</u>	<u>17,723</u>

(1) Includes governmental and tax-exempt customers.

(2) Leroy has one water customer.

(3) Pennfield has approximately 341 metered water customers.

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

Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Approximate Number of Wastewater Customers by User Classification and Location
Fiscal Years Ended June 30, 2016 through 2020

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>City Customers (1)</u>					
Residential	15,734	15,740	15,707	15,735	15,764
Commercial (2)	1,580	1,583	1,613	1,631	1,615
Industrial.....	<u>120</u>	<u>117</u>	<u>118</u>	<u>116</u>	<u>116</u>
Sub-total.....	<u>17,434</u>	<u>17,440</u>	<u>17,438</u>	<u>17,482</u>	<u>17,495</u>
<u>Customer Communities</u>					
Emmett (3).....	1,685	1,688	1,686	1,690	1,688
Bedford (4)	543	551	551	554	555
Leroy	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield (5).....	Bulk	Bulk	Bulk	Bulk	Bulk
Springfield (6)	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>	<u>Bulk</u>
Sub-total.....	<u>2,228</u>	<u>2,239</u>	<u>2,237</u>	<u>2,244</u>	<u>2,243</u>
Total Customers	<u>19,662</u>	<u>19,679</u>	<u>19,675</u>	<u>19,726</u>	<u>19,738</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, 2016 through 2020

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential.....	96,499,847	109,281,509	106,630,876	103,873,324	101,247,759
Commercial (2)	95,356,781	90,252,021	89,941,367	85,985,666	80,523,471
Industrial	<u>127,002,299</u>	<u>113,625,946</u>	<u>102,822,926</u>	<u>104,534,592</u>	<u>110,750,621</u>
Sub-total.....	318,858,927	313,159,476	299,395,169	294,393,582	292,521,851
<u>Customer Communities</u>					
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.....	<u>2,164,000</u>	<u>2,199,500</u>	<u>2,255,800</u>	<u>2,218,600</u>	<u>2,213,400</u>
Sub-total.....	<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>
Total Water Billed.....	<u><u>364,242,436</u></u>	<u><u>361,307,498</u></u>	<u><u>349,517,362</u></u>	<u><u>346,615,757</u></u>	<u><u>340,211,368</u></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, 2016 Through 2020

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential.....	109,037,746	114,331,877	112,157,156	109,764,654	107,918,337
Commercial (2)	80,135,131	76,958,752	75,611,297	75,207,462	68,801,690
Industrial	<u>41,786,764</u>	<u>33,223,800</u>	<u>33,052,416</u>	<u>38,215,999</u>	<u>39,091,900</u>
Sub-total.....	230,959,641	224,514,429	220,820,869	223,188,115	215,811,927
<u>Customer Communities</u>					
Emmett Township	30,937,747	32,901,531	33,767,468	35,373,893	30,081,969
Bedford Township.....	5,251,629	6,382,474	6,543,986	6,883,023	6,543,615
Springfield City	16,858,507	15,711,208	15,892,464	14,779,666	15,207,078
Pennfield Township.....	<u>15,111,650</u>	<u>14,531,008</u>	<u>14,724,732</u>	<u>14,576,875</u>	<u>14,487,868</u>
Sub-total.....	<u>68,159,533</u>	<u>69,526,221</u>	<u>70,928,650</u>	<u>71,613,457</u>	<u>66,320,530</u>
Total Wastewater Billed.....	<u><u>297,073,709</u></u>	<u><u>294,040,650</u></u>	<u><u>291,749,519</u></u>	<u><u>294,801,572</u></u>	<u><u>282,132,457</u></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, 2016 Through 2020**

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
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>
Sub-total.....	8,186,843	7,788,404	7,508,692	7,672,796	7,872,510
<u>Customer Communities</u>					
Emmett Township	689,318	695,064	709,973	742,075	693,906
Bedford Township.....	100,731	99,809	105,058	107,763	108,217
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>
Sub-total.....	<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>
Total Water Revenue.....	<u><u>\$ 9,285,643</u></u>	<u><u>\$ 8,921,540</u></u>	<u><u>\$ 8,603,486</u></u>	<u><u>\$ 8,809,772</u></u>	<u><u>\$ 8,895,357</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, 2016 Through 2020**

	Fiscal Year Ended June 30				
<u>City Customers</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
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>
Sub-total.....	15,339,763	14,105,798	14,474,217	14,433,001	16,248,209
<u>Customer Communities</u>					
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
Leroy Township	11,988	11,306	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>
Sub-total.....	<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>
Total Wastewater Revenue	<u><u>\$ 18,025,827</u></u>	<u><u>\$ 16,665,845</u></u>	<u><u>\$ 16,679,801</u></u>	<u><u>\$ 16,888,156</u></u>	<u><u>\$ 18,849,791</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, 2020

<u>Customer</u>	<u>Principal Product or Service</u>	Water Volume Cubic Feet	Percent of Total (1)	Water Revenue	Percent of Total (2)
Post Foods	Breakfast Foods.....	33,311,712	9.79%	\$450,311	5.06%
Kellogg Company-Plant.....	Breakfast Foods ...	25,509,438	7.50	338,204	3.80
Prairie Farms Dairy.....	Dairy Processing ...	12,530,638	3.68	175,233	1.97
Graphic Packaging.....	Paper Mill.....	10,731,483	3.15	149,591	1.68
Fire Keepers Casino.....	Gambling/Entertain	7,430,800	2.18	139,570	1.57
Denso Mfg - Michigan	Automotive Parts ..	4,637,093	1.36	89,078	1.00
Rock-Tenn/Waldorf Corp	Paperboard.....	4,204,219	1.24	60,306	0.68
VA Medical Center.....	Medical Services ...	3,692,209	1.09	87,031	0.98
Bronson Battle Creek Health	Medical Services ...	3,122,875	0.92	68,831	0.77
Adient (fka Johnson Controls) ..	Heating & Venting	<u>3,062,827</u>	<u>0.90</u>	<u>47,455</u>	<u>0.53</u>
		<u>108,233,294</u>	<u>31.81%</u>	<u>\$1,605,610</u>	<u>18.05%</u>
		Total			

(1) Based on water volume of 340,211,368 for the fiscal year ended June 30, 2020.

(2) Based on water revenue of \$8,895,357 for the fiscal year ended June 30, 2020.

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, 2020

<u>Customer</u>	<u>Principal Product or Service</u>	Wastewater Volume Cubic Feet	Percent of Total (1)	Wastewater Revenue	Percent of Total (2)
Graphic Packaging	Paper Mills.....	21,128,289	7.49%	\$1,576,120	8.36%
Kellogg Company - Plant.....	Breakfast Foods	19,764,572	7.01	1,085,083	5.76
Post Foods.....	Breakfast Foods	13,732,594	4.87	880,383	4.67
Rock-Tenn/Waldorf Corp	Paperboard.....	13,401,711	4.75	1,265,532	6.71
Prairie Farms Dairy.....	Dairy Processing ...	12,530,638	4.44	428,957	2.28
Fire Keepers Casino	Gambling/Entertain	6,806,400	2.41	398,396	2.11
Denso Manufacturing	Automotive Parts ...	4,637,093	1.64	165,832	0.88
VA Medical Center-Hospital .	Medical Services	3,692,209	1.31	161,085	0.85
Adient (fka Johnson Controls)	Heating & Venting .	3,062,827	1.09	180,331	0.57
Bronson Battle Creek Health	Medical Services	<u>2,886,100</u>	<u>1.02</u>	<u>107,906</u>	<u>0.57</u>
		<u>101,642,433</u>	<u>36.03%</u>	<u>\$6,177,625</u>	<u>32.85%</u>
		Total			

(1) Based on treated wastewater volume of 282,132,457 for the fiscal year ended June 30, 2020.

(2) Based on wastewater revenue of \$18,849,791 for the fiscal year ended June 30, 2020.

Source: City of Battle Creek

City of Battle Creek, Michigan

Historical and Projected Water and Wastewater System Operating Cash Flow and Debt Service Coverage
Fiscal Years Ended or Ending June 30, 2014 Through 2023

	2015	(1)	2016	(1)	2017	(1)	2018	(1)	2019	(1)	2020	(1)	Budgeted	Projected	Projected	Projected	Projected
	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(3)	
Operating Revenues																	
Charges for services	\$ 25,841,894		\$ 27,570,117		\$ 25,925,301		\$ 25,613,729		\$ 25,955,170		\$ 28,081,728		\$ -		\$ -		\$ -
Rent and Leases	195,993		246,507		197,807		213,253		237,740		223,412		-		-		-
Other	518,481		591,774		554,308		586,991		1,078,393		716,603		-		-		-
Total Operating Revenues	\$ 26,556,368		\$ 28,408,398		\$ 26,677,416		\$ 26,413,973		\$ 27,271,303		\$ 29,021,743		\$ 29,968,500		\$ 29,968,500		\$ 29,968,500
Operating Expenses (4)																	
Operating costs and expenses	\$ 17,019,384		\$ 18,478,024		\$ 19,371,198		\$ 19,585,368		\$ 20,547,371		\$ 20,546,942		\$ -		\$ -		\$ -
Depreciation	6,248,164		6,196,554		6,220,151		5,917,458		5,868,013		6,256,018		-		-		-
Total Operating Expenses	\$ 23,267,548		\$ 24,674,578		\$ 25,591,349		\$ 25,502,826		\$ 26,415,384		\$ 26,802,960		\$ 21,464,984		\$ 22,108,934		\$ 22,772,202
Operating Income (Loss)	\$ 3,288,820		\$ 3,733,820		\$ 1,086,067		\$ 911,147		\$ 855,919		\$ 2,218,783		\$ 8,503,516		\$ 7,859,566		\$ 7,196,298
Non-Operating Revenues (Expenses) (5)																	
Interest Income	\$ 59,350		\$ 215,329		\$ (6,297)		\$ (23,975)		\$ 533,023		\$ 468,448		\$ 468,448		\$ 468,448		\$ 468,448
Intergovernmental Subsidies	\$ 38,043		\$ 23,427		\$ 25,860		\$ 10,391		\$ 32,401		\$ 456,218		-		-		-
Loss on Disposal of Capital Assets	-		-		(3,996,528)		-		(36,461)		-		-		-		-
Depreciation	6,248,164		6,196,554		6,220,151		5,917,458		5,868,013		6,256,018		-		-		-
Total Non-Operating Revenues (Expenses)	\$ 6,345,557		\$ 6,435,310		\$ 2,243,186		\$ 5,903,874		\$ 6,396,976		\$ 7,180,684		\$ 468,448		\$ 468,448		\$ 468,448
Operating Transfers																	
Operating transfers in	-		-		-		-		-		-		-		-		-
Operating transfers out	(361,592)		(395,993)		(481,376)		(301,999)		(212,806)		(172,000)		(177,160)		(182,475)		(187,949)
Net Operating Transfers	\$ (361,592)		\$ (395,993)		\$ (481,376)		\$ (301,999)		\$ (212,806)		\$ (172,000)		\$ (177,160)		\$ (182,475)		\$ (187,949)
NET INCOME AVAILABLE FOR DEBT SERVICE	\$ 9,272,785		\$ 9,773,137		\$ 2,847,877		\$ 6,513,022		\$ 7,040,089		\$ 9,227,467		\$ 8,794,804		\$ 8,145,540		\$ 7,476,797
Debt Service Requirements																	
2016 QECB (Revenue Bonds)(7)	\$ -		\$ -		\$ 474,061		\$ 474,850		\$ 489,691		\$ 487,802		\$ 474,849		\$ 474,850		\$ 474,850
2016 Tax-Exempt (Revenue Bonds)	-		-		\$ 592,341		\$ 595,850		\$ 595,650		\$ 595,050		\$ 594,050		\$ 592,650		\$ 592,650
2011 GO Bonds (6)	731,325		724,225		731,225		727,225		728,913		729,600		732,600		734,400		-
2013 Revenue Refunding Bonds	1,541,500		1,551,500		1,547,750		-		-		-		-		-		-
Total	\$ 2,272,825		\$ 2,275,725		\$ 3,345,377		\$ 1,797,925		\$ 1,814,254		\$ 1,812,452		\$ 1,801,499		\$ 1,801,900		\$ 1,067,500
Coverage Ratio Including the GO Bonds	4.08x		4.29x		0.85x		3.62x		3.88x		5.09x		4.88x		4.52x		7.00x
Coverage Ratio Revenue Only Bonds	6.02x		6.30x		1.09x		6.08x		6.49x		8.52x		8.23x		7.63x		7.00x
																	6.36x

(1) Actual.

(2) Adopted Budget.

(3) Operating revenues for the fiscal years ending June 30, 2021 and thereafter are not assumed to change.

(4) Operating expenditures, excluding depreciation, as projected for the fiscal year ending June 30, 2020 and thereafter are assumed to grow 3% annually.

(5) For the fiscal year ending June 30, 2020 and thereafter, non-operating revenues are not assumed to change.

(6) Represents the portion of the 2011 LTGO Refunding Bonds paid from the System.

(7) Net debt service. Includes Refundable Credit.

Source: City of Battle Creek