

BATTLE CREEK DOWNTOWN
DEVELOPMENT AUTHORITY
(A Component Unit of the
City of Battle Creek, Michigan)

Year Ended
June 30, 2020

Financial
Statements and
Supplementary
Information

Rehmann

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BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

December 21, 2020

To the Board of Directors of the
Battle Creek Downtown Development Authority
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, and each major fund of the ***Battle Creek Downtown Development Authority, a component unit of the City of Battle Creek, Michigan*** (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority'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.

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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, and each major fund of the Authority, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the general fund for the year then ended in accordance 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 management's discussion and analysis 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 on the financial statements that collectively comprise the Battle Creek Downtown Development Authority's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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 our report dated December 21, 2020, on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

The Battle Creek Downtown Development Authority (the "Authority") was established March 6, 1979 pursuant to Public Act 197 of 1975. The Authority is a component unit of the City of Battle Creek, Michigan and presents this management discussion and analysis of its financial performance as an overview of financial activities for the fiscal year ended June 30, 2020.

Using this Annual Report

This discussion and analysis is intended to serve as an introduction to some of the Authority's basic financial statements. The basic financial statements include the following (among others):

- The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, and liabilities with the difference 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 Authority is improving or deteriorating.
- The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year.
- The balance sheet and statement of revenues, expenditures and changes in fund balances – governmental funds focuses 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.
- The statement of revenues, expenditures and changes in fund balance – budget and actual – general fund presents information showing the comparison of the Authority's actual revenues and expenditures to what was budgeted.
- The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

The net position of the Authority is summarized for the purpose of determining the overall fiscal position. As shown below, the Authority's liabilities exceeded its assets and deferred outflows of resources by \$25,927,968 at the end of the fiscal year, of which \$1,248,960 was restricted for loan commitments and lending activities. That leaves a deficit balance of \$27,176,928 in unrestricted net position.

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

A comparative analysis of the data is presented below:

	Net Position					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 1,108,571	\$ 535,072	\$ 1,248,960	\$ 1,237,667	\$ 2,357,531	\$ 1,772,739
Deferred outflows of resources						
Deferred charge on refunding	1,213,693	1,335,902	-	-	1,213,693	1,335,902
Liabilities						
Other liabilities	206,772	224,484	-	-	206,772	224,484
Long-term debt	29,292,420	30,846,904	-	-	29,292,420	30,846,904
Total liabilities	<u>29,499,192</u>	<u>31,071,388</u>	<u>-</u>	<u>-</u>	<u>29,499,192</u>	<u>31,071,388</u>
Net position						
Restricted for loan commitments and lending activity	-	-	1,248,960	1,237,667	1,248,960	1,237,667
Unrestricted (deficit)	(27,176,928)	(29,200,414)	-	-	(27,176,928)	(29,200,414)
Total net position	<u>\$ (27,176,928)</u>	<u>\$ (29,200,414)</u>	<u>\$ 1,248,960</u>	<u>\$ 1,237,667</u>	<u>\$ (25,927,968)</u>	<u>\$ (27,962,747)</u>

When comparing the current year change in net position of \$2,034,779 to the prior year change of \$1,496,831, the primary reasons for the increase are increased property tax revenue of \$1,258,439, the State reimbursement in the current year of tax increment revenue decreases implemented under Public Acts 154-157 of 2008, as well as a slight increase in the City's captured millage rate. Additionally, current year expenses increased by \$865,494 as a result of the Authority partially funding central business district maintenance, fully funding a downtown police officer, contributing towards a street construction project, and providing economic development funds for downtown businesses in the current year.

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

	Change in Net Position					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 29,451	\$ 26,607	\$ 21,468	\$ 2,824	\$ 50,919	\$ 29,431
Operating grants and contributions	1,529,100	1,449,833	-	-	1,529,100	1,449,833
General revenues:						
Property taxes	3,016,619	1,758,180	-	-	3,016,619	1,758,180
Unrestricted investment earnings	78,426	27,435	26,013	32,756	104,439	60,191
Total revenues	<u>4,653,596</u>	<u>3,262,055</u>	<u>47,481</u>	<u>35,580</u>	<u>4,701,077</u>	<u>3,297,635</u>
Total expenses	<u>2,630,110</u>	<u>1,756,141</u>	<u>36,188</u>	<u>44,663</u>	<u>2,666,298</u>	<u>1,800,804</u>
Change in net position	2,023,486	1,505,914	11,293	(9,083)	2,034,779	1,496,831
Net position, beginning of year	<u>(29,200,414)</u>	<u>(30,706,328)</u>	<u>1,237,667</u>	<u>1,246,750</u>	<u>(27,962,747)</u>	<u>(29,459,578)</u>
Net position, end of year	<u>\$ (27,176,928)</u>	<u>\$ (29,200,414)</u>	<u>\$ 1,248,960</u>	<u>\$ 1,237,667</u>	<u>\$ (25,927,968)</u>	<u>\$ (27,962,747)</u>

Governmental funds. As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$1,091,308 an increase of \$772,315 from the prior year. As noted above, the majority of the change is the result of revenues for property taxes increasing \$1,258,439 from the prior year and increases in downtown economic development expenses of \$939,844 over the prior year.

Proprietary fund. The Authority's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The net position of the revolving loan enterprise fund at the end of the year amounted to \$1,248,960 all of which is restricted for loan commitments and lending activity. The fund had an increase in total net position for the year of \$11,293.

General Fund Budgetary Highlights

The general fund original adopted budget reflected revenues in excess of expenditures and an addition to fund balance of \$534,826. Mid-year budget adjustments were made in anticipation of better than expected revenues which allowed for additional community development project expenditures. The result of these adjustments was a final budgeted increase in fund balance of \$566,820. Actual revenues were in excess of the budget (primarily related to property taxes and investment earnings) combined with expenditures lower than budget due to delayed economic development projects. This results in the increase of fund balance for the fiscal year of \$772,315, which was favorable from the budget by \$205,495.

Long-term Debt

At the end of the current fiscal year, the Authority had total debt outstanding of \$28,695,000, along with \$597,420 of unamortized bond issuance premiums.

The Pipeline Bonds Debt fund accounts for the repayment of the outstanding debt. Principal payments were \$1,435,000 during the current year.

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

Economic Factors

The Authority's expenses are governed by the laws of the State of Michigan and bond indenture covenants. These laws and covenants determine how bond proceeds are spent and how and when debt retirement payments are made. During 2020, community development expenses were \$1,430,046, which included support for the Kellogg Arena, downtown economic development costs, and administrative expenses.

Contacting the Battle Creek Downtown Development Authority

This financial report is designed to provide a general overview of the Battle Creek Downtown Development Authority's finances and to show accountability for the money it receives and expends. 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, MI 49016-1717.

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BASIC FINANCIAL STATEMENTS

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BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Pooled cash and investments	\$ 1,070,097	\$ -	\$ 1,070,097
Cash and cash equivalents	-	22,778	22,778
Investments	-	411,659	411,659
Accounts receivable	3,071	310,239	313,310
Interest receivable	35,403	2,216	37,619
Loans receivable, net:			
Due within one year	-	140,000	140,000
Due in more than one year	-	362,068	362,068
Total assets	<u>1,108,571</u>	<u>1,248,960</u>	<u>2,357,531</u>
Deferred outflows of resources			
Deferred charge on refunding	<u>1,213,693</u>	<u>-</u>	<u>1,213,693</u>
Liabilities			
Accounts payable and accrued liabilities	15,194	-	15,194
Accrued interest payable	189,509	-	189,509
Unearned revenue	2,069	-	2,069
Long-term debt:			
Due within one year	1,634,484	-	1,634,484
Due in more than one year	<u>27,657,936</u>	<u>-</u>	<u>27,657,936</u>
Total liabilities	<u>29,499,192</u>	<u>-</u>	<u>29,499,192</u>
Net position			
Restricted for loan commitments and lending activity	-	1,248,960	1,248,960
Unrestricted (deficit)	<u>(27,176,928)</u>	<u>-</u>	<u>(27,176,928)</u>
Total net position	<u>\$ (27,176,928)</u>	<u>\$ 1,248,960</u>	<u>\$ (25,927,968)</u>

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

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Community development	\$ 1,430,046	\$ 29,451	\$ 1,529,100	\$ 128,505
Interest on long-term debt	1,200,064	-	-	(1,200,064)
Total governmental activities	2,630,110	29,451	1,529,100	(1,071,559)
Business-type activities				
Revolving loans	36,188	21,468	-	(14,720)
Total	<u>\$ 2,666,298</u>	<u>\$ 50,919</u>	<u>\$ 1,529,100</u>	<u>\$ (1,086,279)</u>

continued...

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Activities

For the Year Ended June 30, 2020

	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net expense	\$ (1,071,559)	\$ (14,720)	\$ (1,086,279)
General revenues:			
Property taxes	3,016,619	-	3,016,619
Unrestricted investment earnings	78,426	26,013	104,439
Total general revenues	3,095,045	26,013	3,121,058
Change in net position	2,023,486	11,293	2,034,779
Net position, beginning of year	(29,200,414)	1,237,667	(27,962,747)
Net position, end of year	<u>\$ (27,176,928)</u>	<u>\$ 1,248,960</u>	<u>\$ (25,927,968)</u>

concluded.

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

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Balance Sheet

Governmental Funds

June 30, 2020

	General	Pipeline Bonds Debt Service	Total Governmental Funds
Assets			
Pooled cash and investments	\$ 1,070,097	\$ -	\$ 1,070,097
Interest receivable	35,403	-	35,403
Accounts receivable	3,071	-	3,071
Total assets	<u>\$ 1,108,571</u>	<u>\$ -</u>	<u>\$ 1,108,571</u>
Liabilities			
Accounts payable	\$ 15,194	\$ -	\$ 15,194
Unearned revenue	2,069	-	2,069
Total liabilities	17,263	-	17,263
Fund balances			
Unassigned	1,091,308	-	1,091,308
Total liabilities and fund balances	<u>\$ 1,108,571</u>	<u>\$ -</u>	<u>\$ 1,108,571</u>

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

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
June 30, 2020

Fund balances - total governmental funds	\$ 1,091,308
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred charges on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for statement of net position.	1,213,693
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(28,695,000)
Accrued interest on bonds	(189,509)
Unamortized bond premium	<u>(597,420)</u>
Net position of governmental activities	<u>\$ (27,176,928)</u>

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

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	General	Pipeline Bonds Debt Service	Total Governmental Funds
Revenues			
Property taxes	\$ 3,209,681	\$ -	\$ 3,209,681
Intergovernmental - state	1,529,100	-	1,529,100
Unrestricted investment earnings	78,426	-	78,426
Rents and leases	29,451	-	29,451
Total revenues	<u>4,846,658</u>	<u>-</u>	<u>4,846,658</u>
Expenditures			
Community development	1,430,046	-	1,430,046
Debt service:			
Principal	-	1,435,000	1,435,000
Interest and fiscal charges	-	1,209,297	1,209,297
Total expenditures	<u>1,430,046</u>	<u>2,644,297</u>	<u>4,074,343</u>
Revenue over (under) expenditures	<u>3,416,612</u>	<u>(2,644,297)</u>	<u>772,315</u>
Other financing sources (uses)			
Transfers in	-	2,644,297	2,644,297
Transfers out	(2,644,297)	-	(2,644,297)
Total other financing sources (uses)	<u>(2,644,297)</u>	<u>2,644,297</u>	<u>-</u>
Net change in fund balances	772,315	-	772,315
Fund balances, beginning of year	<u>318,993</u>	<u>-</u>	<u>318,993</u>
Fund balances, end of year	<u>\$ 1,091,308</u>	<u>\$ -</u>	<u>\$ 1,091,308</u>

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

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

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	\$ 772,315
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Amounts reported for governmental activities in the statement of activities
are different because:

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	1,435,000
Amortization of deferred charge on refunding	(122,209)
Amortization of bond issuance premium	119,484

Revenues in the statement of activities that do not provide current financial resources
are not reported as revenues in the funds.

Change in unavailable taxes receivable	(193,062)
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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	11,958
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Change in net position of governmental activities	<u>\$ 2,023,486</u>
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The accompanying notes are an integral part of these financial statements.

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Revenues, Expenditures and Changes 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				
Property taxes	\$ 2,986,727	\$ 3,177,295	\$ 3,209,681	\$ 32,386
Intergovernmental - state	1,462,663	1,529,100	1,529,100	-
Unrestricted investment earnings	-	15,500	78,426	62,926
Rents and leases	32,326	30,000	29,451	(549)
Total revenues	4,481,716	4,751,895	4,846,658	94,763
Expenditures				
Community development	1,302,093	1,540,278	1,430,046	(110,232)
Revenues over expenditures	3,179,623	3,211,617	3,416,612	204,995
Other financing uses				
Transfers out	(2,644,797)	(2,644,797)	(2,644,297)	(500)
Net change in fund balance	534,826	566,820	772,315	205,495
Fund balance, beginning of year	318,993	318,993	318,993	-
Fund balance, end of year	<u>\$ 853,819</u>	<u>\$ 885,813</u>	<u>\$ 1,091,308</u>	<u>\$ 205,495</u>

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

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Net Position

Revolving Loan Enterprise Fund

June 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$ 22,778
Investments	411,659
Interest receivable	2,216
Accounts receivable	60,239
Due from other governments	250,000
Current portion of loans receivable, net	<u>140,000</u>
Total current assets	886,892

Noncurrent assets -

Loans receivable, net of current portion	<u>362,068</u>
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Total assets

1,248,960

Net position

Restricted for loan commitments
and lending activity

\$ 1,248,960

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

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Revenues, Expenses and Changes in Fund Net Position

Revolving Loan Enterprise Fund

For the Year Ended June 30, 2020

Operating revenues	
Charges for services	\$ 21,468
Operating expenses	
Professional services	<u>36,188</u>
Operating loss	(14,720)
Nonoperating revenues	
Investment earnings	<u>26,013</u>
Change in net position	11,293
Net position, beginning of year	<u>1,237,667</u>
Net position, end of year	<u><u>\$ 1,248,960</u></u>

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

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Cash Flows

Revolving Loan Enterprise Fund

For the Year Ended June 30, 2020

Cash flows from operating activities

Loans collected from borrowers	\$ 137,152
Interest and fees on loans	14,789
Loans made to borrowers	(395,524)
Payment made to other governments	(250,000)
Payment made to other funds	(101,624)
Administrative and other expenses paid	<u>(44,456)</u>

Net cash used in operating activities

(639,663)

Cash flows from investing activities

Purchase of investments	(80,231)
Proceeds from sale of investments	702,736
Investment income received	<u>26,013</u>

Net cash provided by investing activities

648,518

Net change in cash and cash equivalents

8,855

Cash and cash equivalents, beginning of year

13,923

Cash and cash equivalents, end of year

\$ 22,778

Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (14,720)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Interest receivable	368
Accounts receivable	(8,636)
Due from other governments	(250,000)
Loans receivable	(265,051)
Due to other funds	<u>(101,624)</u>

Net cash used in operating activities

\$ (639,663)

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

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NOTES TO FINANCIAL STATEMENTS

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

These financial statements present the activities of the Battle Creek Downtown Development Authority (the "Authority"). The Authority was established March 6, 1979 pursuant to Public Act 197 of 1975. The primary purpose of the Authority is to revitalize and encourage economic activity in the downtown business district. The Authority's activities are primarily funded through tax increment financing, bonded debt and revolving loans.

The Authority is a component unit of the City of Battle Creek, Michigan (the "City") because the City appoints the Authority's Board of Directors, it has the ability to significantly influence the Authority's operations and it is financially accountable for the Authority. Accordingly, the Authority is presented as a discrete component unit in the City's financial statements and is an integral part of that reporting entity.

Government-wide and Fund Financial Statements

The statements of net position and activities display information about the financial activities of the Authority. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the Authority's governmental and business-type activities. Governmental activities generally are financed through taxes and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for revolving loans.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Authority and for each function of the Authority'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. Program revenues include (a) fees 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.

The fund financial statements provide information about the Authority's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary funds financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest are considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Notes to Financial Statements

The Authority reports the following major governmental funds:

The *general fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those accounted for and reported in another fund.

The *pipeline bonds debt service fund* is used to account for and report financial resources that are restricted or committed to expenditure for principal and interest.

The Authority reports the following major enterprise fund -

The *revolving loan enterprise fund* is used to account for loans made to local businesses.

Generally, the effect of interfund activity has been eliminated from the government-wide 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 resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board. A formal resolution of the Board is required to establish, modify, or rescind a fund balance commitment. The Authority currently has no assigned fund balance as the Board has not yet given authority for the making of such assignments; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

When the government incurs an expenditure 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.

Capital Assets

The Authority has no capital assets for which it holds legal ownership. Infrastructure assets (e.g., roads, bridges, curbs, sidewalks, storm sewers and similar items), along with water and wastewater subsystems constructed by the Authority, are not recorded as the Authority's capital assets, even though the Authority may be obligated to repay the debt issued to finance the related projects. Such capital assets become the property of the City when they are placed into service and, accordingly, are reported in the City's capital assets.

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 one or more future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, which is the 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.

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Notes to Financial Statements

Long-term Obligations

In the government-wide financial statements, long-term debt is reported as a liability. Bond 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 discount.

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

Budgetary Information

The general fund is under formal budgetary control and its budget is prepared on the same modified accrual basis used to reflect actual results. The Authority follows the City budget process in establishing the budgetary data reflected in the financial statements:

- The Authority submits a proposed budget to the City Manager. After review and approval, the City Manager submits a recommended operating budget to the City Commission. The budget is legally adopted through a City Commission resolution prior to the beginning of the budgetary year for the Authority's funds.
- The budget is adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or amended by the City Commission during the year.

For the year ended June 30, 2020, the Authority's general fund expenditures were within budget.

2. CASH AND INVESTMENTS

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and deposits in the City's cash and investment pool.

State statutes authorize the Authority 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 Authority and City's investment policies follow the State's guidelines.

At year-end, the carrying amount of the Authority's deposits in the City's internal cash management pool was \$1,070,097. Because it is infeasible to allocate risk to individual component units or pool participants, aggregate cash and investment categorizations are presented in the City's basic financial statements.

The Authority's remaining deposits and investments, which are entirely recorded in the revolving loan enterprise fund (business-type activity), include the following:

Deposits	\$ 22,778
Investments	<u>411,659</u>
Total	<u><u>\$ 434,437</u></u>

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Notes to Financial Statements

Deposits

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure the Authority's deposits may not be returned to it. As of June 30, 2020, the carrying amounts of the Authority's deposits were \$22,778 and the bank balance was \$22,778. The full amount is FDIC insured.

Investments

At year end, the revolving loan enterprise fund's investment balances were as follows:

	Fair Value	Rating
U.S. agencies	\$ 230,718	AA+ S&P
Money market account	180,941	AAA S&P
	<u>\$ 411,659</u>	

Custodial Credit Risk – Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the revolving loan enterprise fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although uninsured and unregistered, the revolving loan fund investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the revolving loan enterprise fund's name.

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

Investment Type	Issuer	% of Portfolio
U.S. agencies	Federal National Mortgage Association	21.82%
	Federal Home Loan Mortgage Corporation	34.23%
Money market account	Fifth Third Securities	43.95%

Interest Rate Risk. As of June 30, 2020, the maturities of the revolving loan enterprise fund's investments were as follows:

Investment Type	Fair Value	Investments Maturities (fair value by years)			
		Less Than 1 Year	1-5 Years	6-10	More Than 10
U.S. agencies	\$ 230,718	\$ -	\$ -	\$ -	\$ 230,718
Money market account	180,941	180,941	-	-	-
	<u>\$ 411,659</u>	<u>\$ 180,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,718</u>

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Notes to Financial Statements

Fair Value. The revolving loan enterprise fund 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 revolving loan fund'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 funds. The investment manager will request the information from the fund manager, if necessary.

The revolving loan enterprise fund's recurring fair value measurements as of June 30, 2020 were related to its investments in government agency funds and a money market account. The money market account is valued using quoted prices in active markets (Level 1 inputs). The investments in government agency funds are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

3. LOANS RECEIVABLE

The details of loans receivable outstanding as of June 30, 2020 are as follows:

Total loans outstanding	\$ 531,440
Less allowance for loan losses	<u>(29,372)</u>
Net loans outstanding	<u>\$ 502,068</u>

Of this amount, \$140,000 is expected to be collected within one year.

The revolving loan enterprise fund has \$550,000 of loan commitments at June 30, 2020.

4. INTERFUND TRANSFERS

For the year ended June 30, 2020, interfund transfers are summarized as follows:

Transfers In	Transfers Out
	General
Pipeline bonds debt service	<u>\$ 2,644,297</u>

Transfers into the debt service fund are used to 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.

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Notes to Financial Statements

5. LONG-TERM DEBT

Following is a summary of the Authority's debt outstanding as of June 30, 2020:

	Interest Rate	Date of Maturity	Outstanding Principal
Limited tax general obligation bonds			
2017 downtown development refunding	2.836% - 3.984%	5/1/2034	\$ 22,260,000
2018 downtown development refunding	2.000% - 5.000%	5/1/2025	<u>6,435,000</u>
Total limited tax general obligation bonds			<u>\$ 28,695,000</u>

Annual debt service requirements to maturity for the Authority's debt are as follows:

Year Ending June 30,	Authority Obligation	
	Principal	Interest
2021	\$ 1,515,000	\$ 1,137,047
2022	1,610,000	1,061,297
2023	1,620,000	980,797
2024	1,690,000	912,131
2025	1,760,000	839,413
2026-2030	10,560,000	3,112,278
2031-2034	<u>9,940,000</u>	<u>996,765</u>
	<u>\$ 28,695,000</u>	<u>\$ 9,039,728</u>

Changes in Long-term Debt

Long-term liability activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 30,130,000	\$ -	\$ (1,435,000)	\$ 28,695,000	\$ 1,515,000
Issuance premiums	<u>716,904</u>	<u>-</u>	<u>(119,484)</u>	<u>597,420</u>	<u>119,484</u>
	<u>\$ 30,846,904</u>	<u>\$ -</u>	<u>\$ (1,554,484)</u>	<u>\$ 29,292,420</u>	<u>\$ 1,634,484</u>

6. PROPERTY TAXES

Property tax revenue is derived pursuant to a tax increment financing agreement between the Authority and applicable taxing districts. Real and personal property taxes are levied and attach as an enforceable lien on properties located within the boundaries of the tax increment financing district. The City bills and collects the taxes on behalf of the Authority. Delinquent taxes on ad valorem real property are purchased by Calhoun County. Property tax revenue is recognized when levied in the government-wide financial statements and in the fund financial statements to the extent that it is available to pay current obligations.

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Notes to Financial Statements

Except for property taxes captured from local schools that exceed contractual obligations, the Authority is entitled to all taxes levied on property within the Downtown Development Authority district to the extent that the current taxable value exceeds the base year taxable value. The base year of initial properties was 1979, the inception date of the Authority. The base year on other properties is determined by the date of entry into the district; the Authority district was expanded in 1985, 1987 and 1993, and was reduced in 2000.

Renaissance zone property is tax abated property against which property taxes are not currently levied, but in the near future may return or revert to the ad valorem tax rolls. Similarly, industrial and commercial facility tax properties are abated personal property that receive up to a 50% reduction in the millage rate for a stated number of years as approved by the City of Battle Creek, Michigan (or applicable taxing jurisdiction).

The captured increments in taxable value for the 2019 levy are summarized below:

Ad valorem property	\$ 42,565,029
IFT* / CFT** / other property	<u>1,015,083</u>
Total	<u>\$ 43,580,112</u>

* IFT - Industrial Facility Tax

** CFT - Commercial Facility Tax

7. CONTINGENCIES

The Authority 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. An estimate of the Authority's maximum exposure is approximately \$2.4 million in taxable value. The City and Authority are vigorously defending all litigation.

The Authority 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.

8. 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 Authority'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 Authority. While management reasonably expects the COVID-19 outbreak to negatively impact the Authority'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.



SUPPLEMENTARY INFORMATION

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Continuing Bond Disclosures (Unaudited)

1. State Equalized Value (SEV) and Taxable Value (TV) of Ad Valorem Tax Roll

Assessed Value as of	Year of	Fiscal Year Ended	Ad Valorem SEV	
December 31,	Tax Levy	June 30,	Amount	% Change
2018	2019	2020	\$ 189,205,794	-2.28%
2017	2018	2019	193,626,913	-3.76%
2016	2017	2018	201,195,723	-4.23%
2015	2016	2017	210,078,194	-31.80%
2014	2015	2016	308,053,399	0.69%
2013	2014	2015	305,941,698	-1.06%
2012	2013	2014	309,216,375	-1.29%
2011	2012	2013	313,271,287	-2.84%
2010	2011	2012	322,432,246	-2.95%
2009	2010	2011	332,233,669	-3.22%

Note - Tax Year 2016 is the first year for Eligible Manufacturing Personal Property Exemption per legislative action.

2. Taxable Value (TV) of Ad Valorem Tax Roll by Use

Fiscal Year Ended	Homestead			
June 30,	Residential	Agriculture	Commercial	Industrial
2020	\$ 9,229,549	\$ -	\$ 19,207,990	\$ 16,597,568
2019	8,725,950	-	21,298,401	21,434,123
2018	7,949,920	-	22,032,102	25,928,056
2017	8,175,733	-	22,021,857	33,948,507
2016	8,587,134	-	22,858,332	131,717,181
2015	8,407,623	-	22,525,895	131,321,583
2014	8,354,061	-	18,819,482	129,906,757
2013	9,048,307	-	18,652,976	130,111,440
2012	9,523,796	-	19,044,320	134,949,930
2011	10,042,466	-	19,279,450	136,840,201



Ad Valorem TV	
Amount	% Change
\$ 176,997,763	-3.16%
182,769,923	-3.59%
189,567,453	-6.00%
201,662,381	-33.08%
301,356,020	0.05%
301,190,549	-0.74%
303,449,276	-0.82%
305,957,010	-2.37%
313,385,680	-1.68%
318,737,466	-2.27%

Non-Homestead			
Residential	Commercial	Industrial	Total
\$ 6,863,911	\$ 55,866,387	\$ 69,232,358	\$ 176,997,763
6,971,761	56,166,183	68,173,505	182,769,923
7,465,451	55,854,549	70,337,375	189,567,453
7,250,523	55,048,340	75,217,421	201,662,381
6,954,462	56,513,117	74,725,794	301,356,020
7,283,692	57,198,866	74,452,890	301,190,549
7,544,110	57,193,504	81,631,362	303,449,276
7,428,078	59,315,986	81,400,223	305,957,010
7,192,250	61,049,642	81,625,742	313,385,680
7,702,316	62,896,208	81,976,825	318,737,466

continued...

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Continuing Bond Disclosures (Unaudited)

3. Taxable Value (TV) of Ad Valorem Tax Roll by Class

Fiscal Year Ended June 30,	Real	Personal	Total
2020	\$ 127,326,449	\$ 49,671,314	\$ 176,997,763
2019	128,031,469	54,738,454	182,769,923
2018	130,293,036	59,274,417	189,567,453
2017	135,273,270	66,389,111	201,662,381
2016	136,919,762	164,436,258	301,356,020
2015	137,122,735	164,067,814	301,190,549
2014	139,718,189	163,731,087	303,449,276
2013	143,493,137	162,463,873	305,957,010
2012	145,766,488	167,619,192	313,385,680
2011	152,222,017	166,515,449	318,737,466

4. Taxable Value (TV) of the Industrial Facilities Tax Roll by Class

Fiscal Year Ended June 30,	Real	Personal	Total
2020	\$ 8,867,758	\$ 496,449	\$ 9,364,207
2019	9,109,542	1,523,330	10,632,872
2018	10,206,000	2,305,130	12,511,130
2017	10,891,863	2,706,002	13,597,865
2016	11,247,160	11,803,020	23,050,180
2015	11,380,799	12,718,056	24,098,855
2014	11,267,549	13,918,060	25,185,609
2013	10,445,996	15,346,973	25,792,969
2012	10,395,375	18,179,425	28,574,800
2011	3,844,597	17,454,949	21,299,546

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BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Continuing Bond Disclosures (Unaudited)

5. Property Tax Collections

Fiscal Year Ended June 30,	Taxes Levied	Collections to March 1	MBT Reimbursement	Total Collected
2020	\$ 3,231,273	\$ 3,231,273	\$ -	\$ 3,231,273
2019	1,693,578	1,693,578	-	1,693,578
2018	1,604,095	1,604,095	-	1,604,095
2017	2,084,461	2,084,461	-	2,084,461
2016	3,216,185	3,216,185	1,809,449	5,025,634
2015	3,328,965	3,328,965	1,797,567	5,126,532
2014	3,750,487	3,750,487	1,488,727	5,239,214
2013	3,507,220	3,507,220	1,855,085	5,362,305
2012	3,699,017	3,699,017	2,047,872	5,746,889
2011	3,740,618	3,740,618	2,149,027	5,889,645

Note - Starting in 2017 levied and collections to March 1 amounts are lower than prior year due to capture loss in the current year.

Note - In 2020, amounts are higher than prior year due to receiving a \$1,488,727 reimbursement from the State for School TIF Revenue Decreases.

6. Captured Property Tax Rates

(per \$1,000 of value)

Fiscal Year Ended June 30,	(1) City	(2) Schools	(1) State Education Tax	County
2020	15.9340	18.0000	6.0000	5.3779
2019	15.7490	18.0000	6.0000	5.3779
2018	15.7490	18.0000	6.0000	5.3779
2017	15.4190	18.0000	6.0000	5.3779
2016	14.7360	18.0000	6.0000	5.3779
2015	14.7360	18.0000	6.0000	5.3779
2014	14.7360	18.0000	6.0000	5.3779
2013	14.7360	18.0000	6.0000	5.3779
2012	14.7360	18.0000	6.0000	5.3779
2011	14.4760	18.0000	6.0000	5.3779

(1) Levied on homestead and non-homestead properties.

(2) Levied on non-homestead properties only.

continued...

BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY

Continuing Bond Disclosures (Unaudited)

7. Taxable Value of Ten Largest Ad Valorem Taxpayers

(Fiscal Year Ended June 30, 2020)

Taxpayer	Product or Service	Taxable Value	% of Taxable Value
1 Kellogg Company	Breakfast foods	\$ 56,890,406	32.14%
2 Semco Energy Inc.	Natural gas utility	11,823,364	6.68%
3 Consumers Energy Co.	Electric utility	11,150,933	6.30%
4 Kraft Foods Inc.	Breakfast foods	10,000,157	5.65%
5 North Pointe Woods	Office building	4,378,018	2.47%
6 Trilogy Healthcare	Health care	2,840,854	1.61%
7 Graham Group, The	Medical office building	2,581,002	1.46%
8 Mccamly Battle Creek, LLC	Hotel	2,368,941	1.34%
9 Somerset Capital Group LTD	Investment institution	2,290,155	1.29%
10 Fifth Third Bank	Banking industry	1,941,671	1.10%
		<u>\$ 106,265,501</u>	<u>60.04%</u>

8. Taxable Value of Three Largest IFT Taxpayers

(Fiscal Year Ended June 30, 2020)

Taxpayer	Product or Service	Taxable Value	% of Taxable Value
1 Covance Laboratories Inc.	Research and drug development	\$ 388,011	4.14%
2 Shouldice Brothers Sheet Metal	Metal manufacturing	325,646	3.48%
3 Kraft Foods Inc.	Breakfast foods	144,423	1.54%
		<u>\$ 858,080</u>	<u>9.16%</u>

concluded.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

December 21, 2020

To the Board of Directors of the
Battle Creek Downtown Development Authority
City of Battle Creek, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the **Battle Creek Downtown Development Authority, a component unit of the City of Battle Creek, Michigan** (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Rehmann is an independent member of Nexia International.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Lobson LLC